CORVEL CORP
Form 10-K
June 11, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2015

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 0-19291

CorVel Corporation

(Exact name of registrant as specified in its charter)

Delaware	**33-0282651**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
2010 Main Street, Suite 600, Irvine, California	**92614**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code:

(949) 851-1473

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered:**
Common Stock	**The NASDAQ Global Select Market, LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ¨ No x

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨	Smaller reporting company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the Registrant s most recently completed second fiscal quarter:

As of September 30, 2014, the aggregate market value of the Registrant s voting and non-voting common equity held by non-affiliates of the Registrant was approximately $386,692,000 based on the closing price per share of $34.05 for the Registrant s common stock as reported on the Nasdaq Global Select Market on such date multiplied by 11,356,597 shares (total outstanding shares of 20,727,355 less 9,370,758 shares held by affiliates) of the Registrant s common stock which were outstanding on such date. For the purposes of the foregoing calculation only, all of the Registrant s directors, executive officers and persons known to the Registrant to hold ten percent or greater of the Registrant s outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the Registrant s classes of common stock, as of the latest practicable date: As of June 5, 2015, there were 20,091,126 shares of the Registrant s common stock, par value $0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Items 10 through 14 of Part III of this Form 10-K, to the extent not set forth herein, is incorporated herein by reference to portions of the Registrant s definitive proxy statement for the Registrant s 2015 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended March 31, 2015. Except with respect to the information specifically incorporated by reference in this Form 10-K, the Registrant s definitive proxy statement is not deemed to be filed as a part of this Form 10-K.

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CORVEL CORPORATION

2015 FORM 10-K ANNUAL REPORT

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In this report, the terms CorVel , Company , we , us , and our refer to CorVel Corporation and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the Exchange Act), including, but not limited to, the statements about our plans, strategies and prospects under the headings Business and Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report. Words such as expects , anticipates , intends , plans , predicts , believes , seeks , estimates , potential , continue , strive , ongoing , may , should , and variations of these words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on management s current expectations, estimates and projections about our industry, management s beliefs, and certain assumptions made by management, and we can give no assurance that we will achieve our plans, intentions or expectations. Certain important factors could cause actual results to differ materially from the forward-looking statements we make in this report. Representative examples of these factors include (without limitation):

General industry and economic conditions, including a decreasing number of national claims due to decreasing number of injured workers;

Cost of capital and capital requirements;

Competition from other managed care companies;

The Company s ability to renew and/or maintain contracts with its customers on favorable terms or at all;

The ability to expand certain areas of the Company s business;

Possible litigation and legal liability in the course of operations, and the Company s ability to settle or otherwise resolve such litigation;

The ability of the Company to produce market-competitive software;

Increases in operating expenses, including employee wages, benefits and medical inflation;

Changes in regulations affecting the workers compensation, insurance and healthcare industries in general;

The ability to attract and retain key personnel;

Shifts in customer demands; and

The availability of financing in the amounts, at the times, and on the terms necessary to support the Company s future business.

The section entitled Risk Factors set forth in this report discusses these and other important risk factors that may affect our business, results of operations and financial condition. The factors listed above and the factors described under the heading Risk Factors and similar discussions in our other filings with the Securities and Exchange Commission are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. Investors should consider these factors before deciding to make or maintain an investment in our securities. The forward-looking statements included in this annual report on Form 10-K are based on information available to us as of the date of this annual report. We expressly disclaim any intent or obligation to update any forward-looking statements to reflect subsequent events or circumstances.

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PART I

Item 1. *Business.*

INTRODUCTION

CorVel is a national provider of workers compensation solutions for employers, third party administrators, insurance companies, and government agencies seeking to control costs and promote positive outcomes. The Company applies technology, intelligence, and a human touch to the challenges of risk management so that their clients can intervene early and often while being connected to the critical intelligence they need to proactively manage risk. CorVel specializes in applying advanced communication and information technology to improve healthcare management for workers compensation, group health, auto and liability claims management. With a technology platform at its core, the Company s connected solution is delivered by a national team of associates who are committed to helping clients deliver programs that meet their organization s performance goals.

The Company s services include claims management, bill review, preferred provider networks, utilization management, case management, pharmacy services, directed care and Medicare services. CorVel offers its services as a bundled solution (i.e. claims management), as a standalone service, or as add-on services to existing customers. Customers of the Company that do not purchase a bundled solution generally use another provider, use an in-house solution, or choose not to utilize such a service to manage their workers compensation costs. When customers purchase several products from CorVel, the pricing of the products sold is generally the same as if the product were sold on an individual basis. Bundled products are generally delivered in the same accounting period.

The Company was incorporated in Delaware in 1987, and its principal executive offices are located at 2010 Main Street, Suite 600, Irvine, California, 92614. The Company s telephone number is 949-851-1473.

INDUSTRY OVERVIEW

Workers compensation is a federally mandated, state-legislated, insurance program that requires employers to fund medical expenses, lost wages and other costs resulting from work-related injuries and illnesses. Workers compensation benefits and arrangements vary extensively on a state-by-state basis and are often highly complex. State statutes and court decisions control many aspects of the compensation process, including claims handling, impairment or disability evaluation, dispute settlement, benefit amount guidelines and cost-control strategies.

In addition to the compensation process, cost containment and claims management continue to be significant employer concerns and many look to managed care vendors and third party administrators for cost savings solutions. The Company believes that cost drivers in workers compensation include: implementing effective return to work and transitional duty programs, coordinating medical care, medical cost management, recognizing fraud and abuse, and improving communications with injured workers. CorVel provides solutions using a holistic approach to cost containment and by looking at a complete savings solution. Often one of the biggest cost drivers is not recognizing a complex claim at the onset of an injury often resulting in claims being open longer and resulting in a delayed return to work. CorVel uses an integrated claims model that controls claims costs by advocating medical management at the onset of the injury to decrease administrative costs and to shorten the length of the disability.

Some states have adopted legislation for managed care organizations (MCO) in an effort to allow employers to control their worker s compensation costs. A managed care plan is organized to serve the medical needs of injured workers in an efficient and cost-effective manner by managing the delivery of medical services through appropriate health care

professionals. CorVel is registered wherever legislation mandates, where it is beneficial for the Company to obtain a license, or where the MCO is an effective utilized mandate. Since MCO legislation varies by state, CorVel s state offerings vary as well. CorVel continually evaluates new legislation to ensure it is in compliance and can offer services to its customers and prospects.

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FISCAL 2015 DEVELOPMENTS

Company Stock Repurchase Program

During fiscal 2015, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company s Board of Directors in 1996. In August 2013, the Company s Board of Directors increased the number of shares authorized to be repurchased over the life of the plan by 2,000,000 shares to 34,000,000 shares. During fiscal 2015, the Company spent $31.8 million to repurchase 845,014 shares of its common stock. Since commencing this program in the fall of 1996, the Company has repurchased 32,992,488 shares of its common stock through March 31, 2015, at a cost of $360 million. These repurchases were funded primarily from the Company s operating cash flows.

BUSINESS SERVICES

The Company offers services in two general categories, network solutions and patient management, to assist its customers in managing the increasing medical costs of workers compensation, group health and auto insurance, and monitoring the quality of care provided to claimants. CorVel reduces claims costs by advocating medical management at the onset of an injury to decrease administrative costs and to shorten the length of the disability. These solutions offer personalized treatment programs that use precise treatment protocols to advocate timely, quality care for injured workers.

Network Solutions

CorVel offers a complete medical savings solution for all in-network and out-of-network medical bills including PPO management, specialty networks, medical bill repricing, true line item review, expert fee negotiations, professional nurse review, automated adjudication and electronic reimbursement. Each feature focuses on increasing processing efficiencies and maximizing savings opportunities.

Bill Review

Many states have adopted fee schedules, which regulate the maximum allowable fees payable under workers compensation, for procedures performed by a variety of health treatment providers. Developed in 1989, CorVel s proprietary bill review and claims management technology automates the review process to provide customers with a faster turnaround time, more efficient bill review and a higher total savings. CorVel s artificial intelligence engine includes over sixty million individual rules, which creates a comprehensive review process that is more efficient than traditional manual bill review processes.

Payors are able to review and approve bills online as well as access savings reports through an online portal, CareMC. The process is paperless, through scanning and electronic data interface (EDI), while proving to be cost effective and efficient. CorVel s solutions are fully customizable and can be tailored to meet unique payor requirements.

Bill Review Services include:

- Coding review and re-bundling

Reasonable and customary review

Fee schedule analysis

Out-of-network bill review

Pharmacy review

PPO management

Repricing

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PPO Management

PPOs are groups of hospitals, physicians and other healthcare providers that offer services at pre-negotiated rates to employee groups. The Company believes that PPO networks offer the employer an additional means of managing healthcare costs by reducing the per-unit price of medical services provided to employees. CorVel began offering a proprietary national PPO network in 1992 and today it is comprised of over 750,000 board-certified providers. The Company provides the convenience of a PPO Provider look-up mobile application for use with iPhone, iPad and Android. The application is available to the public and makes it convenient to locate a provider in the CorVel network. Users can search providers based on quality, range of services and location.

CorVel has a long-term strategy of network development, providing comprehensive networks to our customers and customization of networks to meet the specific needs of our customers. The Company believes that the combination of its national PPO strength and presence and the local PPO developers commitment and community involvement enables CorVel to build, support and strengthen its PPO in size, quality, depth of discount, and commitment to service.

The Company has a team of national, regional and local personnel supporting the CorVel network. This team of PPO developers are responsible for local recruitment, contract negotiations, credentialing and re-credentialing of providers, and working with customers to develop customer specific provider networks. Each bill review operation has provider relations support staff to address provider grievances and other billing issues.

Providers are selected from criteria based on quality, range of services, price and location. Each provider is thoroughly evaluated and credentialed, then re-credentialed every three years. Through this extensive evaluation process, we are able to provide significant hospital, physician and ancillary medical savings, while maintaining high quality care. Provider network services include a national network for all medical coverages, board-certified physicians, provider credentialing, patient channeling, online PPO look-up, printable directories and driving directions, and Managed Care Organizations (MCO).

CERiS℠

CERiS, CorVel s enhanced bill review program, allows claim payors to adjust individual line item charges on all bills to reasonable and customary levels while removing all error and billing discrepancies with professional review. The enhanced bill review program scrutinizes each hospital line description and charge as a separate and distinct claim for reimbursement. CorVel s proprietary Universal Chargemaster defines each code and description, enabling its registered nurses to identify errors, duplicate charges, re-bundle exploded charges, correct quantity discrepancies and remove unused supplies.

Professional Review

CorVel s services offer a complete audit and validation of facility bill accuracy. This solution also includes review of in-network facility bills. The Company s experienced nurse auditors have clinical backgrounds in all areas of medicine, medical billing and coding to ensure an accurate, consistent and thorough review. If a bill is identified for professional review, the bill image and its associated medical reports are routed within the system to an experienced medical nurse for review and auditing.

Provider Reimbursement

One of the interfaces of CorVel s bill review service is the automated issuance of provider reimbursements. CorVel s provider reimbursement service allows the ability to determine dollars spent and bills reviewed and to assist in setting reserves through charts available online. Through the bill review system, CorVel has the capability to provide check writing or provider reimbursement services for its customers. The provider payment check can be added to the bill analysis to produce one combined document.

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Pharmacy Services

CorVel provides patients with a full-feature pharmacy program that offers formulary management, discounted prescriptions, drug interaction monitoring, utilization management and eligibility confirmation. Our pharmacy network of nationally recognized pharmacies provides savings off the retail price of prescriptions associated with a workers compensation claim. The Company s pharmacy services program includes preferred access to a national pharmacy network, streamlined processing for pharmacies at point of sale, first fill and next fill programs, mail order and 90-day retail options, out-of-network management, medication review services and clinical modeling.

Directed Care Services

CorVel offers a national directed care network that provides access to specialty medical services which may be required to support an injured worker s medical treatment plan. CorVel has contracted with medical imaging, physical therapy, diagnostics and ancillary service networks to offer convenient access, timely appointments and preferred rates for these services. The Company manages the entire coordination of care from appointment scheduling through reimbursement, working to achieve timely recovery and increased savings. The Company has directed care networks for CT and bone scans, diagnostic imaging, physical and occupational therapy, independent medical evaluations, durable medical equipment and transportation and translation.

Medicare Solutions

The Company offers solutions to help manage the requirements mandated by the Centers for Medicare and Medicaid Services (CMS). Services include Medicare Set Asides and Agent Reporting Services to help employers comply with new CMS reporting legislation. As an assigned agent, CorVel can provide services for Responsible Reporting Entities (RRE) such as insurers and employers. As an experienced information-processing provider, CorVel is able to electronically submit files to the CMS in compliance with timelines and reporting requirements.

Clearinghouse Services

CorVel s proprietary medical review software and claims management technology interfaces with multiple clearinghouses. The Company s clearinghouse services provide for medical review, conversion of electronic forms to appropriate payment formats, seamless submittal of bills for payments and rules engines used to help ensure jurisdictional compliance.

Patient Management

CorVel offers a unique approach to claims administration and patient management. This integrated service model controls claims by advocating medical management at the onset of the injury to decrease administrative costs and to shorten the length of the disability. This automated solution offers a personalized treatment program for each injured worker, using precise treatment protocols to meet the changing needs of patients on a frequent basis. The Company offers these services on a stand-alone basis or as an integrated component of its medical cost containment services.

Claims Management

CorVel has been a third party administrator (TPA) offering claims management services since January 2007. The Company serves customers in the self-insured or commercially-insured markets. Incidents and injuries are reported through a variety of intake methods that include a 24/7 nurse triage call center, website, mobile applications, toll-free call centers and traditional methods of paper and fax reporting. They are immediately processed by CorVel s

proprietary rules engine, which provides alerts and recommendations throughout the life of a claim. This technology instantly assigns an expert claims professional, while simultaneously determining if a claim requires any immediate attention for triage.

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Through this service, the Company serves clients in the self-insured or commercially-insured market through alternative loss funding methods, and provides them with a complete range of services, including claims administration, case management, and medical bill review. In addition to the field investigation and evaluation of claims, the Company also may provide initial loss reporting services for claims, loss mitigation services such as medical bill review and vocational rehabilitation, administration of trust funds established to pay claims and risk management information services.

Some of the features of claims management services include: automated first notice of loss, three-point contact within 24 hours, prompt claims investigations, detailed diary notes for each step of the claim, graphical dashboards and claim history scorecards, and litigation management and expert testimony.

Case Management

CorVel s case management and utilization review services address all aspects of disability management and recovery including utilization review (pre-certification, concurrent review and discharge planning), early intervention, telephonic, field and catastrophic case management as well as vocational rehabilitation.

The medical management components of CorVel s program focus on medical intervention, management and appropriateness. In these cases, the Company s case managers confer with the attending physician, other providers, the patient and the patient s family to identify the appropriate rehabilitative treatment and most cost-effective healthcare alternatives. The program is designed to offer the injured party prompt access to appropriate medical providers who will provide quality cost-effective medical care. Case managers may coordinate the services or care required and may arrange for special pricing of the required services.

The Telephonic Case Manager (TCM) continues to impact the direction of the case, focusing on early return to work, maximum medical improvement (MMI) and appropriate duration of disability. Facilitation of appropriate treatment, assertive negotiation with medical providers and directing the care of the injured worker continues to be the Case Manager s role until the closure criteria is met. Utilization review of provider treatment remains ongoing until discharge from treatment.

In the event that a claim may require an onsite referral, a Field Case Manager (FCM) will be assigned to the claim. Cases can be referred to CorVel based on geographic location and injury type to the most appropriate FCM. Specialized case management services include catastrophic management, life care planning, and vocational rehabilitation services. All FCMs have iPads that provide access to the Company s proprietary mobile applications that provide instant access to detailed case information and the ability to enter case notes. An additional feature of our iPad applications is the ability to electronically approve and email signed case management forms and documentation.

24/7 Nurse Triage

Injured workers can call at the time of injury or incident and speak with a registered nurse who specializes in occupational injuries. An assessment is immediately made to recommend self-care, or referral for further medical care if needed. CorVel is able to provide quick and accurate care intervention, often preventing a minor injury from becoming an expensive claim. The 24/7 nurse triage services provide channeling to a preferred network of providers, allows employer access to online case information, comprehensive incident gathering, and healthcare advocacy for injured workers.

Utilization Management

Utilization Management programs review proposed care to determine appropriateness, frequency, duration and setting. These programs utilize experienced registered nurses, proprietary medical treatment protocols and systems technology to avoid unnecessary treatments and associated costs. Processes in Utilization Management include: injury review, diagnosis and treatment planning; contacting and negotiating provider treatment

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requirements; certifying appropriateness of treatment parameters, and responding to provider requests for additional treatment. Utilization management services include: prospective review, retrospective review, concurrent review, professional nurse review, second opinion, peer review, precertifications and independent medical evaluation.

Vocational Rehabilitation

CorVel s Vocational Rehabilitation program is designed for injured workers needing assistance returning to work or retaining employment. This comprehensive suite of services helps employees who are unable to perform previous work functions and who face the possibility of joining the open labor market to seek re-employment. These services are available unbundled, on an integrated basis as dictated by the requirement of each case and client preference, or by individual statutory requirements. Vocational rehabilitation services include ergonomic assessments, rehabilitation plans, transferable skills analysis, labor market services, job seeking skills, resumé development, job analysis and development, job placement, career counseling and expert testimony.

Life Care Planning

Life Care Planning is used to project long-term future needs, services and related costs associated with a catastrophic injury. CorVel s Life Care Plans summarize extensive amounts of medical data and compile it into a comprehensive report for future care requirements, aiding improved outcomes and timely resolution of claims. The Life Care Plans also provide working guidelines and points of reference for the family of a disabled person. Some of the features of the Company s Life Care Planning services include: comprehensive documentation, projecting future care requirements, customized reporting, certified documentation and costs specific to local areas.

Disability Management

CorVel s disability management programs offer a continuum of services for short and long-term disability coverages that advocate an employee s early return to work. Disability management services include absence reporting, disability evaluations, national preferred provider organizations, independent medical examinations, utilization review, medical case management, return to work coordination and integrated reporting.

