

UnitedHealth Group
Business Overview

UnitedHealth Group

UnitedHealth Group, through its family of companies, serves more than 48 million Americans, providing the most diverse and comprehensive array of health and well-being services available from any single enterprise.

STRATEGIC DIVERSIFICATION

UnitedHealth Group businesses extend across the broad expanse of health and well-being needs, demographic groups and geographic markets — which account for nearly \$1.5 trillion in annual expenditures in the United States — creating diverse business and growth potential across the health care marketplace.

INNOVATION

UnitedHealth Group confronts the challenges within the health care system by advancing innovation. This ranges from designing modular and component-based products that make it easy for customers to select offerings from a broad array of services, features and pricing options provided by UnitedHealth Group businesses, to creating clinical database services that heighten the quality and delivery of care by analyzing health care utilization patterns, treatment effectiveness, outcomes and costs.

PERFORMANCE INFORMATION

UnitedHealth Group is the leader in developing and providing key knowledge and information tools and services to improve health care performance for employers, consumers, physicians and other health care providers, drug and medical device manufacturers, governments and health care intermediaries.

PRACTICAL TECHNOLOGY

Common operating systems and production and service platforms engage enterprise-wide databases to drive the highest quality, most consistent, lowest cost services in the marketplace. These capabilities integrate seamlessly with state-of-the-art Web-based and voice-based services to support a simple access and service experience for consumers, employers, brokers, physicians and other health care providers, who use our Web-based applications for more than 60 million transactions annually.

FINANCIAL PERFORMANCE

(in millions)	2002	2001	2000
Revenues	\$ 25,020	\$ 23,454	\$ 21,122
Earnings From Operations	\$ 2,186	\$ 1,566	\$ 1,200
Operating Margin	8.7%	6.7%	5.7%
Cash Flows From Operating Activities	\$ 2,423	\$ 1,844	\$ 1,521
Return on Net Assets	37.5%	30.7%	25.5%
Return on Shareholders' Equity ¹	33.0%	24.5%	19.0%

¹ Excludes nonrecurring items in 2000, as described in footnote 1 at the bottom of page 19.

Uniprise

Uniprise is the nation's leading provider of benefit delivery and service solutions for large, multi-location employers and insurers. Over the past five years, Uniprise has increased its market share by 75 percent and now serves more than 9.3 million individuals.

COST-EFFECTIVE VALUE AND INNOVATION

Uniprise offers simple, cost-effective services that deliver the highest quality consumer experience, with broad yet economically sensitive access to medical care.

- > **Integrated Choices.** Employers and consumers can combine the best offerings from UnitedHealth Group companies and services from outside sources to create comprehensive, customized benefits packages that are easy to manage and optimally address unique customer needs.
- > **Advanced Technology.** Uniprise offers a state-of-the-art service infrastructure that includes highly automated administrative services, integrated desktop service technology, electronic billing and eligibility services, advanced auto-adjudication of payments and easy-to-use Internet service portals for consumers, physicians and employers.
- > **Exceptional Service and Quality Standards.** Uniprise uses proven process management methods for measuring and improving performance to drive and sustain ever-higher levels of service and quality.
- > **Consumer Empowerment and Choice.** Uniprise is a market leader in consumer engagement, offering a comprehensive array of consumer-directed benefit plans, Web-based services, information resources and easy-to-use applications and tools to help consumers become better informed and make better choices.

FINANCIAL PERFORMANCE

(in millions)	2002	2001	2000
Revenues	\$ 2,713	\$ 2,462	\$ 2,140
Earnings From Operations	\$ 509	\$ 374	\$ 289
Operating Margin	18.8%	15.2%	13.5%
Return on Net Assets	47.9%	37.2%	30.6%

Health Care Services

Health Care Services includes the businesses of UnitedHealthcare, AmeriChoice and Ovatons.

UnitedHealthcare

UnitedHealthcare organizes health and well-being services for small and mid-sized employers, serving nearly 8 million people nationally and providing a comprehensive array of health benefit plans and services. UnitedHealthcare delivers differentiated value by combining the attributes of consumer-oriented products and services, progressive and effective care management services, the cost-effective buying power of 18 million UnitedHealth Group consumers and the simplest, highest quality, most technologically advanced customer service.

CONSUMER-ORIENTED

UnitedHealthcare provides individuals with simple, convenient access to a broad and diverse spectrum of fully qualified physicians and health care providers. Since introducing open access consumer choice products to the market more than 15 years ago, UnitedHealthcare has steadily increased the depth and breadth of consumer participation in health care choices.

COST-EFFECTIVE

As the largest commercial buyer of health care services in America, UnitedHealthcare leverages UnitedHealth Group's aggregate purchasing power of more than 18 million individuals to offer quality health products and services at fair prices for both health care consumers and providers of care.

CARE MANAGEMENT AND FACILITATION

UnitedHealthcare products and services have always embodied the most progressive, appropriate and effective clinical care management and facilitation capabilities, including health education and information resources, personal care facilitation and advocacy services, intensive case management, pharmacy and diagnostic testing services, targeted disease management programs, and care coordination and outreach programs. This array represents the most comprehensive set of quality-oriented clinical services available in the marketplace.

EXCELLENCE IN SERVICE

UnitedHealthcare delivers leading, technologically advanced voice- and Internet-based services to the marketplace. National production and service centers linked with Internet service portals deliver seamless service to consumers, employers, health care providers, brokers and consultants. Enterprise-wide quality processes and measures advance the most consistent and highest quality services available at market-leading levels of productivity.

AmeriChoice

AmeriChoice facilitates the delivery of health care services for more than 1 million individuals eligible for state-sponsored health care programs through network-based benefit offerings and personal care management programs. AmeriChoice combines community-based networks with preventative services, outreach and intensive case management to serve the complex and unique needs of the individuals in these programs. Innovative outreach and education programs, some developed with the assistance of leading researchers and clinicians from the finest academic medical centers in the country, target the most frequent causes of severe health conditions—such as asthma, diabetes, sickle cell disease and high-risk pregnancies — affecting AmeriChoice beneficiaries.

Ovations

Ovations is the largest business in the United States solely dedicated to the health and well-being needs of Americans age 50 and older. The company provides a variety of unique products and services.

OVATIONS HEALTH AND WELL-BEING SERVICES

Ovations offers the nation's largest retail pharmacy discount card program, pharmacy mail order services, and merchandise offerings of healthy living products targeted to individuals age 50 and older.

EVERCARE

Evercare provides individualized health care services for aging, vulnerable and chronically ill individuals across the full continuum of care settings. In 2002, Evercare entered into an agreement with the British government to apply its unique approach to improve senior care in the United Kingdom.

SENIOR HEALTH BENEFITS

Ovations offers supplemental health benefits uniquely fashioned to meet the needs of seniors and retirees. Ovations partners with AARP to provide supplemental health benefits — principally to Medicare-eligible seniors — firmly establishing themselves as the nation's leading provider of these programs. Today, Ovations' Medicare supplement offerings through AARP are among the most competitive across the country, serving more than 3.6 million seniors.

SENIOR AND RETIREE SERVICES

Ovations serves 225,000 individuals through Medicare+Choice products in 13 markets. In 2003, Ovations will also operate eight preferred provider plans for Medicare-eligible individuals as part of an innovation initiative with CMS (Centers for Medicare and Medicaid Services).

FINANCIAL PERFORMANCE — HEALTH CARE SERVICES

(