Liability Claims Management

CorVel also offers liability claims management services that can be sold as a stand-alone service or part of patient management. The Company s services include auto liability, general liability, product liability, personal injury, professional liability and property damage, accidents and weather-related damage. This service includes claims management, adjusting services, litigation management, claims subrogation, and investigations.

Auto Claims Management

Injury claims are one of the largest components of auto indemnity costs. Effective management of these claims and their associated costs, combined with an optimal healthcare management program, helps CorVel s customers reduce claim costs. The Company s auto claims services include national preferred provider organizations, medical bill review, first and third party bill review, first notice of loss, demand packet reviews and reporting and analytics.

SYSTEMS AND TECHNOLOGY

Infrastructure and Data Center

The Company utilizes a Tier III-rated data center as its primary processing site. Redundancy is provided at many levels in power, cooling, and computing resources, with the goal of ensuring maximum uptime and system

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availability for the Company s production systems. The Company has fully embraced server virtualization and consolidation techniques to push the fault-tolerance of systems even further. These technologies bring increased availability, speed-to-production and scalability.

Adoption of Imaging Technologies and Paperless Workflow

Utilizing scanning and automated data capture processes allows the Company to process incoming paper and electronic claims documents, including medical bills, with less manual handling and which has improved the Company s workflow processes. This has benefited both the Company, in terms of cost-savings, and the Company s customers, in improved savings results. Through the Company s internet portal, www.caremc.com, customers can review the bills as soon as they are processed and approve a bill for payment, streamlining the customer s own workflows and expediting the payment process.

Redundancy Center

The Company s national data center is located near Portland, Oregon. The Company has migrated its redundancy center from Fort Worth, Texas to Las Vegas, Nevada. The redundancy center is the Company s backup processing site in the event that the Portland data center suffers catastrophic loss. Currently, the Company s data is continually replicated to Las Vegas in near-real time, so that in the event the Portland data center is offline, the redundancy center can be activated with current information quickly. The Las Vegas data center also hosts duplicates of the Company s websites. The Las Vegas systems are maintained and exercised on a continuous basis as they host demonstration and pilot environments that mirror production, with the goal of ensuring their ongoing readiness.

CareMC℠

CareMC (www.caremc.com) has become the application platform for all of the Company s primary service lines and delivers immediate access to customers. CareMC offers customers direct access to the Company s primary services. CareMC allows for electronic communication and reporting between providers, payers, employers and patients. Features of the website include: report an incident/injury, request for service, appointment scheduling, online bill review, claims information management, treatment calendar, medical bill adjudication and automated provider reimbursement.

Through the CareMC Website, users can:

- Request services online;
- Manage files throughout the life of the claim;
- Receive and relay case notes from case managers; and
- Integrate information from multiple claims management sources into one database.

The CareMC website facilitates healthcare transaction processing. Using artificial intelligence techniques, the website provides situation alerts and event triggers, to facilitate prompt and effective decisions. Users of CareMC can quickly

see where event outliers are occurring within the claims management process. If costs exceed pre-determined thresholds or activities fall outside expected timelines, decision-makers can be quickly notified. Large amounts of information are consolidated and summarized to help customers focus on the critical issues.

Scanning Services

We continue to leverage our scanning technologies which include scanning, optical character recognition and document management services. We continue to expand our existing office automation service line and all offices are selling scanning and document management. We have added scanning operations to most of the

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Company s larger offices around the country, designating them Capture Centers. Our scanning service also offers a web interface (www.onlinedocumentcenter.com) providing immediate access to documents and data called the Online Document Center (ODC). Secure document review, approval, transaction workflow and archival storage are available at subscription-based pricing.

Claims Processing

We continue to develop our claims system capabilities which fit well with the Company s preference for owning and maintaining our own software assets. Integration projects, some already completed, are underway to present more of this claims-centric information available through the CareMC web portal. The Company s goal is to continue to modernize user interfaces, and to streamline the delivery of this information to our customers, giving more rapid feedback and putting real-time information in the hands of our customers.

INDUSTRY, CUSTOMERS AND MARKETING

CorVel serves a diverse group of customers that include insurers, third party administrators, self-administered employers, government agencies, municipalities, state funds, and numerous other industries. CorVel is able to provide workers compensation services to virtually any size employer and in any state or region of the United States. No single customer of the Company represented more than 10% of revenues in fiscal 2013, 2014, or 2015. Many claims management decisions in workers compensation are the responsibility of the local claims office of national or regional insurers. The Company s national branch office network enables the Company to market and offer its services at both a local and national account level. The Company is placing increasing emphasis on national account marketing. The sales and marketing activities of the Company are conducted primarily by account executives located in key geographic areas.

COMPETITION AND MARKET CONDITIONS

The healthcare cost containment industry is competitive and is subject to economic pressures for cost savings and legislative reforms. CorVel s primary competitors in the workers compensation market include third party administrators, managed care companies, large insurance carriers and numerous independent companies. Many of the Company s competitors are significantly larger and have greater financial and marketing resources than the Company. Moreover, the Company s customers may establish the in-house capability of performing services offered by the Company. If the Company is unable to compete effectively, it will be difficult to add and retain customers, and the Company s business, financial condition and results of operations will be materially and adversely affected.

The past few years have seen acceleration in the technology world, and advancements seem to be progressing at a pace that few, if any, have ever witnessed. The proliferation of smart phones and tablet computers allows the Company s clients to stay connected at any time, from anywhere. This capability provides immediate access and begins to present business opportunities that were previously predicated on a less connected environment. The Company continues to leverage the new wave of technology in order to connect all of the parties involved in the workers compensation process in ways that were unimaginable in the past. As with general health, the workers compensation line continues to migrate to being a medical management business, with policymakers, employers, and carriers struggling to manage and control the costs of medical care (Source National Council on Compensation Insurance). The Company will continue to focus the execution of its strategy to provide industry leading claims management and cost containment solutions to the market.

We are required to be licensed or receive regulatory approval in nearly every state and foreign jurisdiction in which we do business. In addition, most jurisdictions require individuals who engage in claim adjusting and certain other

insurance service activities to be personally licensed. These licensing laws and regulations vary from jurisdiction to jurisdiction. In most jurisdictions, licensing laws and regulations generally grant broad discretion to supervisory authorities to adopt and amend regulations and to supervise regulated activities.

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GOVERNMENT REGULATIONS

General

Managed healthcare programs for workers compensation are subject to various laws and regulations. Both the nature and degree of applicable government regulation vary greatly depending upon the specific activities involved. Generally, parties that actually provide or arrange for the provision of healthcare services, assume financial risk related to the provision of those services or undertake direct responsibility for making payment or payment decisions for those services. These parties are subject to a number of complex regulatory requirements that govern many aspects of their conduct and operations.

In contrast, the management and information services provided by the Company to its customers typically have not been the subject of regulation by the federal government or the states. Since the managed healthcare field is a rapidly expanding and changing industry and the cost of providing healthcare continues to increase, it is possible that the applicable state and federal regulatory frameworks will expand to have a greater impact upon the conduct and operation of the Company s business.

Under the current workers compensation system, employer insurance or self-funded coverage is governed by individual laws in each of the 50 states and by certain federal laws. The management and information services that make up the Company s managed care program serve markets that have developed largely in response to needs of insurers, employers and large TPAs, and generally have not been mandated by legislation or other government action. On the other hand, the vocational rehabilitation case management marketplace within the workers compensation system has been dependent upon the laws and regulations within those states that require the availability of specified rehabilitation services for injured workers. Similarly, the Company s fee schedule auditing services address market needs created by certain states enactment of maximum permissible fee schedules for workers compensation services. Changes in individual state regulation of workers compensation may create a greater or lesser demand for some or all of the Company s services or require the Company to develop new or modified services in order to meet the needs of the marketplace and compete effectively in that marketplace.

Medical Cost Containment Legislation

Historically, governmental strategies to contain medical costs in the workers compensation field have been generally limited to legislation on a state-by-state basis. For example, many states have implemented fee schedules that list maximum reimbursement levels for healthcare procedures. In certain states that have not authorized the use of a fee schedule, the Company adjusts bills to the usual and customary levels authorized by the payor. Opportunities for the Company s services could increase if more states legislate additional cost containment strategies. Conversely, the Company would be materially and adversely affected if states elect to reduce the extent of medical cost containment strategies available to insurance carriers and other payors, or adopt other strategies for cost containment that would not support a demand for the Company s services.

SHAREHOLDER RIGHTS PLAN

During fiscal 1997, the Company s Board of Directors approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan provides for a dividend distribution to CorVel stockholders of one preferred stock purchase right for each outstanding share of CorVel s common stock under certain circumstances. In April 2002, the Board of Directors of CorVel approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2012, set the exercise price of each right at $118, and enable Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering

the stockholder rights, with the limitations under the Shareholder Rights Plan remaining in effect for all other stockholders of the Company. In November 2008, the Company s Board of Directors approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2022, remove the ability of Fidelity Management & Research Company and its affiliates to

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purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, substitute Computershare Trust Company, N.A. as the rights agent and effect certain technical changes to the Shareholder Rights Plan.

The rights are designed to assure that all shareholders receive fair and equal treatment in the event of any proposed takeover of the Company and to encourage a potential acquirer to negotiate with the Board of Directors prior to attempting a takeover. The rights have an exercise price of $118 per right, subject to subsequent adjustment. The rights trade with the Company s common stock and will not be exercisable until the occurrence of certain takeover-related events.

Generally, the Shareholder Rights Plan provides that if a person or group acquires 15% or more of the Company s common stock without the approval of the Board, subject to certain exception, the holders of the rights, other than the acquiring person or group, would, under certain circumstances, have the right to purchase additional shares of the Company s common stock having a market value equal to two times the then-current exercise price of the right.

In addition, if the Company is thereafter merged into another entity, or if 50% or more of the Company s consolidated assets or earning power are sold, then the right will entitle its holder to buy common shares of the acquiring entity having a market value equal to two times the then-current exercise price of the right. The Company s Board of Directors may exchange or redeem the rights under certain conditions.

EMPLOYEES

As of March 31, 2015, CorVel had 3,548 employees, including nurses, therapists, counselors and other employees. No employees are represented by any collective bargaining unit. Management believes the Company s relationship with its employees to be good.

AVAILABLE INFORMATION

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, and other filings made with the Securities and Exchange Commission, are available free of charge through our Web site (http://www.corvel.com, under the Investor section) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission. The inclusion of our Web site address and the address of any of our portals, such as www.caremc.com and www.onlinedocumentcenter.com, in this report does not include or incorporate by reference into this report any information contained on, or accessible through, such Web sites.

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Item 1A. ***Risk Factors***

Past financial performance is not necessarily a reliable indicator of future performance, and investors in our common stock should not use historical performance to anticipate results or future period trends. Investing in our common stock involves a high degree of risk. Investors should consider carefully the following risk factors, as well as the other information in this report and our other filings with the Securities and Exchange Commission, including our consolidated financial statements and the related notes, before deciding whether to invest or maintain an investment in shares of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations would suffer. In this case, the trading price of our common stock would likely decline. The risks described below are not the only ones we face. Additional risks that we currently do not know about or that we currently believe to be immaterial also may impair our business operations.

If we fail to grow our business internally or through strategic acquisitions we may be unable to execute our business plan, maintain high levels of service or adequately address competitive challenges.

Our strategy is to continue internal growth and, as strategic opportunities arise in the workers compensation managed care industry, to consider acquisitions of, or relationships with, other companies in related lines of business. As a result, we are subject to certain growth-related risks, including the risk that we will be unable to retain personnel or acquire other resources necessary to service such growth adequately. Expenses arising from our efforts to increase our market penetration may have a negative impact on operating results. In addition, there can be no assurance that any suitable opportunities for strategic acquisitions or relationships will arise or, if they do arise, that the transactions contemplated could be completed. If such a transaction does occur, there can be no assurance that we will be able to integrate effectively any acquired business. In addition, any such transaction would be subject to various risks associated with the acquisition of businesses, including, but not limited to, the following:

- an acquisition may negatively impact our results of operations because it may require incurring large one-time charges, substantial debt or liabilities; it may require the amortization or write down of amounts related to deferred compensation, goodwill and other intangible assets; or it may cause adverse tax consequences, substantial depreciation or deferred compensation charges;

- we may encounter difficulties in assimilating and integrating the business, technologies, products, services, personnel or operations of companies that are acquired, particularly if key personnel of the acquired company decide not to work for us;

- an acquisition may disrupt ongoing business, divert resources, increase expenses and distract management;

- the acquired businesses, products, services or technologies may not generate sufficient revenue to offset acquisition costs;

- we may have to issue equity or debt securities to complete an acquisition, which would dilute the position of stockholders and could adversely affect the market price of our common stock; and

the acquisitions may involve the entry into a geographic or business market in which we have little or no prior experience.

There can be no assurance that we will be able to identify or consummate any future acquisitions or other strategic relationships on favorable terms, or at all, or that any future acquisition or other strategic relationship will not have an adverse impact on our business or results of operations. If suitable opportunities arise, we may finance such transactions, as well as internal growth, through debt or equity financing. There can be no assurance, however, that such debt or equity financing would be available to us on acceptable terms when, and if, suitable strategic opportunities arise.

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If we are unable to increase our market share among national and regional insurance carriers and large, self-funded employers, our results may be adversely affected.

Our business strategy and future success depend in part on our ability to capture market share with our cost containment services as national and regional insurance carriers and large, self-funded employers look for ways to achieve cost savings. We cannot assure you that we will successfully market our services to these insurance carriers and employers or that they will not resort to other means to achieve cost savings. Additionally, our ability to capture additional market share may be adversely affected by the decision of potential customers to perform services internally instead of outsourcing the provision of such services to us. Furthermore, we may not be able to demonstrate sufficient cost savings to potential or current customers to induce them not to provide comparable services internally or to accelerate efforts to provide such services internally.

If competition increases, our growth and profits may decline.

The markets for our network services and patient management services are also fragmented and competitive. Our competitors include national managed care providers, preferred provider networks, smaller independent providers and insurance companies. Companies that offer one or more workers compensation managed care services on a national basis are our primary competitors. We also compete with many smaller vendors who generally provide unbundled services on a local level, particularly companies with an established relationship with a local insurance company adjuster. In addition, several large workers compensation insurance carriers offer managed care services for their customers, either by performance of the services in-house or by outsourcing to organizations like ours. If these carriers increase their performance of these services in-house, our business may be adversely affected. In addition, consolidation in the industry may result in carriers performing more of such services in-house.

Our sequential revenue may not increase and may decline. As a result, we may fail to meet or exceed the expectations of investors or analysts which could cause our common stock price to decline.

Our sequential revenue growth may not increase and may decline in the future as a result of a variety of factors, many of which are outside of our control. If changes in our sequential revenue fall below the expectations of investors or analysts, the price of our common stock could decline substantially. Fluctuations or declines in sequential revenue growth may be due to a number of factors, including, but not limited to, those listed below and identified throughout this Risk Factors section: the decline in manufacturing employment, the decline in workers compensation claims, the decline in healthcare expenditures, the considerable price competition in a flat-to-declining workers compensation market, litigation, the increase in competition, and the changes and the potential changes in state workers compensation and automobile-managed care laws which can reduce demand for our services. These factors create an environment where revenue and margin growth is more difficult to attain and where revenue growth is less certain than historically experienced. Additionally, our technology and preferred provider network face competition from companies that have more resources available to them than we do. Also, some customers may handle their managed care services in-house and may reduce the amount of services which are outsourced to managed care companies such as CorVel. These factors could cause the market price of our common stock to fluctuate substantially. There can be no assurance that our growth rate in the future, if any, will be at or near historical levels.

In addition, the stock market has in the past experienced price and volume fluctuations that have particularly affected companies in the healthcare and managed care markets resulting in changes in the market price of the stock of many companies, which may not have been directly related to the operating performance of those companies.

Due to the foregoing factors, and the other risks discussed in this report, investors should not rely on period-to-period comparisons of our results of operations as an indication of our future performance.

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The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders.

The market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. The stock market has in the past experienced price and volume fluctuations that have particularly affected companies in the healthcare and managed care markets resulting in changes in the market price of the stock of many companies, which may not have been directly related to the operating performance of those companies. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

We cannot assure our stockholders that our stock repurchase program will enhance long-term stockholder value and stock repurchases, if any, could increase the volatility of the price of our common stock and will diminish our cash reserves.

In 1996, our Board of Directors authorized a stock repurchase program and has periodically increased the number of shares authorized for repurchase under the repurchase program. The most recent increase occurred in August 2013 and brought the number of shares authorized for repurchase over the life of the program to 34,000,000 shares. There is no expiration date for the repurchase program. The timing and actual number of shares repurchased, if any, depend on a variety of factors including the timing of open trading windows, price, corporate and regulatory requirements, and other market conditions. The program may be suspended or discontinued at any time without prior notice. Repurchases pursuant to our stock repurchase program could affect our stock price and increase its volatility. The existence of a stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Additionally, repurchases under our stock repurchase program will diminish our cash reserves, which could impact our ability to pursue possible future strategic opportunities and acquisitions and could result in lower overall returns on our cash balances. There can be no assurance that any further stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of stock. Although our stock repurchase program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program s effectiveness.

If the referrals for our patient management services decline, our business, financial condition and results of operations would be materially adversely affected.

In some years, we have experienced a general decline in the revenue and operating performance of patient management services. We believe that the performance decline has been due to the following factors: the decrease of the number of workplace injuries that have become longer-term disability cases; increased regional and local competition from providers of managed care services; a possible reduction by insurers on the types of services provided by our patient management business; the closure of offices and continuing consolidation of our patient management operations; and employee turnover, including management personnel, in our patient management business. In the past, these factors have all contributed to the lowering of our long-term outlook for our patient management services. If some or all of these conditions continue, we believe that the performance of our patient management revenues could decrease.

Declines in workers compensation claims may materially harm our results of operations.

Within the past few years, the economy has performed below historical averages which leads to fewer workers on a national level and could lead to fewer work-related injuries. If declines in workers compensation costs occur in many states and persist over the long-term, it would have a material adverse impact on our business, financial condition and

results of operations.

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We provide an outsource service to payors of workers compensation and auto healthcare benefits. These payors include insurance companies, TPAs, municipalities, state funds, and self-insured, self-administered employers. If these payors reduce the amount of work they outsource, our results of operations would be materially adversely affected.

Healthcare providers are becoming increasingly resistant to the application of certain healthcare cost containment techniques; this may cause revenue from our cost containment operations to decrease.

Healthcare providers have become more active in their efforts to minimize the use of certain cost containment techniques and are engaging in litigation to avoid application of certain cost containment practices. Recent litigation between healthcare providers and insurers has challenged certain insurers claims adjudication and reimbursement decisions. Although these lawsuits do not directly involve us or any services we provide, these cases may affect the use by insurers of certain cost containment services that we provide and may result in a decrease in revenue from our cost containment business.

Our failure to compete successfully could make it difficult for us to add and retain customers and could reduce or impede the growth of our business.

We face competition from PPOs, TPAs and other managed healthcare companies. We believe that as managed care techniques continue to gain acceptance in the workers compensation marketplace, our competitors will increasingly consist of nationally-focused workers compensation managed care service companies, insurance companies, HMOs and other significant providers of managed care products. Legislative reform in some states has been considered, but not enacted to permit employers to designate health plans such as HMOs and PPOs to cover workers compensation claimants. Because many health plans have the ability to manage medical costs for workers compensation claimants, such legislation may intensify competition in the markets served by us. Many of our current and potential competitors are significantly larger and have greater financial and marketing resources than we do, and there can be no assurance that we will continue to maintain our existing customers, our past level of operating performance or be successful with any new products or in any new geographical markets we may enter.

A breach of security may cause our customers to curtail or stop using our services.

We rely largely on our own security systems, confidentiality procedures and employee nondisclosure agreements to maintain the privacy and security of our Company s and our customers proprietary information. Accidental or willful security breaches or other unauthorized access by third parties to our information systems, the existence of computer viruses in our data or software and misappropriation of our proprietary information could expose us to a risk of information loss, litigation and other possible liabilities which may have a material adverse effect on our business, financial condition and results of operations. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any customer data, our relationships with our customers and our reputation will be damaged, our business may suffer and we could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Exposure to possible litigation and legal liability may adversely affect our business, financial condition and results of operations.

We, through our utilization management services, make recommendations concerning the appropriateness of providers medical treatment plans of patients throughout the country, and as a result, could be exposed to claims for adverse medical consequences. We do not grant or deny claims for payment of benefits and we do not believe that we engage in the practice of medicine or the delivery of medical services. There can be no assurance, however, that we will not be subject to claims or litigation related to the authorization or denial of claims for payment of benefits or allegations that we engage in the practice of medicine or the delivery of medical services.

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In addition, there can be no assurance that we will not be subject to other litigation that may adversely affect our business, financial condition or results of operations, including but not limited to being joined in litigation brought against our customers in the managed care industry. We maintain professional liability insurance and such other coverages as we believe are reasonable in light of our experience to date. If such insurance is insufficient or unavailable in the future at reasonable cost to protect us from liability, our business, financial condition or results of operations could be adversely affected.

If lawsuits against us are successful, we may incur significant liabilities.

We provide to insurers and other payors of healthcare costs managed care programs that utilize preferred provider organizations and computerized bill review programs. Health care providers have brought, against us and our customers, individual and class action lawsuits challenging such programs. If such lawsuits are successful, we may incur significant liabilities.

We make recommendations about the appropriateness of providers proposed medical treatment plans for patients throughout the country. As a result, we could be subject to claims arising from any adverse medical consequences. Although plaintiffs have not to date subjected us to any claims or litigation relating to the granting or denial of claims for payment of benefits or allegations that we engage in the practice of medicine or the delivery of medical services, we cannot assure you that plaintiffs will not make such claims in future litigation. We also cannot assure you that our insurance will provide sufficient coverage or that insurance companies will make insurance available at a reasonable cost to protect us from significant future liability.

If the utilization by healthcare payors of early intervention services continues to increase, the revenue from our later-stage network and healthcare management services could be negatively affected.

The performance of early intervention services, including injury occupational healthcare, first notice of loss, and telephonic case management services, often result in a decrease in the average length of, and the total costs associated with, a healthcare claim. By successfully intervening at an early stage in a claim, the need for additional cost containment services for that claim often can be reduced or even eliminated. As healthcare payors continue to increase their utilization of early intervention services, the revenue from our later stage network and healthcare management services will decrease.

An interruption in our ability to access critical data may cause customers to cancel their service and/or may reduce our ability to effectively compete.

Certain aspects of our business are dependent upon our ability to store, retrieve, process and manage data and to maintain and upgrade our data processing capabilities. Interruption of data processing capabilities for any extended length of time, loss of stored data, programming errors or other system failures could cause customers to cancel their service and could have a material adverse effect on our business and results of operations.

In addition, we expect that a considerable amount of our future growth will depend on our ability to process and manage claims data more efficiently and to provide more meaningful healthcare information to customers and payors of healthcare. There can be no assurance that our current data processing capabilities will be adequate for our future growth, that we will be able to efficiently upgrade our systems to meet future demands, or that we will be able to develop, license or otherwise acquire software to address these market demands as well or as timely as our competitors.

We face competition for staffing, which may increase our labor costs and reduce profitability.

We compete with other healthcare providers in recruiting qualified management and staff personnel for the day-to-day operations of our business, including nurses and other case management professionals. In some markets, the scarcity of nurses and other medical support personnel has become a significant operating issue to healthcare providers. This shortage may require us to enhance wages to recruit and retain qualified nurses and other healthcare professionals. Our failure to recruit and retain qualified management, nurses and other healthcare professionals, or to control labor costs could have a material adverse effect on profitability.

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The increased costs of professional and general liability insurance may have an adverse effect on our profitability.

The cost of commercial professional and general liability insurance coverage has risen significantly in the past several years, and this trend may continue. In addition, if we were to suffer a material loss, our costs may increase over and above the general increases in the industry. If the costs associated with insuring our business continue to increase, it may adversely affect our business. We believe our current level of insurance coverage is adequate for a company of our size engaged in our business.

Changes in government regulations could increase our costs of operations and/or reduce the demand for our services.

Many states, including a number of those in which we transact business, have licensing and other regulatory requirements applicable to our business. Approximately half of the states have enacted laws that require licensing of businesses which provide medical review services such as ours. Some of these laws apply to medical review of care covered by workers compensation. These laws typically establish minimum standards for qualifications of personnel, confidentiality, internal quality control and dispute resolution procedures. These regulatory programs may result in increased costs of operation for us, which may have an adverse impact upon our ability to compete with other available alternatives for healthcare cost control. In addition, new laws regulating the operation of managed care provider networks have been adopted by a number of states. These laws may apply to managed care provider networks having contracts with us or to provider networks which we may organize. To the extent we are governed by these regulations, we may be subject to additional licensing requirements, financial and operational oversight and procedural standards for beneficiaries and providers.

Regulation in the healthcare and workers compensation fields is constantly evolving. We are unable to predict what additional government initiatives, if any, affecting our business may be promulgated in the future. Our business may be adversely affected by failure to comply with existing laws and regulations, failure to obtain necessary licenses and government approvals or failure to adapt to new or modified regulatory requirements. Proposals for healthcare legislative reforms are regularly considered at the federal and state levels. To the extent that such proposals affect workers compensation, such proposals may adversely affect our business, financial condition and results of operations.

In addition, changes in workers compensation, auto and managed health care laws or regulations may reduce demand for our services, require us to develop new or modified services to meet the demands of the marketplace or reduce the fees that we may charge for our services.

The introduction of software products incorporating new technologies and the emergence of new industry standards could render our existing software products less competitive, obsolete or unmarketable.

There can be no assurance that we will be successful in developing and marketing new software products that respond to technological changes or evolving industry standards. If we are unable, for technological or other reasons, to develop and introduce new software products cost-effectively, in a timely manner and in response to changing market conditions or customer requirements, our business, results of operations and financial condition may be adversely affected.

Developing or implementing new or updated software products and services may take longer and cost more than expected. We rely on a combination of internal development, strategic relationships, licensing and acquisitions to develop our software products and services. The cost of developing new healthcare information services and technology solutions is inherently difficult to estimate. Our development and implementation of proposed software

products and services may take longer than originally expected, require more testing than originally anticipated and require the acquisition of additional personnel and other resources. If we are unable to develop new or updated software products and services cost-effectively on a timely basis and implement them without significant disruptions to the existing systems and processes of our customers, we may lose potential sales and harm our relationships with current or potential customers.

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The failure to attract and retain qualified or key personnel may prevent us from effectively developing, marketing, selling, integrating and supporting our services.

We are dependent, to a substantial extent, upon the continuing efforts and abilities of certain key management personnel. In addition, we face competition for experienced employees with professional expertise in the workers compensation managed care area. The loss of key personnel, especially V. Gordon Clemons, Sr., our Chairman, President, and Chief Executive Officer, or the inability to attract qualified employees, could have a material unfavorable effect on our business and results of operations.

If we lose several customers in a short period, our results may be materially adversely affected.

Our results may decline if we lose several customers during a short period. Most of our customer contracts permit either party to terminate without cause. If several customers terminate, or do not renew or extend their contracts with us, our results could be materially and adversely affected. Many organizations in the insurance industry have consolidated and this could result in the loss of one or more of our customers through a merger or acquisition. Additionally, we could lose customers due to competitive pricing pressures or other reasons.

We are subject to risks associated with acquisitions of intangible assets.

Our acquisition of other businesses may result in significant increases in our intangible assets and goodwill. We regularly evaluate whether events and circumstances have occurred indicating that any portion of our intangible assets and goodwill may not be recoverable. When factors indicate that intangible assets and goodwill should be evaluated for possible impairment, we may be required to reduce the carrying value of these assets. We cannot currently estimate the timing and amount of any such charges.

If we are unable to leverage our information systems to enhance our outcome-driven service model, our results may be adversely affected.

To leverage our knowledge of workplace injuries, treatment protocols, outcomes data, and complex regulatory provisions related to the workers compensation market, we must continue to implement and enhance information systems that can analyze our data related to the workers compensation industry. We frequently upgrade existing operating systems and are updating other information systems that we rely upon in providing our services and financial reporting. We have detailed implementation schedules for these projects that require extensive involvement from our operational, technological and financial personnel. Delays or other problems we might encounter in implementing these projects could adversely affect our ability to deliver streamlined patient care and outcome reporting to our customers.

Our Internet-based services are dependent on the development and maintenance of the Internet infrastructure.

The Internet has experienced a variety of outages and other delays as a result of damages to portions of its infrastructure, and it could face outages and delays in the future. These outages and delays could reduce the level of Internet usage, as well as the availability of the Internet to us for delivery of our Internet-based services. In addition, our customers who use our Web-based services depend on Internet service providers, online service providers and other website operators for access to our website. All of these providers have experienced significant outages in the past and could experience outages, delays and other difficulties in the future due to system failures unrelated to our systems. Any significant interruptions in our services or increases in response time could result in a loss of potential or existing users, and, if sustained or repeated, could reduce the attractiveness of our services.

We are sensitive to regional weather conditions that may adversely affect our operations.

Our operations are directly affected in the short term by the weather conditions in certain regions of operation. Therefore our business is sensitive to the weather conditions of these regions. Unusually inclement

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weather, including significant rain, snow, sleet, freezing rain or ice can temporarily affect our operations if clients are forced to close operational centers. Accordingly, our operating results may vary from quarter to quarter, depending on the impact of these weather conditions.

Natural and other disasters may adversely affect our business.

We may be vulnerable to damage from severe weather conditions or natural disasters, including hurricanes, fires, floods, earthquakes, power loss, communications failures and similar events, including the effects of war or acts of terrorism. If a disaster were to occur, our ability to operate our business could be seriously or completely impaired or destroyed. The insurance we maintain may not be adequate to cover our losses resulting from disasters or other business interruptions.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties.***

The Company s principal executive office is located in Irvine, California in approximately 13,000 square feet of leased space. The lease expires in January 2020. The Company leases approximately 87 branch offices in 43 states, which range in size from 200 square feet up to 94,000 square feet. The lease terms for the branch offices range from monthly to ten years and expire at various dates through 2023. The Company believes that its facilities are adequate for its current needs and that suitable additional space will be available as required.

Item 3. ***Legal Proceedings.***

The Company is involved in litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

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PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Market Information

The Company s common stock is traded on the NASDAQ Global Select Market under the symbol CRVL. The quarterly high and low per share sales prices for the Company s common stock for fiscal years 2014 and 2015 as reported by NASDAQ are set forth below for the periods indicated. These prices represent prices among dealers, do not include retail markups, markdowns or commissions, and may not represent actual transactions.

	High	Low
Fiscal Year Ended March 31, 2014:		
Quarter Ended June 30, 2013:	$ 30.00	$ 22.58
Quarter Ended September 30, 2013:	37.29	29.17
Quarter Ended December 31, 2013:	48.61	36.15
Quarter Ended March 31, 2014:	53.35	44.12
Fiscal Year Ended March 31, 2015:		
Quarter Ended June 30, 2014:	$ 52.63	$ 42.18
Quarter Ended September 30, 2014:	47.21	28.08
Quarter Ended December 31, 2014:	38.34	31.47
Quarter Ended March 31, 2015:	37.93	31.91

Holders. As of June 5, 2015, there were approximately 1,030 holders of record of the Company s common stock according to the information provided by the Company s transfer agent.

Dividends. The Company has never paid any cash dividends on its common stock and has no current plans to do so in the foreseeable future. The Company intends to retain future earnings, if any, for use in the Company s business. The payment of any future dividends on its common stock will be determined by the Board of Directors in light of conditions then existing, including the Company s earnings, financial condition and requirements, restrictions in financing agreements, business conditions and other factors.

Unregistered Sales of Equity Securities. None.

Issuer Purchases of Equity Securities: The following table summarizes purchases of the Company s common stock made by or on behalf of the Company for the quarter ended March 31, 2015 pursuant to a publicly announced plan.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced	Maximum Number of Shares that may yet be Purchased Under

				Program	the Program
January 1 to January 31, 2015	85,846	$	34.91	85,846	1,182,245
February 1 to February 28, 2015	80,402		35.39	80,402	1,101,843
March 1 to March 31, 2015	94,331		34.95	94,331	1,007,512
Total	260,579	$	35.07	260,579	1,007,512

In 1996, the Company s Board of Directors authorized a stock repurchase program initially for up to 100,000 shares of the Company s common stock. The Company s Board of Directors has periodically increased the number of shares authorized for repurchase under the program. In August 2013, the board authorized an increase in the number of shares to be repurchased over the life of the program to 34,000,000. As of March 31, 2015, the Company has repurchased 32,992,488 shares of its common stock over the life of the program. There is no expiration date for the plan.

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STOCK PERFORMANCE GRAPH

The graph depicted below shows a comparison of cumulative total stockholder returns for the Company, the NASDAQ and the NASDAQ Health Services Index over a five year period beginning on March 31, 2010. The data depicted on the graph are as set forth in the chart below the graph. The graph assumes that $100 was invested in the Company s Common Stock on March 31, 2010, and in each index, and that all dividends were reinvested. No cash dividends have been paid or declared on the Common Stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

	2010	2011	2012	2013	2014	2015
CorVel Corporation	100.00	148.76	111.58	138.43	278.38	192.50
U.S. NASDAQ	100.00	115.98	128.93	136.26	175.11	204.38
U.S. NASDAQ Healthcare Services	100.00	106.93	122.28	157.00	217.88	294.80

Notwithstanding anything to the contrary set forth in any of our previous filings made under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate future filings made by us under those statutes, neither the preceding Stock Performance Graph, nor the information relating to it, is soliciting material or is filed or is to be incorporated by reference into any such prior filings, nor shall such graph or information be incorporated by reference into any future filings made by us under those statutes.

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Item 6. ***Selected Financial Data.***
The selected consolidated financial data of the Company appears in a separate section of this Annual Report on Form 10-K immediately preceding the Management s Discussion and Analysis of Financial Condition and Results of Operations section and is incorporated herein by this reference.

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations.***
Management s Discussion and Analysis of Financial Condition and Results of Operations appears in a separate section of this Annual Report on Form 10-K and is incorporated herein by this reference.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***
As of March 31, 2015, the Company held no market risk sensitive instruments for trading purposes and the Company did not employ any derivative financial instruments, other financial instruments, or derivative commodity instruments to hedge any market risk.

Item 8. ***Financial Statements and Supplementary Data.***
The Company s consolidated financial statements, as listed under Item 15, appear in a separate section of this Annual Report on Form 10-K and are incorporated herein by this reference. The financial statement schedule is included below under Item 15(a) (2).

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***
None.

Item 9A. ***Controls and Procedures.***
Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2015, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission s rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining a system of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with accounting principles generally accepted in the United States of America; providing reasonable assurance that our receipts and expenditures are made in accordance with authorizations of our management and directors; and providing reasonable assurance that unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements would be prevented or detected on a timely basis.

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Management conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the 2013 *Internal Control Integrated Framework* (2013 COSO framework). Based on this assessment, our management concluded that our internal control over financial reporting was effective as of March 31, 2015 to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

Our independent registered public accounting firm, Haskell & White LLP, has issued an audit report on the effectiveness of our internal control over financial reporting as of March 31, 2015 as stated in their report that is included in Part II, Item 8 herein.

Changes to Internal Control over Financial Reporting

We completed a transition to the new 2013 COSO framework by performing an assessment of our Internal Control over financial reporting and reviewing compliance with the 17 principles outlined by the 2013 COSO framework. Compliance with the 2013 COSO framework was obtained through enhancing our control documentation, because all of the procedures that were added to our controls documentation were procedures already in place at our Company and have been and continue to be part of our day-to-day operations.

During the quarter ended June 30, 2014, Richard J. Schweppe replaced Scott McCloud as our Chief Financial Officer, and a Form 8-K was filed disclosing this change. Certain control responsibilities have been reassigned to certain key personnel within our Company. Management has reviewed and will continue to monitor our internal controls to make sure there is no adverse impact. There have been no other changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information in the sections titled Proposal One: Election of Directors, Corporate Governance, Board Composition and Board Committees, Executive Officers of CorVel, and Section 16(a) Beneficial Ownership Reporting Compliance appearing in the Company s Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

The Board of Directors has adopted a code of ethics and business conduct that applies to all of the Company s employees, officers and directors. The full text of the Company s code of ethics and business conduct is posted on the Company s web site at www.corvel.com under the Investor Relations section. The Company intends to disclose future amendments to certain provisions of the Company s code of ethics and business conduct, or waivers of such provisions, applicable to the Company s directors and executive officers, at the same location on the Company s web site identified above. The inclusion of the Company s web site address in this report does not include or incorporate by reference the information on the Company s web site into this report.

Item 11. Executive Compensation.

The information in the sections titled Executive Compensation, Compensation Discussion and Analysis, Compensation Committee Interlocks and Insider Participation, Compensation Committee Report, and Compensation of Directors, appearing in the Company s Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information in the sections titled Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matter and Equity Compensation Plan Information appearing in the Company s Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence.

The information in the sections titled Certain Relationships and Related Person Transactions, Proposal One: Election of Directors, and Corporate Governance, Board Composition and Board Committees appearing in the Company s Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information under the captions Principal Accountant Fees and Services , Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors and Ratification of Appointment of Independent Auditors appearing in the Company s Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) Financial Statements:

The Company s financial statements appear in a separate section of this Annual Report on Form 10-K beginning on the pages referenced below:

	Page
Report of Independent Registered Public Accounting Firm	46
Consolidated Statements of Income for the Fiscal Years Ended March 31, 2013, 2014, and 2015	48
Consolidated Balance Sheets as of March 31, 2014 and 2015	49
Consolidated Statements of Stockholders Equity for the Fiscal Years Ended March 31, 2013, 2014, and 2015	50
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2013, 2014, and 2015	51
Notes to Consolidated Financial Statements	52

(2) Financial Statement Schedule:

The Company s consolidated financial statements, as listed under Item 15(a) (1), appear in a separate section of this Annual Report on Form 10-K. The Company s financial statement schedule is as follows:

Schedule II Valuation and Qualifying Accounts

	Balance at Beginning of Year	Additions Charged to Cost and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts:				
Fiscal Year Ended March 31, 2015:	$ 1,745,000	$ 1,730,000	$ (1,830,000)	$ 1,645,000
Fiscal Year Ended March 31, 2014:	2,295,000	1,332,000	(1,882,000)	1,745,000
Fiscal Year Ended March 31, 2013:	2,395,000	2,123,000	(2,223,000)	2,295,000

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(3) Exhibits:

EXHIBITS

Exhibit

No.	Title	Method of Filing
3.1	Amended and Restated Certificate of Incorporation of the Company	Incorporated herein by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K filed on August 10, 2011.
3.2	Amended and Restated Bylaws of the Company	Incorporated herein by reference to Exhibit 3.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 filed on August 14, 2006.
3.3	Certificate of Designation Increasing the Number of Shares of Series A Junior Participating Preferred Stock	Incorporated herein by reference to Exhibit 3.1 to the Company s Form 8-K filed on November 24, 2008.
4.1	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Right Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively	Incorporated herein by reference to Exhibit 4.1 to the Company s Form 8-K filed on November 24, 2008.
10.1*	Nonqualified Stock Option Agreement between V. Gordon Clemons, Sr., the Company and North Star together with all amendments and addendums thereto	Incorporated herein by reference to Exhibit 10.6 to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.2*	Supplementary Agreement between V. Gordon Clemons, Sr., the Company and North Star	Incorporated herein by reference to Exhibit 10.7 to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.3*	Amendment to Supplementary Agreement between V. Gordon Clemons, Sr., the Company and North Star	Incorporated herein by reference to Exhibit 10.5 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 1992 filed on June 29, 1992.
10.4*	Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan)	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on August 10, 2011.

10.5*	Forms of Notice of Grant of Stock Option, Stock Option Agreement and Notice of Exercise Under the Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option)	Incorporated herein by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 filed on November 9, 2006, Exhibits 10.7, 10.8 and 10.9 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31,

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Exhibit

No.	Title	Method of Filing
		1994 filed on June 29, 1994, Exhibits 99.2, 99.3, 99.4, 99.5, 99.6, 99.7 and 99.8 to the Company s Registration Statement on Form S-8 (File No. 333-94440) filed on July 10, 1995, and Exhibits 99.3 and 99.5 to the Company s Registration Statement on Form S-8 (File No. 333-58455) filed on July 2, 1998.
10.6*	Employment Agreement of V. Gordon Clemons, Sr.	Incorporated herein by reference to Exhibit 10.12 to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.7*	Restated 1991 Employee Stock Purchase Plan, as amended	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K/A filed on August 12, 2010.
10.8	Fidelity Master Plan for Savings and Investment, and amendments	Incorporated herein by reference to Exhibits 10.16 and 10.16A to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.9	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Rights Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively	Incorporated herein by reference to Exhibit 4.1 to the Company s Form 8-K filed on November 24, 2008.
10.10	Credit Agreement dated May 28, 2009 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.16 to the Company s Current Report on Form 8-K filed on June 4, 2009.
10.11	Revolving Line of Credit Note dated May 28, 2009 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.17 to the Company s Current Report on Form 8-K filed on June 4, 2009.
10.12	Form of Partial Waiver of Automatic Option Grant executed by Directors	Incorporated herein by reference to Exhibit 10.18 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 filed on November 8, 2007.
10.13	Partial Waiver of Automatic Option Grant by Jean H. Macino dated February 8, 2008	Incorporated herein by reference to Exhibit 10.22 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on

		June 16, 2008.
10.14	First Amendment to Credit Agreement dated June 2, 2010 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on June 7, 2010.

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Exhibit

No.	Title	Method of Filing
10.15	Revolving Line of Credit Note dated June 2, 2010 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on June 7, 2010.
10.16*	Stock Option Agreement dated December 6, 2010 between the company and Diane J. Blaha, providing performance vesting.	Incorporated herein by reference to Exhibit 10.32 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2014 filed on June 12, 2014.
10.17	Second Amendment to Credit Agreement dated September 1, 2011 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on August 31, 2011.
10.18	Revolving Line of Credit Note dated September 1, 2011 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on August 31, 2011.
10.19*	Stock option agreement dated November 3, 2011, between the Company and Diane J. Blaha, providing performance vesting.	Refiled herewith.
10.20	Third Amendment to Credit Agreement dated September 1, 2012 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on September 7, 2012.
10.21	Revolving Line of Credit Note dated September 1, 2012 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on September 7, 2012.
10.22*	Stock option agreement dated March 1, 2013, between the Company and V. Gordon Clemons, Sr., providing performance vesting.	Refiled herewith.
10.23*	Stock option agreement dated March 1, 2013, between the Company and Scott McCloud, providing performance vesting.	Refiled herewith.
10.24*	Stock option agreement dated March 1, 2013, between the Company and Donald C. McFarlane, providing performance vesting.	Refiled herewith.
10.25*	Stock option agreement dated March 1, 2013, between the Company and Diane J. Blaha, providing performance vesting.	Refiled herewith.
10.26	Fourth Amendment to Credit Agreement dated September 1, 2013 by and between CorVel Corporation and Wells Fargo Bank, National	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on September 5, 2013.

	Association.	
10.27	Revolving Line of Credit Note dated September 1, 2013 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on September 5, 2013.

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Exhibit

No.	Title	Method of Filing
10.28*	Stock option agreement dated November 4, 2013, between the Company and Scott McCloud, providing performance vesting.	Refiled herewith.
10.29*	Stock option agreement dated November 4, 2013, between the Company and Donald C. McFarlane, providing performance vesting.	Refiled herewith.
10.30*	Stock option agreement dated November 4, 2013, between the Company and Diane J. Blaha, providing performance vesting.	Refiled herewith.
10.31*	Stock option agreement dated November 4, 2013, between the Company and Richard J. Schweppe, providing performance vesting.	Refiled herewith.
10.32*	Stock option agreement dated March 1, 2013, between the Company and Richard J. Schweppe, providing performance vesting.	Refiled herewith
10.33	Fifth Amendment to Credit Agreement dated September 1, 2014 by and between CorVel Corporation and Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on September 5, 2014.
10.34	Revolving Line of Credit Note dated September 1, 2014 by CorVel Corporation in favor of Wells Fargo Bank, National Association.	Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on September 5, 2014.
10.35*	Stock option agreement dated November 19, 2014, between the Company and Richard J. Schweppe, providing performance vesting.	Incorporated herein by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2014 filed on February 5, 2015.
10.36*	Stock option agreement dated November 19, 2014, between the Company and Diane J. Blaha, providing performance vesting.	Incorporated herein by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2014 filed on February 5, 2015.
21.1	Subsidiaries of the Company	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm, Haskell & White LLP.	Filed herewith.
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.

32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.

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Exhibit

No.	Title	Method of Filing
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101.0	The following materials from CorVel Corporation s Annual Report on Form 10-K for the fiscal year ended March 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2015 and March 31, 2014; (ii) Consolidated Statements of Income for the fiscal years ended March 31, 2015, 2014 and 2013; (iii) Consolidated Statements of Stockholders Equity for the fiscal years ended March 31, 2015, 2014 and 2013; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2015, 2014 and 2013; and (v) Notes to Consolidated Financial Statements	

* Denotes management contract or compensatory plan or arrangement.

Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.

(b) Exhibits

The exhibits filed as part of this report are listed under Item 15(a)-(3) of this Annual Report on Form 10-K.

(c) Financial Statement Schedule

The Financial Statement Schedules required by Regulation S-X and Item 8 of Form 10-K are listed under Item 15(a)(2) of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORVEL CORPORATION

By: /s/ V. GORDON CLEMONS, SR.
V. Gordon Clemons, Sr.
Chairman of the Board, President, and Chief Executive Officer

Date: June 11, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ V. GORDON CLEMONS, SR. V. Gordon Clemons, Sr.	Chairman of the Board, Chief Executive Officer, and President (Principal Executive Officer)	June 11, 2015
/s/ RICHARD J. SCHWEPPE Richard J. Schweppe	Chief Financial Officer (Principal Financial and Accounting Officer)	June 11, 2015
/s/ ALAN R. HOOPS Alan R. Hoops	Director	June 11, 2015
/s/ STEVEN J. HAMERSLAG Steven J. Hamerslag	Director	June 11, 2015
/s/ R. JUDD JESSUP R. Judd Jessup	Director	June 11, 2015
/s/ JEAN H. MACINO Jean H. Macino	Director	June 11, 2015
/s/ JEFFREY J. MICHAEL	Director	June 11, 2015

Jeffrey J. Michael

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected financial data for each of the five fiscal years ended March 31, 2015, have been derived from the Company s audited consolidated financial statements. The following data should be read in conjunction with the Company s Consolidated Financial Statements, the related notes thereto, and Management s Discussion and Analysis of Financial Condition and Results of Operations. The following amounts are in thousands, except per share data.

	Fiscal Year Ended March 31,				
	2011	**2012**	**2013**	**2014**	**2015**
Statement of Income Data:					
Revenues	$ 380,668	$ 412,668	$ 429,310	$ 478,816	$ 492,625
Cost of revenues	284,098	318,826	337,650	370,335	392,656
Gross profit	96,570	93,842	91,660	108,481	99,969
General and administrative	59,167	50,405	47,765	51,974	54,405
Income before income taxes	37,403	43,437	43,895	56,507	45,564
Income tax provision	12,740	16,885	17,165	22,115	16,974
Net income	$ 24,663	$ 26,552	$ 26,730	$ 34,392	$ 28,590
Net income per share:					
Basic	$ 1.05	$ 1.16	$ 1.20	$ 1.63	$ 1.38
Diluted	$ 1.03	$ 1.14	$ 1.19	$ 1.61	$ 1.37
Shares used in computing net income per share:					
Basic	23,602	22,952	22,256	21,104	20,669
Diluted	24,058	23,254	22,458	21,372	20,890
Return on beginning of year equity	25.8%	26.6%	24.2%	30.9%	22.6%
Return on beginning of year assets	17.6%	16.2%	15.6%	18.9%	13.3%

	2011	**2012**	**2013**	**2014**	**2015**
Balance Sheet Data as of March 31,					
Cash and cash equivalents	$ 12,269	$ 6,597	$ 19,822	$ 34,866	$ 25,516
Accounts receivable, net	48,964	49,334	49,105	57,229	57,537
Working capital	27,389	36,485	40,145	49,120	45,140
Total assets	164,225	171,882	182,382	214,481	218,754
Retained earnings	248,494	275,046	301,776	336,168	364,758
Treasury stock	(248,931)	(270,574)	(301,301)	(328,480)	(360,278)
Total stockholders equity	99,639	110,382	111,402	126,522	127,923

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management s Discussion and Analysis of Financial Condition and Results of Operations may include certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including (without limitation) statements with respect to anticipated future operating and financial performance, growth and acquisition opportunities and other similar forecasts and statements of expectation. Words such as expects, anticipates, intends, plans, predicts, bel seeks, estimates, potential, continue, strive, ongoing, may, will, would, could, and should and words and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements made by the Company and its management are based on estimates, projections, beliefs and assumptions of management at the time of such statements and are not guarantees of future performance.

The Company disclaims any obligations to update or revise any forward-looking statement based on the occurrence of future events, the receipt of new information or otherwise. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, including a decreasing number of national claims due to a decreasing number of injured workers; cost of capital and capital requirements; existing and possible litigation and legal liability in the course of operations and the Company s ability to resolve such litigation; cost of capital and capital requirements; competition from other managed care companies; the ability to expand certain areas of the Company s business; shifts in customer demands; the ability of the Company to produce market-competitive software; changes in operating expenses including employee wages, benefits and medical inflation; governmental and public policy changes, including but not limited to legislative and administrative law and rule implementation or change; dependence on key personnel; the continued availability of financing in the amounts and at the terms necessary to support the Company s future business; and the other risks identified under the heading Risk Factors appearing elsewhere in the report.

Overview

CorVel Corporation is an independent nationwide provider of medical cost containment and managed care services designed to address the escalating medical costs of workers compensation and auto claims. The Company s services are provided to insurance companies, third-party administrators (TPA s), governmental entities, and self-administered employers to assist them in managing the medical costs and monitoring the quality of care associated with healthcare claims.

Network Solutions Services

The Company s network solutions services are designed to reduce the price paid by its customers for medical services rendered in workers compensation cases, auto policies and, to a lesser extent, group health policies. The network solutions offered by the Company include automated medical fee auditing, preferred provider services, retrospective utilization review, independent medical examinations, and inpatient bill review. Network solutions services also includes revenue from the Company s directed care network (CareIQ), including imaging and physical therapy.

Patient Management Services

In addition to its network solutions services, the Company offers a range of patient management services, which involve working on a one-on-one basis with injured employees and their various healthcare professionals, employers and insurance company adjusters. The services are designed to monitor the medical necessity and appropriateness of healthcare services provided to workers compensation and other healthcare claimants and to

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expedite return to work. The Company offers these services on a stand-alone basis, or as an integrated component of its medical cost containment services. Patient management services include the processing of claims for self-insured payors to property and casualty insurance.

Organizational Structure

The Company s management is structured geographically with regional vice-presidents who report to the Chief Executive Officer of the Company. Each of these regional vice-presidents is responsible for all services provided by the Company in his or her particular region and responsible for the operating results of the Company in multiple states. These regional vice presidents have area and district managers who are also responsible for all services provided by the Company in their given area and district.

Business Enterprise Segments

The Company operates in one reportable operating segment, managed care. The Company s services are delivered to its customers through its local offices in each region and financial information for the Company s operations follows this service delivery model. All regions provide the Company s patient management and network solutions services. FASB ASC 280-10 establishes standards for the way that public business enterprises report information about operating segments in annual and interim consolidated financial statements. The Company s internal financial reporting is segmented geographically, as discussed above, and managed on a geographic rather than service line basis, with virtually all of the Company s operating revenue generated within the United States.

Under FASB ASC 280-10, two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas: 1) the nature of products and services; 2) the nature of the production processes; 3) the type or class of customer for their products and services; and 4) the methods used to distribute their products or provide their services. The Company believes each of its regions meet these criteria as each provides similar services and products to similar customers using similar methods of productions and similar methods to distribute the services and products.

Because we believe we meet each of the criteria set forth above and each of our regions have similar economic characteristics, we aggregate our results of operations in one reportable operating segment, managed care.

Seasonality

While we are not directly impacted by seasonal shifts, we are affected by the change in working days in a given quarter. There are generally fewer working days for our employees to generate revenue in the third fiscal quarter as we experience vacations, inclement weather and holidays.

Summary of Fiscal 2015 Annual Results

The Company had record revenues of $493 million for fiscal year ended March 31, 2015, an increase of $14 million, or 2.9%, compared to $479 million for fiscal year ended March 31, 2014. The increase was primarily due to growth in the TPA services offset by a decrease in network solutions services.

During fiscal 2015, the Company s gross profit decreased to $100.0 million from $108.5 million in fiscal 2014. This decrease was primarily due to a decrease in higher margin network solutions services and an increase in lower margin TPA services.

During fiscal 2015, the Company s days sales outstanding (DSO) remained consistent with fiscal 2014 at 43 days. We expect DSO to remain in the low to mid 40-day range.

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During fiscal 2015, the Company s general and administrative expenses increased to $54.4 million from $52.0 million in fiscal 2014. The increase is primarily due to IT expenses related to bringing a new data center online to increase system capacity.

During fiscal 2015, the Company also continued to repurchase shares of its common stock under a plan originally approved by the Company s Board of Directors in 1996. In August 2013, the Company s Board of Directors increased the number of shares authorized to be repurchased over the life of the plan to 34,000,000 shares. During fiscal 2015, the Company spent $31.8 million to repurchase 845,014 shares of its common stock. Since commencing this program in the fall of 1996, the Company has repurchased 32,992,488 shares of its common stock through March 31, 2015, at a cost of $360 million**.** These repurchases were funded primarily from the Company s operating cash flows.

Results of Operations

The Company derives its revenues from providing patient management and network solutions services to payors of workers compensation benefits, auto insurance claims and health insurance benefits. Patient management services include utilization review, medical case management, vocational rehabilitation, and claims processing. Network solutions revenues include fee schedule auditing, hospital bill auditing, independent medical examinations, diagnostic imaging review services and preferred provider referral services. The percentages of total revenues attributable to patient management and network solutions services for the fiscal years ended March 31, 2013, 2014, and 2015 are listed below.

	2013	2014	2015
Patient management services	51.5%	51.9%	54.5%
Network solutions services	48.5%	48.1%	45.5%
	100.0%	100.0%	100.0%

As noted in the table above, from fiscal 2013 to fiscal 2015, the mix of the Company s revenues moved 3.0 percentage points from network solutions to patient management. This mix shift is primarily due to the Company s increased focus in the sale of TPA services which are included with patient management services. The Company expects to have more growth in the sale of TPA services than its other services because we are focusing more of our efforts in this area because there are more opportunities for growth in revenue and gross profits.

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The following table shows the consolidated income statements for the past three fiscal years and the dollar changes as well as the percentage changes for each fiscal year in thousands, except for per share information.

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Amount Change from Fiscal 2013 to 2014	Amount Change from Fiscal 2014 to 2015	Percent Change from Fiscal 2013 to 2014	Percent Change from Fiscal 2014 to 2015
Revenues	$ 429,310	$ 478,816	$ 492,625	$ 49,506	$ 13,809	11.5%	2.9%
Cost of revenues	337,650	370,335	392,656	32,685	22,321	9.7	6.0
Gross profit	91,660	108,481	99,969	16,821	(8,512)	18.4	(7.8)
General and administrative	47,765	51,974	54,405	4,209	2,431	8.8	4.7
Income before income taxes	43,895	56,507	45,564	12,612	(10,943)	28.7	(19.4)
Income tax provision	17,165	22,115	16,974	4,950	(5,141)	28.8	(23.2)
Net income	$ 26,730	$ 34,392	$ 28,590	$ 7,662	($ 5,802)	28.7%	(16.9%)
Net income per share:							
Basic	$ 1.20	$ 1.63	$ 1.38	$ 0.43	$ (0.25)	35.8%	(15.3%)
Diluted	$ 1.19	$ 1.61	$ 1.37	$ 0.42	$ (0.24)	35.3%	(14.9%)
Shares used in net income per share:							
Basic	22,256	21,104	20,669	(1,152)	(435)	(5.2%)	(2.1%)
Diluted	22,458	21,372	20,890	(1,086)	(482)	(4.8%)	(2.3%)

As previously identified in the section titled Risk Factors in this report, the Company s ability to maintain or grow revenues is subject to several risks including, but not limited to, changes in government regulations, exposure to litigation and the ability to add or retain customers. Any of these, or a combination of all of them, could have a material and adverse effect on the Company s results of operations going forward.

The following table sets forth, for the periods indicated, the percentage of revenues represented by certain items reflected in the Company s consolidated statements of income. The Company s past operating results are not necessarily indicative of future operating results. The percentages for the three fiscal years ended March 31, 2013, 2014 and 2015 are as follows:

	2013	2014	2015
Revenues	100.0%	100.0%	100.0%
Cost of revenues	78.6%	77.3%	79.7%
Gross profit	21.4%	22.7%	20.3%
General and administrative	11.1%	10.9%	11.0%

Income before income taxes	10.3%	11.8%	9.3%
Income tax provision	4.1%	4.6%	3.4%
Net Income	6.2%	7.2%	5.9%

Revenue

The Company derives its revenues from providing patient management and network solutions services to payors of workers compensation benefits, auto insurance claims and health insurance benefits. Patient management services include claims administration, utilization review, medical case management and vocational rehabilitation. Network solutions revenues include fee schedule auditing, hospital bill auditing, independent medical examinations, diagnostic imaging review services, directed care services and preferred provider referral services.

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Change in Revenue

Fiscal 2015 Compared to Fiscal 2014

Revenues increased by 2.9%, to $493 million in fiscal 2015, from $479 million in fiscal 2014, an increase of $14 million. The increase was primarily due to growth in the TPA services within patient management due to an increase in customers. Patient management revenues, which include TPA services, increased by $21 million, or 8.5%, from $248 million in fiscal 2014 to $269 million in fiscal 2015. This increase in revenues from TPA services was due to a 5% increase in the number of customers, an 11% increase in the total number of claims opened during the fiscal year. Network solutions services revenues decreased by $6.0 million, or 2.6%, from $230 million in fiscal 2014 to $224 million in fiscal 2015, due to a 5% decrease in the number of bills processed slightly offset by a 2% increase in the revenue per bill.

Fiscal 2014 Compared to Fiscal 2013

Revenues increased by 11.5%, to $479 million in fiscal 2014, from $429 million in fiscal 2013, an increase of $50 million. The increase was primarily due to growth in the TPA services within patient management due to an increase in customers and pharmacy services. Patient management revenues, which include TPA services, increased by $26 million, or 11.7%, from $222 million in fiscal 2013 to $248 million in fiscal 2014. This increase in revenues from TPA services was due to a 10% increase in the number of customers, a 33% increase in the total number of claims opened during the fiscal year and a 9% decrease in the average revenue per claim. Network solutions services revenues increased by $22 million, or 10.6%, from $208 million in fiscal 2013 to $230 million in fiscal 2014, due to a 5% increase in the number of bills processed and the revenue per bill is comparable to prior year.

Cost of Revenue

The Company s cost of revenues consist of direct expenses, costs directly attributable to the generation of revenue, and field indirect costs which are incurred in the field to support the operations in the field offices which generate the revenue. Direct costs are primarily case manager salaries, bill review analysts, related payroll taxes and fringe benefits, and costs for Independent Medical Examinations (IME), prescription drugs, and MRI providers. Most of the Company s revenues are generated in offices which provide both patient management services and network solutions services. The largest of the field indirect costs are manager salaries and bonus, account executive base pay and commissions, administrative and clerical support, field systems personnel, PPO network developers, related payroll taxes, fringe benefits, office rent, and telephone expense. During fiscal 2014 and 2015, approximately 35% of the costs incurred in the field are field indirect costs which support both the patient management services and network solutions operations of the Company s field operations.

Change in Cost of Revenue

Fiscal 2015 Compared to Fiscal 2014

The Company s cost of revenues increased from $370 million in fiscal 2014 to $393 million in fiscal 2015, an increase of 6.0%, or $22 million. The increase in cost of revenues is primarily due to the 2.9% increase in revenues noted above. The cost of revenues increased at a higher rate than revenue due to an increase in lower margin patient management TPA services and a decrease in higher margin bill review services. Pharmacy costs increased from $59 million to $61 million due to an increase in revenue in this line of business. Additionally, headcount increased which is reflected in our direct labor costs that increased from $99 million to $107 million due to increased services to TPA customers.

Fiscal 2014 Compared to Fiscal 2013

The Company s cost of revenues increased from $338 million in fiscal 2013 to $370 million in fiscal 2014, an increase of 9.7%, or $33 million. The Company had record revenues in fiscal 2014, and gross profit increased $16.8 million from fiscal 2013 to fiscal 2014. The increase in cost of revenues is primarily due to the 12%

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increase in revenues noted above. Pharmacy costs increased from $51 million to $59 million due to an increase in revenue in this line of business. Additionally, headcount increased which is reflected in our direct labor costs that increased from $92 million to $99 million due to increased services to TPA customers. During the past two fiscal years, the Company s gross margin increased from 21% to 23%.

General and Administrative Expense

During fiscal years 2013, 2014 and 2015, approximately 60%, 59%, and 61% respectively, of general and administrative costs consisted of corporate systems costs, which include the corporate systems support, implementation and training, rules engine development, national information technology (IT) strategy and planning, depreciation of the hardware costs in the Company s corporate offices and backup data center, the Company s national wide area network, and other systems related costs. The Company includes all IT related costs managed by the corporate office in general and administrative whereas the field IT related costs are included in the cost of revenues. The remaining general and administrative costs consist of national marketing, national sales support, corporate legal, corporate insurance, human resources, accounting, product management, new business development, and other general corporate expenses.

Change in General and Administrative Expense

Fiscal 2015 Compared to Fiscal 2014

General and administrative expense increased 4.7% from $52 million in fiscal 2014 to $54.4 million in fiscal 2015. In fiscal 2015, the Company increased IT expenses related to a new data center being brought online to increase system capacity. IT expenses increased from $30.7 million in fiscal 2014 to $33 million in fiscal 2015.

The costs associated with the development and maintenance of software products and the implementation and incorporation of new technologies to remain competitive could have a material adverse effect on the Company s results of operations in the future. Likewise, the Company s exposure to litigation and increasing costs of insurance could have a material adverse effect on the Company s results of operations as well.

Fiscal 2014 Compared to Fiscal 2013

General and administrative expense increased 8.8% from $47.8 million in fiscal 2013 to $52 million in fiscal 2014. In fiscal 2014, the Company increased IT expenses related to a new data center being brought online to increase system capacity. IT expenses increased from $28.8 million in fiscal 2013 to $30.7 million in fiscal 2014. Additionally, stock compensation expense increased from $0.5 million to $1.5 million due to the Company achieving the targets on certain performance stock options.

Income Tax Provision

Fiscal 2015 Compared to Fiscal 2014

The Company s income tax expense was $22 million for fiscal year 2014 and $17 million for fiscal year 2015. The income tax expense was calculated based on a 39% tax rate for fiscal year 2014 and 37.3% for fiscal year 2015. The decrease of $5 million was primarily due to a decrease in income before income taxes. Additionally, the rate decreased during fiscal year 2015 due to review of the state tax filings and the Company s apportionment. The Company expects the rate to normalize in the next fiscal year. The income tax provision rates were based upon management s review of the Company s estimated annual income tax rate, including state taxes. This effective tax rate differed from the

statutory federal tax rate of 35.0% primarily due to state income taxes and certain non-deductible expenses offset by tax credits.

Fiscal 2014 Compared to Fiscal 2013

The Company s income tax expense was $17 million for fiscal year 2013 and $22 million for fiscal year 2014. The income tax expense was calculated based on a 39% tax rate that was consistent for both fiscal years and the increase of $5 million was primarily due to an increase in income before income taxes.

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Net Income

Fiscal 2015 Compared to Fiscal 2014

The Company s net income for fiscal years 2014 and 2015 was $34.4 million and $28.6 million, respectively. The Company s net income in fiscal 2015 decreased due to a decrease in gross profit margin due to an increase in lower margin TPA business.

Fiscal 2014 Compared to Fiscal 2013

The Company s net income for fiscal years 2013 and 2014 was $26.7 million and $34.4 million, respectively. The Company s net income in fiscal 2014 increased due to an increase in revenue and gross profit margin. Additionally, the Company experienced a decrease in general and administrative costs as a percentage of revenue.

Earnings per Share

Fiscal 2015 Compared to Fiscal 2014

The Company s diluted earnings per share for fiscal years 2014 and 2015 were $1.61 and $1.37, respectively. The Company s earnings per share in fiscal 2015 decreased due to a decrease in net income of $5.8 million.

Fiscal 2014 Compared to Fiscal 2013

The Company s diluted earnings per share for fiscal years 2013 and 2014 were $1.19 and $1.61, respectively. The Company s earnings per share in fiscal 2014 increased due to a reduction in shares outstanding because of the shares repurchased in the Company s share repurchase program which reduced weighted shares. Additionally, the Company had an increase in net income of $7.7 million.

Liquidity and Capital Resources

Introduction

The Company manages its liquidity and financial position in the context of its overall business strategy. The Company continually forecasts and manages its cash, investments, working capital balances and capital structure to meet the short- and long-term obligations of its businesses while seeking to maintain liquidity and financial flexibility. Cash flows generated from operating activities are principally from earnings before non-cash expenses. The risk of decreased operating cash flow from a decline in earnings is partially mitigated by the diversity of the Company s services, geographies and customers, and the Company s lack of any interest-bearing debt for the past 24 years.

The Company has historically funded its operations and capital expenditures primarily from cash flow from operations, and to a lesser extent, stock option exercises. The Company s net accounts receivables have averaged below 43 days of average sales for the past two fiscal years and were at 43 days at March 31, 2015. Property, net of accumulated depreciation, has historically averaged approximately 11% or less of annual revenue. The Company s historical profit margins and historical ratio of investments in assets used in the business has allowed the Company to generate sufficient cash flow to repurchase $360 million of its common stock during the past eighteen fiscal years, on inception-to-date net earnings of $365 million. The Company repurchases shares during periods of excess liquidity which has occurred in all 24 years the Company has been public. Should the Company have lower income or cash flows, it could reduce or eliminate the share repurchase program until earnings and cash flow improves. Working

capital decreased from $49 million to $45 million from March 31, 2014 to March 31, 2015 because of a decrease in cash.

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The Company believes that cash from operations and funds from exercises of stock options granted to employees are adequate to fund existing obligations, repurchase shares of the Company s common stock under its current share repurchase program, introduce new services, and continue to develop healthcare related businesses for at least the next twelve months. The Company regularly evaluates cash requirements for current operations, commitments, and for capital acquisitions and other strategic transactions. The Company may elect to raise additional funds for these purposes, through debt or equity financings or otherwise, as appropriate. Additional equity or debt financing may not be available when needed, on terms favorable to us or at all.

As of March 31, 2015, the Company had $26 million in cash and cash equivalents, invested primarily in short-term, interest-bearing highly liquid investment-grade securities with maturities of 90 days or less.

In September 2014, the Company renewed a line of credit agreement. The line is with a financial institution to provide a revolving credit facility with borrowing capacity of up to $10 million. Borrowings under this agreement, as amended, bear interest, at the Company s option, at a fixed LIBOR-based rate plus 1.50% or at a fluctuating rate determined by the financial institution to be 1.50% above the daily one-month LIBOR rate. The loan covenants require the Company to maintain the current assets to liabilities ratio of at least 1.25:1, debt to tangible net worth not greater than 1.25:1 and have positive net income. The Company s management believes it was in compliance with all of its loan covenants as of March 31, 2015. As of March 31, 2015, the Company had borrowed on the line of credit in the amount of $618,000, which was included in accrued liabilities on the balance sheet and was paid off on April 1, 2015. Letters of credit in the aggregate amount of $4.5 million have been issued separate from the line of credit and therefore do not reduce the amount of borrowings available under the revolving credit facility. The credit agreement expires in September 2015.

The Company believes that the cash balance at March 31, 2015 along with anticipated internally generated funds, and the credit facility would be sufficient to meet the Company s expected cash requirements for at least the next twelve months.

Operating Cash Flows

Fiscal 2015 Compared to Fiscal 2014

Net cash provided by operating activities was $55 million in fiscal 2014 and $44 million in fiscal 2015. While net income decreased by $5.8 million, along with a decrease in accounts and taxes payable due to a decrease in the tax rate, which was partially offset by an increase in accounts receivable.

Fiscal 2014 Compared to Fiscal 2013

Net cash provided by operating activities was $55 million in fiscal 2013 and fiscal 2014. While net income increased by $7.7 million, it was offset by an increase in accounts receivable due to a growth in revenue and a small increase to DSO.

Investing Activities

Fiscal 2015 Compared to Fiscal 2014

Net cash flow used in investing activities increased from $18 million in fiscal 2014 to $24 million in fiscal 2015. The increase in cash flow used in investing activities was due to an increase in property additions in leasehold improvements and an increase in the amount spent on capitalized hardware related to a new data center being built out

to increase our system capacity.

Fiscal 2014 Compared to Fiscal 2013

Net cash flow used in investing activities increased from $15 million in fiscal 2013 to $18 million in fiscal 2014. The increase in cash flow used in investing activities was primarily due to an increase in property additions. The property increase is due to an increase in the amount spent on capitalized hardware related to a

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new data center being built out to increase our system capacity. The Company expects future expenditures for property and equipment to increase if revenues increase.

Financing Activities

Fiscal 2015 Compared to Fiscal 2014

Net cash flow used in financing activities increased from $21.4 million in fiscal 2014 to $29.4 million in fiscal 2015. The increase in cash flow used in financing activities was due to an increase in the purchase of common stock under the Company s share repurchase program. During fiscal 2015, the Company spent $31.8 million to repurchase 845,014 shares of its common stock (at an average price of $37.63 per share). During fiscal 2014, the Company spent $27.2 million to repurchase 830,460 shares of its common stock (at an average price of $32.73 per share).

If the Company continues to generate cash flow from operating activities, the Company may continue to repurchase shares of its common stock on the open market, if authorized by the Company s Board of Directors, or seek to identify other businesses to acquire. In August 2013, the Board of Directors increased the number of shares authorized to be repurchased over the life of the stock repurchase program by an additional 2,000,000 shares to 34,000,000 shares. The Company has historically used cash provided by operating activities and from the exercise of stock options to repurchase stock. The Company expects that it may use some of the cash on the balance sheet at March 31, 2015 to repurchase additional shares of its common stock in the future.

Fiscal 2014 Compared to Fiscal 2013

Net cash flow used in financing activities decreased from $27 million in fiscal 2013 to $21 million in fiscal 2014. The decrease in cash flow used in financing activities was due to a decrease in the purchase of common stock under the Company s share repurchase program. During fiscal 2014, the Company spent $27.2 million to repurchase 830,460 shares of its common stock (at an average price of $32.73 per share). During fiscal 2013, the Company spent $31 million to repurchase 1,410,812 shares of its common stock (at an average price of $21.78 per share). The change noted above was partially offset by an increase in cash received from tax benefits related to option exercises which increased from $0.3 million to $2 million. This was due to a higher share price of options exercised.

Contractual Obligations

The following table set forth our contractual obligations at March 31, 2015, which are primarily future minimum lease payments due under non-cancelable operating leases:

		For the Fiscal Years Ended March 31:			
	Total	**Less than one year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Operating leases	$ 51,530,000	$ 15,324,000	$ 22,460,000	$ 8,610,000	$ 5,136,000
Uncertain tax positions	2,129,000	2,129,000			
Software license	1,172,000	1,172,000			
Investment in private equity	600,000	600,000			
Total	$ 55,431,000	$ 19,225,000	$ 22,460,000	$ 8,610,000	$ 5,136,000

Litigation. The Company is involved in litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

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Inflation. The Company experiences pricing pressures in the form of competitive prices. The Company is also impacted by rising costs for certain inflation-sensitive operating expenses such as labor and employee benefits, and facility leases. However, the Company generally does not believe these impacts are material to its revenues or net income.

Off-Balance Sheet Arrangements

The Company is not a party to off-balance sheet arrangements as defined by the Securities and Exchange Commission. However, from time to time the Company enters into certain types of contracts that contingently require the Company to indemnify parties against third-party claims. The contracts primarily relate to: (i) certain contracts to perform services, under which the Company may provide customary indemnification to the purchases of such services; (ii) certain real estate leases, under which the Company may be required to indemnify property owners for environmental and other liabilities, and other claims arising from the Company s use of the applicable premises; and (iii) certain agreements with the Company s officers, directors and employees, under which the Company may be required to indemnify such persons for liabilities arising out of their relationship with the Company.

The terms of such obligations vary by contract and in most instances a specific or maximum dollar amount is not explicitly stated therein. Generally, amounts under these contracts cannot be reasonably estimated until a specific claim is asserted. Consequently, no liabilities have been recorded for these obligations on the Company s balance sheets for any of the periods presented.

Critical Accounting Policies

The SEC defines critical accounting policies as those that require application of management s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The following is not intended to be a comprehensive list of our accounting policies. Our significant accounting policies are more fully described in Note A to the Consolidated Financial Statements. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States of America, with no need for management s judgment in their application. There are also areas in which management s judgment in selecting an available alternative would not produce a materially different result.

We have identified the following accounting policies as critical to us: 1) revenue recognition, 2) allowance for uncollectible accounts, 3) goodwill and long-lived assets, 4) accrual for self-insured costs, 5) accounting for income taxes, 6) legal and other contingencies, 7) share-based compensation, and 8) software development costs.

Revenue Recognition*:* The Company recognizes revenue when there is persuasive evidence of an arrangement, the services have been provided to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. For the Company s services, as the Company s professional staff performs work, they are contractually permitted to bill for fees earned in fraction of an hour increments worked or by units of production. The Company recognizes revenue as the time is worked or as units of production are completed, which is when the revenue is earned and realized. Labor costs are recognized as the costs are incurred. The Company derives the majority of its revenue from the sale of Network Solutions and Patient Management services. Network Solutions and Patient Management services may be sold individually or combined with any of the services the Company provides. When a sale combines multiple elements, the Company accounts for multiple element arrangements in accordance with the guidance included in Accounting Standard Codification (ASC) 605-25.

Management evaluates agreements with customers in accordance with the provision of the revenue recognition topic that addresses multiple-deliverable revenue arrangements. The multiple-deliverable arrangements entered into consist of bundled managed care which included various units of accounting such as

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network solutions, and patient management which includes claims administration. Such elements are considered separate units of accounting due to each element having value to the customer on a stand-alone basis. The selling price for each unit of accounting is determined using contract price and management estimates. When the Company s customers purchase several products, the pricing of the products sold is generally the same as if the product were sold on an individual basis. Revenue is recognized as the work is performed in accordance with our customer contracts. Based upon the nature of the Company s products, bundled managed care elements are generally delivered in the same accounting period. The Company recognizes revenue for patient management claims administration services over the life of the customer contract. Based upon prior experience in managing claims, the Company estimates the deferral amount from when the claim is received to when the customer contract expires.

Allowance for Uncollectible Accounts: The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company s previous loss history, the customers current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible.

The Company must make significant management judgments and estimates in determining contractual and bad debt allowances in any accounting period. One significant uncertainty inherent in the Company s analysis is whether its past experience will be indicative of future periods. Although the Company considers future projections when estimating contractual and bad debt allowances, the Company ultimately makes its decisions based on the best information available to it at that time. Adverse changes in general economic conditions or trends in reimbursement amounts for the Company s services could affect the Company s contractual and bad debt allowance estimates, collection of accounts receivable, cash flows, and results of operations. No one customer accounted for 10% or more of accounts receivable at March 31, 2014, and 2015.

Goodwill and Long-Lived Assets: Goodwill arising from business combinations represents the excess of the purchase price over the estimated fair value of the net assets of the acquired business. Pursuant to ASC 350-10 through ASC 350-30, Goodwill and Other Intangible Assets, goodwill is tested annually for impairment or more frequently if circumstances indicate the potential for impairment. Also, management tests for impairment of its amortizable intangible assets and long-lived assets annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company s impairment analysis is conducted at a regional level. The measurement of fair value is based on an evaluation of market capitalization and is further tested using a multiple of earnings approach. In projecting the Company s cash flows, management considers industry growth rates and trends and cost structure changes. Based on the Company s tests and reviews, no impairment of its goodwill, intangible assets or other long-lived assets existed at March 31, 2015. However, future events or changes in current circumstances could affect the recoverability of the carrying value of goodwill and long-lived assets. Should an asset be deemed impaired, an impairment loss would be recognized to the extent the carrying value of the asset exceeded its estimated fair market value.

Accrual for Self-insurance Costs*:* The Company accrues for the group medical costs and workers compensation costs of its employees based on claims filed and an estimate of claims incurred but not reported as of each balance sheet date. The Company purchases stop loss insurance for large claims. The Company determines its estimated self-insurance reserves based upon historical trends along with outstanding claims information provided by its claims paying agents. However, it is possible that recorded accruals may not be adequate to cover the future payment of claims. Adjustments, if any, to estimated accruals resulting from ultimate claim payments will be reflected in earnings during the periods in which such adjustments are determined. The Company s self-insured liabilities contain uncertainties because management is required to make assumptions and to apply judgment to estimate the ultimate cost to settle reported claims and claims incurred but not reported at the balance sheet date.

The Company does not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate its self-insured liabilities. However, if actual results are not consistent with these estimates or assumptions, the Company may be exposed to losses or gains that could be material.

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Accounting for Income Taxes: The Company records a tax provision for the anticipated tax consequences of the reported results of operations. The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. The Company records a valuation allowance, if necessary, to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Management believes it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with future reversals of existing taxable temporary differences, will be sufficient to fully recover the deferred tax assets. In the event that the Company determines all or part of the net deferred tax assets are not realizable in the future, the Company will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made. In addition, the calculation of tax liabilities involves significant judgment in estimating the impact of uncertainties in the application of accounting principles generally accepted in the United States of America and complex tax laws. Resolution of these uncertainties in a manner inconsistent with management s expectations could have a material impact on the Company s financial condition and operating results. The significant assumptions and estimates described above are important contributors to our ultimate effective tax rate in each year.

Legal and Other Contingencies: As discussed in Part I, Item 3 of this Form 10-K under the heading Legal Proceedings and in Note I, Contingencies and Legal Proceedings in Notes to Consolidated Financial Statements, the Company is subject to various legal proceedings and claims that arise in the ordinary course of business. The Company records a liability when it is probable that a loss has been incurred and the amount is reasonably estimable. There is significant judgment required in both the probability determination and as to whether an exposure can be reasonably estimated. In the opinion of management, there was not at least a reasonable possibility the Company may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies. However, the outcome of legal proceedings and claims brought against the Company are subject to significant uncertainty.

Share-Based Compensation: The Company accounts for share-based compensation in accordance with the provisions of ASC Topic 718 Compensation Stock Compensation . Under ASC 718, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee s requisite service period (generally the vesting period of the equity grant). For the fiscal year ended March 31, 2015, the Company recorded share-based compensation expense of $2,209,000. Share-based compensation expense recognized in fiscal 2015 is based on awards ultimately expected to vest; therefore, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected volatility of the Company s stock over the option s expected term, the risk-free interest rate over the option s term, and the Company s expected annual dividend yield. The Company s management believes that

the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of the Company s stock options granted in fiscal 2015. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

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We do not believe there is a reasonable likelihood there will be a material change in the future estimates or assumptions we use to determine stock-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in stock-based compensation expense that could be material.

Software Development Costs: Development costs incurred in the research and development of new software products and enhancements to existing software products for internal use are expensed as incurred until technological feasibility has been established. After technological feasibility is established, any additional external software development costs are capitalized and amortized on a straight-line basis over the estimated economic life of the related product, which is typically five years. The Company performs an annual review of the estimated economic life and the recoverability of such capitalized software costs. If a determination is made that capitalized amounts are not recoverable based on the estimated cash flows to be generated from the applicable software, any remaining capitalized amounts are written off. Although the Company believes that its approach to estimates and judgments as described herein is reasonable, actual results could differ and the Company may be exposed to increases or decreases in revenue that could be material.

Recently Issued Accounting Standards

On May 28, 2014, the FASB issued ASU 2014-09 regarding ASC Topic 606, *Revenue from Contracts with Customers*. The standard provides principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. In April 2015, the FASB issued an exposure draft proposing a one-year delay of the effective date of this new revenue recognition standard. The guidance will be effective for our fiscal year beginning April 1, 2017. Early adoption is not permitted. We are currently evaluating the accounting, transition and disclosure requirements of the standard and cannot currently estimate the financial statement impact of adoption.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of CorVel Corporation

We have audited the accompanying consolidated balance sheets of CorVel Corporation (the Company) as of March 31, 2014 and 2015, and the related consolidated statements of income, stockholders equity, and cash flows for each of the years ended March 31, 2013, 2014 and 2015. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule for each of the years ended March 31, 2013, 2014 and 2015. We also have audited the Company s internal control over financial reporting as of March 31, 2015, based on criteria established in the *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2014 and 2015, and the consolidated results of its operations and its cash flows for each of the years ended March 31, 2013, 2014 and 2015, in conformity with

accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statement schedule for each of the years ended March 31, 2013, 2014 and 2015, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the

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information set forth therein. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2015, based on criteria established in the *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ HASKELL & WHITE LLP

Irvine, California

June 11, 2015

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CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Years Ended March 31,		
	2013	**2014**	**2015**
Revenues	$ 429,310,000	$ 478,816,000	$ 492,625,000
Cost of revenues	337,650,000	370,335,000	392,656,000
Gross profit	91,660,000	108,481,000	99,969,000
General and administrative	47,765,000	51,974,000	54,405,000
Income before income taxes	43,895,000	56,507,000	45,564,000
Income tax provision	17,165,000	22,115,000	16,974,000
Net income	$ 26,730,000	$ 34,392,000	$ 28,590,000
Net income per share:			
Basic	$ 1.20	$ 1.63	$ 1.38
Diluted	$ 1.19	$ 1.61	$ 1.37
Weighted average shares outstanding:			
Basic	22,256,000	21,104,000	20,669,000
Diluted	22,458,000	21,372,000	20,890,000

See accompanying notes to consolidated financial statements.

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CORVEL CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2014	March 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 34,866,000	$ 25,516,000
Customer deposits	16,142,000	17,319,000
Accounts receivable (less allowance for doubtful accounts of $1,745,000 at March 31, 2014 and $1,645,000 at March 31, 2015)	57,229,000	57,537,000
Prepaid expenses and taxes	5,862,000	11,675,000
Deferred income taxes	6,861,000	7,181,000
Total current assets	120,960,000	119,228,000
Property and equipment, net	51,253,000	56,299,000
Goodwill	36,814,000	36,814,000
Other intangible assets, net	5,193,000	4,736,000
Other assets	261,000	1,677,000
Total assets	$ 214,481,000	$ 218,754,000
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts and taxes payable	$ 18,465,000	$ 15,770,000
Accrued liabilities	53,375,000	58,318,000
Total current liabilities	71,840,000	74,088,000
Deferred income taxes	16,119,000	16,743,000
Total liabilities	87,959,000	90,831,000
Commitments and contingencies (Notes E, F, H, I, J and L)		
Stockholders Equity		
Common stock, $.0001 par value: 120,000,000 shares authorized at March 31, 2014 and 2015; 53,126,866 shares issued (20,979,392 shares outstanding, net of Treasury shares) and 53,243,157 shares issued (20,250,669 shares outstanding, net of Treasury shares) at March 31, 2014 and March 31, 2015, respectively	3,000	3,000
Paid-in-capital	118,831,000	123,440,000
Treasury Stock, at cost (32,147,474 and 32,992,488 shares at March 31, 2014 and 2015, respectively)	(328,480,000)	(360,278,000)
Retained earnings	336,168,000	364,758,000

Total stockholders equity	126,522,000	127,923,000
	$ 214,481,000	$ 218,754,000

See accompanying notes to consolidated financial statements.

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CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

Fiscal Years Ended March 31, 2013, 2014 and 2015

	Common Shares	Stock Amount	Paid-in-Capital	Treasury Shares	Treasury Stock	Retained Earnings	Total Stockholders Equity
Balance March 31, 2012	52,523,748	$ 3,000	$ 105,907,000	(29,906,202)	$ (270,574,000)	$ 275,046,000	$ 110,382,000
Stock issued under employee stock purchase plan	14,056		313,000				313,000
Stock issued under stock option plan, net of shares repurchased	299,458		3,399,000				3,399,000
Stock-based compensation expense			997,000				997,000
Income tax benefits from stock option exercises			308,000				308,000
Purchase of treasury stock				(1,410,812)	(30,727,000)		(30,727,000)
Net income						26,730,000	26,730,000
Balance March 31, 2013	52,837,262	3,000	110,924,000	(31,317,014)	(301,301,000)	301,776,000	111,402,000
Stock issued under employee stock purchase plan	8,489		346,000				346,000
Stock issued under stock option plan, net of shares	281,115		3,386,000				3,386,000

repurchased							
Stock-based compensation expense			2,140,000				2,140,000
Income tax benefits from stock option exercises			2,035,000				2,035,000
Purchase of treasury stock				(830,460)	(27,179,000)		(27,179,000)
Net income						34,392,000	34,392,000
Balance March 31, 2014	53,126,866	3,000	118,831,000	(32,147,474)	(328,480,000)	336,168,000	126,522,000
Stock issued under employee stock purchase plan	12,299		400,000				400,000
Stock issued under stock option plan, net of shares repurchased	103,992		1,603,000				1,603,000
Stock-based compensation expense			2,209,000				2,209,000
Income tax benefits from stock option exercises			397,000				397,000
Purchase of treasury stock				(845,014)	(31,798,000)		(31,798,000)
Net income						28,590,000	28,590,000
Balance March 31, 2015	53,243,157	$ 3,000	$ 123,440,000	(32,992,488)	$ (360,278,000)	$ 364,758,000	$ 127,923,000

See accompanying notes to consolidated financial statements.

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CORVEL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended March 31,		
	2013	**2014**	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 26,730,000	$ 34,392,000	$ 28,590,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,739,000	16,411,000	17,995,000
Loss on write down or disposal of property or capitalized software	412,000	78,000	285,000
Stock-based compensation expense	997,000	2,140,000	2,209,000
Provision for doubtful accounts	2,123,000	1,332,000	1,730,000
Provision for deferred income taxes	2,276,000	(2,519,000)	304,000
Changes in operating assets and liabilities:			
Accounts receivable	(1,894,000)	(9,456,000)	(2,038,000)
Customer deposits	(4,291,000)	(6,035,000)	(1,176,000)
Prepaid expenses and taxes	4,845,000	1,556,000	(5,813,000)
Other assets	(111,000)	159,000	(18,000)
Accounts and taxes payable	814,000	2,535,000	(2,695,000)
Accrued liabilities	7,179,000	14,207,000	4,943,000
Net cash provided by operating activities	54,819,000	54,800,000	44,316,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in private equity			(1,400,000)
Purchases of property and equipment	(14,887,000)	(18,344,000)	(22,868,000)
Net cash used in investing activities	(14,887,000)	(18,344,000)	(24,268,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Exercise of employee stock purchase options	313,000	346,000	400,000
Exercise of common stock options	3,399,000	3,386,000	1,603,000
Tax benefits from stock options	308,000	2,035,000	397,000
Purchase of treasury stock	(30,727,000)	(27,179,000)	(31,798,000)
Net cash used in financing activities	(26,707,000)	(21,412,000)	(29,398,000)
Net increase (decrease) in cash and cash equivalents	13,225,000	15,044,000	(9,350,000)
Cash and cash equivalents at beginning of year	6,597,000	19,822,000	34,866,000
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 19,822,000	$ 34,866,000	$ 25,516,000

Supplemental cash flow information

Income taxes paid	$ 9,663,000	$ 20,791,000	$ 19,528,000
Accrual of software license purchase	$	$ 2,343,000	$
Tenant improvement allowance	$	$	$ 3,100,000

See accompanying notes to consolidated financial statements.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note A Summary of Significant Accounting Policies

Organization: CorVel Corporation (CorVel or the Company), incorporated in Delaware in 1987, provides services and programs nationwide that are designed to enable insurance carriers, third party administrators and employers with self-insured programs to administer, manage and control the cost of workers compensation and other healthcare benefits. The Company provides case management, claims administration, and medical bill review services to these payors.

The Company evaluated all subsequent events or transactions through the date of this filing. During the period subsequent to March 31, 2015, the Company repurchased 182,113 shares for $6.5 million or an average of $35.89 per share. These shares were repurchased under the Company s ongoing share repurchase program described in Note G.

Basis of Presentation: The consolidated financial statements include the accounts of CorVel and its wholly-owned subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates: The preparation of financial statements in compliance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements. Actual results could differ from those estimates. Significant estimates include the values assigned to intangible assets, capitalized software development, the allowance for doubtful accounts, accrual for income taxes, share-based payments related to performance based awards, loss contingencies, estimated claims for claims administration revenue recognition, estimates used in stock options valuations, and accrual for self-insurance reserves.

Cash and Cash Equivalents: Cash and cash equivalents consist of short-term, interest-bearing highly-liquid investment-grade securities with maturities of 90 days or less when purchased. The carrying amounts of the Company s financial instruments approximate their fair values at March 31, 2014 and 2015 due to the short-term nature of those instruments. Customer deposits represent cash that is expected to be returned or applied towards payment within one year through our provider reimbursement services.

Fair Value of Financial Instruments: The Company applies ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and provides for disclosures about fair value measurements with respect to fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company s Consolidated Financial Statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. ASC 820 prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 Quoted market prices in active markets for identical assets or liabilities;

Level 2 Observable inputs other than those included in Level 1 (for example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets); and

Level 3 Unobservable inputs reflecting management s own assumptions about the inputs used in estimating the value of the asset.

The carrying amount of the Company s financial instruments (i.e. cash, accounts receivable, accounts payable, etc.) are all Level 1 and approximate their fair values at March 31, 2014 and 2015 due to the short-term nature of those instruments. The Company has no Level 2 or Level 3 assets.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note A Summary of Significant Accounting Policies (continued)

Investment in Private Equity: During the quarter ended June 30, 2014, the Company s board of directors approved an investment of $2,000,000 into a private equity limited partnership that invests in start-up companies. The Company invested $1,400,000 into the partnership during the fiscal year ended March 31, 2015 and expects to invest the remaining $600,000 commitment within the next 12 months. The Company accounts for the investment on the cost method. The investment is recorded in other assets on the accompanying consolidated balance sheets. There have been no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment and in accordance with ASC 825-10-50-16 through 50-19 it is not practicable to estimate the fair value of the investment.

Revenue Recognition: The Company recognizes revenue when there is persuasive evidence of an arrangement, the services have been provided to the customer, the sales price is fixed or determinable, and collectability is reasonably assured. For the Company s services, as the Company s professional staff performs work, they are contractually permitted to bill for fees earned in fraction of an hour increments worked or by units of production. The Company recognizes revenue as the time is worked or as units of production are completed, which is when the revenue is earned and realized. Labor costs are recognized as the costs are incurred. The Company derives the majority of its revenue from the sale of Network Solutions and Patient Management services. Network Solutions and Patient Management services may be sold individually or combined with any of the services the Company provides. When a sale combines multiple elements, the Company accounts for multiple element arrangements in accordance with the guidance included in ASC 605-25.

Management evaluates agreements with customers in accordance with the provision of the revenue recognition topic that addresses multiple-deliverable revenue arrangements. The multiple-deliverable arrangements entered into consist of bundled managed care which included various units of accounting such as network solutions, and patient management which includes claims administration. Such elements are considered separate units of accounting due to each element having value to the customer on a stand-alone basis. The selling price for each unit of accounting is determined using contract price and management estimates. When the Company s customers purchase several products the pricing of the products sold is generally the same as if the product were sold on an individual basis. Revenue is recognized as the work is performed in accordance with our customer contracts. Based upon the nature of the Company s products, bundled managed care elements are generally delivered in the same accounting period. The Company recognizes revenue for patient management claims administration services over the life of the customer contract. The Company estimates, based upon prior experience in managing claims, the deferral amount from when the claim is received to when the customer contract expires.

Accounts Receivable: The majority of the Company s accounts receivable are due from companies in the property and casualty insurance industries, self-insured employers and governmental entities. Credit is extended based on evaluation of a customer s financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Those accounts outstanding longer than the contractual payment terms are considered past due. The Company

determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company s previous loss history, the customer s current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable against the reserve when they become uncollectible. Accounts receivable includes $11,922,000, and $12,357,000 of unbilled receivables at March 31, 2014 and 2015, respectively. Unbilled receivables represent the revenue for the work performed which has not yet been invoiced to the customer. Unbilled receivables are generally invoiced within the following three months.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note A Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk: Substantially all of the Company s customers are payors of workers compensation benefits and property and casualty insurance, which include insurance companies, third party administrators, self-insured employers and government entities. Receivables are generally due within 30 days. Credit losses relating to customers in the workers compensation insurance industry consistently have been within management s expectations. Virtually all of the Company s cash is invested at financial institutions in amounts which exceed the FDIC insurance levels. No customer accounted for 10% or more of revenue for either fiscal 2013, 2014, or 2015. No customer accounted for 10% or more of accounts receivable at either March 31, 2014 or 2015.

Property and Equipment: Additions to property and equipment are recorded at cost. The Company provides for depreciation on property and equipment using the straight-line method by charges to operations in amounts that allocate the cost of depreciable assets over their estimated lives as follows:

Asset Classification	Estimated Useful Life
Leasehold Improvements	Five years or the life of lease
Furniture and Equipment	Five to seven years
Computer Hardware	Three to five years
Computer Software	Three to five years

The Company accounts for internally developed software costs in accordance with ASC 350-40, Internal Use Software . Capitalized software development costs, intended for internal use, totaled $19,360,000 (net of $53,734,000 in accumulated amortization) and $21,327,000 (net of $61,012,000 in accumulated amortization), as of March 31, 2014 and 2015, respectively. These costs are included in computer software in property and equipment and are amortized over a period of five years.

Long-Lived Assets: The carrying amount of all long-lived assets is evaluated periodically to determine if adjustment to the depreciation and amortization period or to the unamortized balance is warranted. Such evaluation is based principally on the expected utilization of the long-lived assets and the projected, undiscounted cash flows of the operations in which the long-lived assets are deployed.

Goodwill and Long-Lived Assets: The Company accounts for its business combinations in accordance with the Financial Accounting Standards Board (FASB) ASC 805-10 through ASC 805-50, Business Combinations which requires that the purchase method of accounting be applied to all business combinations and addresses the criteria for initial recognition of intangible assets and goodwill. In accordance with FASB ASC 350-10 through ASC 350-30, goodwill and other intangible assets with indefinite lives are not amortized but are tested for impairment annually, or more frequently if circumstances indicate the possibility of impairment. If the carrying value of goodwill or an intangible asset exceeds its fair value, an impairment loss shall be recognized. Based on the Company s tests and reviews, no impairment of its goodwill, intangible assets or other long-lived assets existed at March 31, 2015.

However, future events or changes in current circumstances could affect the recoverability of the carrying value of goodwill and long-lived assets. Should an asset be deemed impaired, an impairment loss would be recognized to the extent the carrying value of the asset exceeded its estimated fair value. Goodwill amounted to $36,814,000 (net of accumulated amortization of $2,069,000) at March 31, 2014 and at March 31, 2015.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note A Summary of Significant Accounting Policies (continued)

Cost of revenues: Cost of services consists primarily of the compensation and fringe benefits of field personnel, including managers, medical bill analysts, field case managers, telephonic case managers, systems support, administrative support, account managers and account executives, and related facility costs including rent, telephone and office supplies. Historically, the costs associated with these additional personnel and facilities have been the most significant factor driving increases in the Company s cost of services.

Income Taxes: The Company provides for income taxes in accordance with provisions specified in ASC 740, Accounting for Income Taxes . Accordingly, deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities. These differences will result in taxable or deductible amounts in the future, based on tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. In making an assessment regarding the probability of realizing a benefit from these deductible differences, management considers the Company s current and past performance, the market environment in which the Company operates, tax-planning strategies and the length of carry-forward periods for loss carry-forwards, if any. Valuation allowances are established when necessary to reduce deferred tax assets to amounts that are more likely than not to be realized. Further, the Company accrues for income tax issues not yet resolved with federal, state and local tax authorities, when it appears more likely than not that a tax liability has been incurred.

Share-Based Compensation: The Company accounts for share-based compensation in accordance with the provisions of ASC Topic 718 Compensation Stock Compensation . Under ASC 718, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee s requisite service period (generally the vesting period of the equity grant). Share-based compensation expense is based on awards ultimately expected to vest; therefore, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Accrual for Self-insurance Costs: The Company self-insures for the group medical costs and workers compensation costs of its employees. The Company purchases stop loss insurance for large claims. Management believes that the self-insurance reserves are appropriate; however, actual claims costs may differ from the original estimates requiring adjustments to the reserves. The Company determines its estimated self-insurance reserves based upon historical trends along with outstanding claims information provided by its claims paying agents.

Earnings Per Share: Earnings per common share-basic is based on the weighted average number of common shares outstanding during the period. Earnings per common shares-diluted is based on the weighted average number of common shares and common share equivalents outstanding during the period. In calculating earnings per share, earnings are the same for the basic and diluted calculations. Weighted average shares outstanding is greater for diluted earnings per share due to the effect of stock options.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note A Summary of Significant Accounting Policies (continued)

The difference between the basic shares and the diluted shares for each of the three fiscal years ended March 31, 2013, 2014, and 2015 is as follows:

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Basic weighted shares	22,256,000	21,104,000	20,669,000
Treasury stock impact of stock options	202,000	268,000	221,000
Diluted weighted shares	22,458,000	21,372,000	20,890,000

Stock Split: During the quarter ended June 30, 2013, the Company s Board of Directors approved a two-for-one stock split in the form of a 100% stock dividend with a record date of June 12, 2013 and a distribution date of June 26, 2013. All share and per share amounts have been adjusted retroactively in this report to reflect the stock split for all periods shown.

Recently Issued Accounting Standards

On May 28, 2014, the FASB issued ASU 2014-09 regarding ASC Topic 606, *Revenue from Contracts with Customers*. The standard provides principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. In April 2015, the FASB issued an exposure draft proposing a one-year delay of the effective date of this new revenue recognition standard. The guidance will be effective for our fiscal year beginning April 1, 2017. Early adoption is not permitted. We are currently evaluating the accounting, transition and disclosure requirements of the standard and cannot currently estimate the financial statement impact of adoption.

Note B Stock Options and Stock-Based Compensation

Under the Company s Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan) (the Plan) as in effect at March 31, 2015, options for up to 19,365,000 shares of the Company s common stock may be granted over the life of the Plan to key employees, non-employee directors and consultants at exercise prices not less than the fair market value of the stock at the date of grant. Options granted under the Plan are non-statutory stock options and generally vest 25% one year from date of grant and the remaining 75% vesting ratably each month for the next 36 months. The options granted to employees and the board of directors expire at the end of five years and ten years from date of grant, respectively.

The Company records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model with the assumptions included in the table

below. The Company uses historical data among other factors to estimate the expected volatility, the expected option life, and the expected forfeiture rate. The risk-free rate is based on the interest rate paid on a U.S. Treasury issue with a term similar to the estimated life of the option. During fiscal 2015, based upon the historical experience of option cancellations, the Company has an estimated annualized forfeiture rate of 11.8%. Forfeiture rates will be adjusted over the requisite service period when actual forfeitures differ, or are expected to differ, from the estimate.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note B Stock Options and Stock-Based Compensation (continued)

The fair value of each grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following weighted average assumptions were used for fiscal years ended March 31, 2013, 2014 and 2015:

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Expected volatility	47%	47%	45%
Risk free interest rate	0.6% to 0.8%	0.7% to 1.5%	1.3% to 1.7%
Dividend yield	0.0%	0.0%	0.0%
Weighted average option life	4.5 years	4.4 to 4.5 years	4.4 to 4.5 years

For the fiscal years ended March 31, 2013, 2014 and 2015, the Company recorded share-based compensation expense of $997,000, $2,140,000, and $2,209,000, respectively. The table below shows the amounts recognized in the financial statements for the fiscal years ended March 31, 2013, 2014 and 2015.

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Cost of revenue	$ 461,000	$ 672,000	$ 1,021,000
General and administrative	536,000	1,468,000	1,188,000
Total cost of stock-based compensation included in income before income tax	997,000	2,140,000	2,209,000
Amount of income tax benefit recognized	395,000	835,000	862,000
Amount charged to net income	$ 602,000	$ 1,305,000	$ 1,347,000
Effect on basic earnings per share	$ 0.03	$ 0.06	$ 0.07
Effect on diluted earnings per share	$ 0.03	$ 0.06	$ 0.06

All options granted in the three fiscal years ended March 31, 2013, 2014, and 2015 were granted at fair value and are non-statutory stock options. Summarized information for all stock options for the past three fiscal years follows:

		Fiscal 2013	Fiscal 2014	Fiscal 2015
Options outstanding	beginning of the year	1,502,046	1,100,952	1,115,984

Options granted	246,200	441,550	241,625
Options exercised	(348,090)	(310,729)	(111,758)
Options cancelled/forfeited	(299,204)	(115,789)	(82,672)
Options outstanding end of year	1,100,952	1,115,984	1,163,179
During the year, weighted average exercise price of:			
Options granted	$ 23.04	$ 33.06	$ 37.64
Options exercised	$ 12.80	$ 15.31	$ 17.27
Options forfeited	$ 21.26	$ 23.33	$ 32.31
At the end of the year:			
Price range of outstanding options	$ 7.78-$26.38	$ 7.78-$45.55	$ 7.78-$45.55
Weighted average exercise price per share	$ 18.66	$ 24.80	$ 27.65
Options available for future grants	1,285,056	959,295	800,342
Exercisable options	557,924	430,294	559,168

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note B Stock Options and Stock-Based Compensation (continued)

The following table summarizes the status of stock options outstanding and exercisable at March 31, 2015:

Range of Exercise Prices	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Outstanding Options Weighted Average Exercise Price	Exercisable Options Number of Exercisable Options	Exercisable Options Weighted Average Exercise Price
$7.78 to $21.87	278,100	2.91	$ 15.75	251,199	$ 15.13
$21.88 to $23.10	261,044	3.23	22.94	137,145	22.94
$23.11 to $34.78	346,323	3.29	29.65	143,601	25.96
$34.79 to $45.55	277,712	4.26	41.49	27,223	43.33
Total	1,163,179	3.42	$ 27.65	559,168	$ 21.20

A summary of the status for all outstanding options at March 31, 2015, and changes during the fiscal year then ended is presented in the table below:

	Number of Options	Weighted Average Exercise Price per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value as of March 31, 2015
Options outstanding, March 31, 2014	1,115,984	$ 24.80		
Granted	241,625	37.64		
Exercised	(111,758)	17.27		
Cancelled forfeited	(44,854)	37.78		
Cancelled expired	(37,818)	26.20		
Options outstanding, March 31, 2015	1,163,179	$ 27.65	3.42	$ 9,894,029
	1,046,818	$ 26.70	3.33	$ 9,750,025

Options vested and expected to vest					
Ending exercisable	559,168	$ 21.20	2.78	$	7,636,110

The weighted average fair value of options granted during fiscal 2013, 2014, and 2015 was $9.30, $13.96, and $15.00, respectively. The total intrinsic value of options exercised during fiscal years 2013, 2014, and 2015 were $6,776,000, $7,726,000, and $2,455,000 respectively.

Included in the above-noted stock option grants and stock compensation expense are performance-based stock options pursuant to which vesting occurs only upon the Company achieving certain earnings per share targets as determined by the Company s board of directors. The options were valued in the same manner as the time-vesting options. However, the Company only recognizes stock compensation to the extent that the targets are probable which allow the performance options to vest. During fiscal years ended March 31, 2013, 2014, and 2015, the Company recognized stock compensation expense for performance-based options in the amount of ($82,000), $630,000, and $211,000, respectively.

The Company received $3,399,000, $3,386,000, and $1,603,000 of cash receipts from the exercise of stock options during fiscal 2013, 2014, and 2015, respectively. As of March 31, 2015, $4,820,000 of total unrecognized compensation costs related to stock options is expected to be recognized over a weighted average period of 3 years.

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note C Property and Equipment

Property and equipment, net consisted of the following at March 31, 2014 and 2015:

	2014	2015
Computer software	$ 90,887,000	$ 101,955,000
Office equipment and computers	64,525,000	64,462,000
Leasehold improvements	5,134,000	8,594,000
	160,546,000	175,011,000
Less: accumulated depreciation and amortization	(109,293,000)	(118,712,000)
	$ 51,253,000	$ 56,299,000

Depreciation expense totaled $15,941,000 and $17,537,000 for the fiscal years ended March 31, 2014 and 2015, respectively.

Note D Accounts and Taxes Payable and Accrued Liabilities

Accounts and income taxes payable consisted of the following at March 31, 2014 and 2015:

	2014	2015
Accounts payable	$ 17,437,000	$ 13,578,000
Income taxes payable	1,028,000	2,192,000
	$ 18,465,000	$ 15,770,000

Accrued liabilities consisted of the following at March 31, 2014 and 2015:

	2014	2015
Payroll, payroll taxes and employee benefits	$ 18,010,000	$ 17,774,000
Customer deposits	16,629,000	17,760,000
Accrued professional service fees	6,419,000	5,308,000
Self-insurance accruals	3,190,000	3,305,000

Deferred revenue	5,176,000	7,294,000
Accrued rent	2,493,000	5,608,000
Other	1,458,000	1,269,000
	$ 53,375,000	$ 58,318,000

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note E Income Taxes

The income tax provision consisted of the following for the three fiscal years ended March 31, 2013, 2014 and 2015:

		2013	2014	2015
Current	Federal	$ 11,236,000	$ 21,978,000	$ 16,534,000
Current	State	3,653,000	2,656,000	136,000
Subtotal		14,889,000	24,634,000	16,670,000
Deferred	Federal	2,310,000	(2,367,000)	312,000
Deferred	State	(34,000)	(152,000)	(8,000)
Subtotal		2,276,000	(2,519,000)	304,000
		$ 17,165,000	$ 22,115,000	$ 16,974,000

The following is a reconciliation of the income tax provision from the statutory federal income tax rate to the effective rate for the three fiscal years ended March 31, 2013, 2014 and 2015:

	2013	2014	2015
Income taxes at federal statutory rate (35%)	$ 15,363,000	$ 20,633,000	$ 15,947,000
State income taxes, net of federal benefit	1,172,000	1,826,000	1,535,000
Uncertain tax positions	26,000	(245,000)	1,346,000
Adjustments to returns as filed	821,000	(293,000)	(1,978,000)
Other	(217,000)	194,000	124,000
	$ 17,165,000	$ 22,115,000	$ 16,974,000

Income taxes paid totaled $9,663,000, $20,791,000, and $19,528,000 for the fiscal years ended March 31, 2013, 2014, and 2015, respectively.

Deferred tax assets and liabilities at March 31, 2014 and 2015 are:

	2014	2015
Deferred income tax assets:		
Accrued liabilities not currently deductible	$ 6,672,000	$ 7,547,000
Allowance for doubtful accounts	692,000	631,000
Stock-based compensation	717,000	1,044,000
Accrued rent	1,267,000	2,152,000
Other	955,000	830,000
Deferred assets	10,303,000	12,204,000
Deferred income tax liabilities:		
Excess of book over tax basis of fixed assets	(14,409,000)	(15,985,000)
Intangible assets	(4,934,000)	(5,217,000)
Other	(218,000)	(564,000)
Deferred liabilities	(19,561,000)	(21,766,000)
Net deferred tax asset/(liability)	$ (9,258,000)	$ (9,562,000)

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note E Income Taxes (continued)

Prepaid expenses and taxes include $1,346,000 and $5,758,000 at March 31, 2014 and 2015, respectively, for income taxes due in the first quarter of the succeeding fiscal year.

A reconciliation of the financial statement recognition and measurement of unrecognized tax positions during the current fiscal year is as follows:

Balance as of March 31, 2014	$ 700,000
Additions based on tax positions related to the current year	1,499,000
Additions for tax positions of prior years	
Reductions for tax positions related to the current year	(60,000)
Reductions for tax positions of prior years	(150,000)
Balance as of March 31, 2015	$ 1,989,000

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the years ended March 31, 2013, 2014 and 2015, the Company recognized approximately $80,000, ($173,000) and $57,000 in interest and penalties, respectively. As of March 31, 2013, 2014 and 2015, accrued interest and penalties related to uncertain tax positions were $257,000, $83,000 and $140,000, respectively. The Company believes there will be a material reduction in its unrecognized tax benefits within the next 12 months as a result of amended state filings for which an estimate cannot be made.

The tax fiscal years 2011-2014 remain open to examination by the major taxing jurisdictions to which the Company is subject.

Note F Employee Stock Purchase Plan

The Company maintains an Employee Stock Purchase Plan (ESPP) which allows employees of the Company and its subsidiaries to purchase shares of common stock on the last day of two six-month purchase periods (i.e. March 31 and September 30) at a purchase price which is 95% of the closing sale price of shares as quoted on NASDAQ on the last day of such purchase period. Employees are allowed to contribute up to 20% of their gross pay. A maximum of 2,850,000 shares has been authorized for issuance under the ESPP, as amended. As of March 31, 2015, 2,439,296 had been issued pursuant to the ESPP. Summarized ESPP information is as follows:

	2013	2014	2015
Employee contributions	$ 313,000	$ 346,000	$ 400,000
Shares acquired	14,056	8,489	12,299
Average purchase price	$ 22.30	$ 40.71	$ 32.52

Note G Treasury Stock

During each of the fiscal years in the three fiscal year period ended March 31, 2015, the Company continued to repurchase shares of its common stock under a plan originally approved by the Company s Board of Directors in 1996. Including a 2,000,000 share expansion authorized in August 2013, the total number of shares authorized to be repurchased over the life of the plan is 34,000,000 shares. Purchases may be made from time to time

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note G Treasury Stock (continued)

depending on market conditions and other relevant factors. The share repurchases for fiscal years ended March 31, 2013, 2014 and 2015 and cumulatively since inception of the authorization are as follows:

	2013	2014	2015	Cumulative
Shares repurchased	1,410,812	830,460	845,014	32,992,488
Cost	$ 30,727,000	$ 27,179,000	$ 31,798,000	$ 360,278,000
Average price	$ 21.78	$ 32.73	$ 37.63	$ 10.92

During the period subsequent to March 31, 2015, the Company repurchased 182,113 shares for $6.5 million or an average of $35.89 per share. The repurchased shares were recorded as treasury stock, at cost, and are available for general corporate purposes. The repurchases were primarily financed from cash generated from operations and from the cash proceeds from the exercise of stock options.

Note H Commitments

The Company leases office facilities under non-cancelable operating leases. Some of these leases contain escalation clauses. Future minimum rental commitments under operating leases at March 31, 2015 are $15,324,000 in fiscal 2016, $12,906,000 in fiscal 2017, $9,554,000 in fiscal 2018, $5,398,000 in fiscal 2019, $3,212,000 in fiscal 2020, $5,136,000 thereafter, and $51,530,000 in the aggregate. Total rental expense of $13,951,000, $13,890,000, and $15,297,000 was charged to operations for the fiscal years ended March 31, 2013, 2014, and 2015, respectively.

Note I Contingencies and Legal Proceedings

The Company is involved in litigation arising in the normal course of business. Management believes that resolution of these matters will not result in any payment that, in the aggregate, would be material to the financial position or results of the operations of the Company.

Note J Retirement Savings Plan

The Company maintains a retirement savings plan for its employees, which is a qualified plan under Section 401(k) of the Internal Revenue Code. Full-time employees that meet certain requirements are eligible to participate in the plan. Employer contributions are made annually, primarily at the discretion of the Company s Board of Directors. Contributions of $372,000, $338,000 and $443,000 were charged to operations for the fiscal years ended March 31, 2013, 2014, and 2015, respectively.

Note K Shareholder Rights Plan

During fiscal 1997, the Company s Board of Directors approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan provides for a dividend distribution to CorVel stockholders of one preferred stock purchase right for each outstanding share of CorVel s common stock under certain circumstances. In April 2002, the Board of Directors of CorVel approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to February 10, 2012, set the exercise price of each right at $118, and enable Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, with the limitations under the Shareholder Rights Plan remaining in effect for all other stockholders of the Company. In November 2008, the Company s Board of Directors approved an amendment to the Shareholder Rights Plan to extend the expiration date of the rights to

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note K Shareholder Rights Plan (continued)

February 10, 2022, remove the ability of Fidelity Management & Research Company and its affiliates to purchase up to 18% of the shares of common stock of the Company without triggering the stockholder rights, substitute Computershare Trust Company, N.A. as the rights agent and effect certain technical changes to the Shareholder Rights Plan.

Generally, the Shareholder Rights Plan provides that if a person or group acquires 15% or more of the Company s common stock without the approval of the Board, subject to certain exceptions, the holders of the rights, other than the acquiring person or group, would, under certain circumstances, have the right to purchase additional shares of the Company s common stock having a market value equal to two times the then-current exercise price of the right. In addition, if the Company is thereafter merged into another entity, or if 50% or more of the Company s consolidated assets or earning power are sold, then the right will entitle its holder to buy common shares of the acquiring entity having a market value equal to two times the then-current exercise price of the right. The Company s Board of Directors may exchange or redeem the rights under certain conditions.

Note L Line of Credit

In September 2014, the Company renewed a line of credit agreement. The line is with a financial institution to provide a revolving credit facility with borrowing capacity of up to $10 million. Borrowings under this agreement bear interest, at the Company s option, at a fixed LIBOR-based rate plus 1.50% or at a fluctuating rate determined by the financial institution to be 1.50% above the daily one-month LIBOR rate. The loan covenants require the Company to maintain the current assets to liabilities ratio of at least 1.25:1, debt to tangible net worth not greater than 1.25:1 and have positive net income. The Company s management believes it was in compliance with all of its loan covenants as of March 31, 2015. As of March 31, 2015, the Company had borrowed on the line of credit in the amount of $618,000, which was included in accrued liabilities on the balance sheet and was paid off on April 1, 2015. Letters of credit in the aggregate amount of $4.5 million have been issued separate from the line of credit and therefore do not reduce the amount of borrowings available under the revolving credit facility. The renewed credit agreement expires in September 2015.

Note M Quarterly Results (Unaudited)

The following is a summary of unaudited quarterly results of operations for each of the quarters in the two fiscal years ended March 31, 2014 and 2015:

	Revenues	Gross Profit	Net Income	Net Income per Basic	Net Income per Diluted

				Common Share	Common Share
Fiscal Year Ended March 31, 2014:					
First Quarter	$ 118,113,000	$ 26,918,000	$ 8,609,000	$ 0.40	$ 0.40
Second Quarter	119,359,000	27,320,000	8,675,000	0.41	0.41
Third Quarter	121,098,000	27,706,000	8,775,000	0.42	0.41
Fourth Quarter	120,246,000	26,537,000	8,333,000	0.40	0.39
Fiscal Year Ended March 31, 2015:					
First Quarter	$ 124,364,000	$ 27,700,000	$ 8,299,000	$ 0.40	$ 0.39
Second Quarter	123,714,000	25,467,000	7,883,000	0.38	0.37
Third Quarter	122,352,000	24,128,000	6,832,000	0.33	0.33
Fourth Quarter	122,195,000	22,674,000	5,576,000	0.27	0.27

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note N Segment Reporting

The Company derives the majority of its revenues from providing patient management and network solutions services to payors of workers compensation benefits, automobile insurance claims and health insurance benefits. Patient management services include claims administration, utilization review, medical case management, and vocational rehabilitation. Network solutions revenues include fee schedule auditing, hospital bill auditing, coordination of independent medical examinations, diagnostic imaging review services and preferred provider referral services. The percentages of revenues attributable to patient management and network solutions services for the fiscal years ended March 31, 2013, 2014, and 2015 are listed below.

	2013	2014	2015
Patient management services	51.5%	51.9%	54.5%
Network solutions services	48.5%	48.1%	45.5%
	100.0%	100.0%	100.0%

The Company s management is structured geographically with regional vice-presidents who report to the Chief Executive Officer of the Company. Each of these regional vice-presidents is responsible for all services provided by the Company in his or her particular region and responsible for the operating results of the Company in multiple states. These regional vice-presidents have area and district managers who are also responsible for all services provided by the Company in their given area and district.

Under FASB ASC 280-10, two or more operating segments may be aggregated into a single operating segment for financial reporting purposes if aggregation is consistent with the objective and basic principles, if the segments have similar economic characteristics, and if the segments are similar in each of the following areas: 1) the nature of products and services; 2) the nature of the production processes; 3) the type or class of customer for their products and services; and 4) the methods used to distribute their products or provide their services. The Company believes each of the Company s regions meet these criteria as they provide similar managed care services to similar customers using similar methods of productions and similar methods to distribute their services. All of the Company s regions perform both patient management and network solutions services.

Because the Company believes it meets each of the criteria set forth above and each of the Company s regions has similar economic characteristics, the Company aggregates its results of operations in one reportable operating segment.

Note O Other Intangible Assets

Other intangible assets consist of the following at March 31, 2014:

Item	Life	Cost	Fiscal 2014 Amortization Expense	Accumulated Amortization at March 31, 2014	Cost, Net of Accumulated Amortization at March 31, 2014
Covenant Not to Compete	5 years	$ 775,000	$ 34,000	$ 742,000	$ 33,000
Customer relationships	18-20 years	7,922,000	422,000	2,876,000	5,046,000
TPA Licenses	15 years	204,000	14,000	90,000	114,000
Total		$ 8,901,000	$ 470,000	$ 3,708,000	$ 5,193,000

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CORVEL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 2013, 2014 and 2015

Note O Other Intangible Assets (continued)

Other intangible assets consist of the following at March 31, 2015:

Item	Life	Cost	Fiscal 2015 Amortization Expense	Accumulated Amortization at March 31, 2015	Cost, Net of Accumulated Amortization at March 31, 2015
Covenant Not to Compete	5 years	$ 775,000	$ 20,000	$ 762,000	$ 13,000
Customer Relationships	18-20 years	7,922,000	423,000	3,299,000	4,623,000
TPA Licenses	15 years	204,000	14,000	104,000	100,000
Total		$ 8,901,000	$ 457,000	$ 4,165,000	$ 4,736,000

Amortization expense for the next five fiscal years is expected to be $449,000 in fiscal 2016, $437,000 in fiscal 2017, $437,000 in fiscal 2018, $437,000 in fiscal 2019, $437,000 in fiscal 2020, and $2,539,000 thereafter.

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EXHIBIT INDEX

Exhibit No.	Title Method of Filing
3.1	Amended and Restated Certificate of Incorporation of the Company Incorporated herein by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K filed on August 10, 2011.
3.2	Amended and Restated Bylaws of the Company Incorporated herein by reference to Exhibit 3.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 filed on August 14, 2006.
10.1*	Nonqualified Stock Option Agreement between V. Gordon Clemons, Sr., the Company and North Star together with all amendments and addendums thereto Incorporated herein by reference to Exhibit 10.6 to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.2*	Supplementary Agreement between V. Gordon Clemons, Sr., the Company and North Star Incorporated herein by reference to Exhibit 10.7 to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.3*	Amendment to Supplementary Agreement between V. Gordon Clemons, Sr., the Company and North Star Incorporated herein by reference to Exhibit 10.5 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 1992 filed on June 29, 1992.
10.4*	Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option Plan) Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on August 10, 2011.
10.5*	Forms of Notice of Grant of Stock Option, Stock Option Agreement and Notice of Exercise Under the Restated Omnibus Incentive Plan (Formerly The Restated 1988 Executive Stock Option) Incorporated herein by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 filed on November 9, 2006, Exhibits 10.7, 10.8 and 10.9 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 1994 filed on June 29, 1994, Exhibits 99.2, 99.3, 99.4, 99.5, 99.6, 99.7 and 99.8 to the Company s Registration Statement on Form S-8 (File No. 333-94440) filed on July 10, 1995, and Exhibits 99.3 and 99.5 to the Company s Registration Statement on Form S-8 (File No. 333-58455) filed on July 2, 1998.
10.6*	Employment Agreement of V. Gordon Clemons, Sr. Incorporated herein by reference to Exhibit 10.12 to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.7*	Restated 1991 Employee Stock Purchase Plan, as amended Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K/A filed on August 12, 2010.
10.8	Fidelity Master Plan for Savings and Investment, and amendments Incorporated herein by reference to Exhibits 10.16 and 10.16A to the Company s Registration Statement on Form S-1 Registration No. 33-40629 initially filed on May 16, 1991.
10.9	Second Amended and Restated Preferred Shares Rights Agreement, dated as of November 17, 2008, by and between CorVel Corporation and Computershare Trust Company, N.A., including the original

Certificate of Designation, the Certificate of Designation Increasing the Number of Shares, the form of Right Certificate (as amended) and the Summary of Rights (as amended) attached thereto as Exhibits A-1, A-2, A-3, B and C, respectively. Incorporated herein by reference to Exhibit 4.1 to the Company s Form 8-K filed on November 24, 2008.

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EXHIBIT INDEX (continued)

Exhibit No.	Title Method of Filing
10.10	Credit Agreement dated May 28, 2009 by and between CorVel Corporation and Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.16 to the Company s Current Report on Form 8-K filed on June 4, 2009.
10.11	Revolving Line of Credit Note dated May 28, 2009 by CorVel Corporation in favor of Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.17 to the Company s Current Report on Form 8-K filed on June 4, 2009.
10.12	Form of Partial Waiver of Automatic Option Grant executed by Directors Incorporated herein by reference to Exhibit 10.18 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2007 filed on November 8, 2007.
10.13	Partial Waiver of Automatic Option Grant by Jean H. Macino dated February 8, 2008 Incorporated herein by reference to Exhibit 10.19 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2008 filed on June 16, 2008.
10.14	First Amendment to Credit Agreement dated June 2, 2010 by and between CorVel Corporation and Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on June 7, 2010.
10.15	Revolving Line of Credit Note dated June 2, 2010 by CorVel Corporation in favor of Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on June 7, 2010.
10.16*	Stock Option Agreement dated December 6, 2010 between the company and Diane J. Blaha, providing performance vesting. Inocorpated herein by reference to Exhibit 10.32 to the Company s Annual Report on Form 10-K for the fiscal year ended March 31, 2014 filed on June 12, 2014.
10.17	Second Amendment to Credit Agreement dated September 1, 2011 by and between CorVel Corporation and Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on August 31, 2011.
10.18	Revolving Line of Credit Note dated September 1, 2011 by CorVel Corporation in favor of Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on August 31, 2011.
10.19*	Stock option agreement dated November 3, 2011 between the Company and Diane J. Blaha, providing performance vesting. Refiled herewith.
10.20	Third Amendment to Credit Agreement dated September 1, 2012 by and between CorVel Corporation and Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on September 7, 2012.
10.21	Revolving Line of Credit Note dated September 1, 2012 by CorVel Corporation in favor of Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on September 7, 2012.

10.22*	Stock option agreement dated March 1, 2013 between the Company and V. Gordon Clemons, Sr., providing performance vesting. Refiled herewith.
10.23*	Stock option agreement dated March 1, 2013 between the Company and Scott McCloud, providing performance vesting. Refiled herewith.
10.24*	Stock option agreement dated March 1, 2013 between the Company and Donald C. McFarlane, providing performance vesting. Refiled herewith.

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EXHIBIT INDEX (continued)

Exhibit No.	Title Method of Filing
10.25*	Stock option agreement dated March 1, 2013 between the Company and Diane J. Blaha, providing performance vesting. Refiled herewith.
10.26	Fourth Amendment to Credit Agreement dated September 1, 2013 by and between CorVel Corporation and Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on September 5, 2013.
10.27	Revolving Line of Credit Note dated September 1, 2013 by CorVel Corporation in favor of Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on September 5, 2013.
10.28*	Stock option agreement dated November 4, 2013 between the Company and Scott McCloud, providing performance vesting. Refiled herewith.
10.29*	Stock option agreement dated November 4, 2013 between the Company and Donald C. McFarlane, providing performance vesting. Refiled herewith.
10.30*	Stock option agreement dated November 4, 2013 between the Company and Diane J. Blaha, providing performance vesting. Refiled herewith.
10.31*	Stock option agreement dated November 4, 2013, between the Company and Richard Schweppe, providing performance vesting. Refiled herewith.
10.32*	Stock option agreement dated March 1, 2013, between the Company and Richard Schweppe, providing performance vesting. Refiled herewith.
10.33	Fifth Amendment to Credit Agreement dated September 1, 2014 by and between CorVel Corporation and Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on September 5, 2014.
10.34	Revolving Line of Credit Note dated September 1, 2014 by CorVel Corporation in favor of Wells Fargo Bank, National Association. Incorporated herein by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K filed on September 5, 2014.
10.35*	Stock option agreement dated November 19, 2014, between the Company and Richard Schweppe, providing performance vesting. Incorporated herein by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2014 filed on February 5, 2015.
10.36*	Stock option agreement dated November 19, 2014, between the Company and Diane J. Blaha, providing performance vesting. Incorporated herein by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2014 filed on February 5, 2015.
21.1	Subsidiaries of the Company. Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm, Haskell & White LLP. Filed herewith.

31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Furnished herewith.

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EXHIBIT INDEX (continued)

Exhibit No.	Title	Method of Filing
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101.0	The following materials from CorVel Corporation s Annual Report on Form 10-K for the fiscal year ended March 31, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2015 and March 31, 2014; (ii) Consolidated Statements of Income for the fiscal years ended March 31, 2015, 2014 and 2013; (iii) Consolidated Statements of Stockholders Equity for the fiscal years ended March 31, 2015, 2014 and 2013; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2015, 2014 and 2013; and (v) Notes to Consolidated Financial Statements.	

* Denotes management contract or compensatory plan or arrangement.

Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. In accordance with Rule 24b-2, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.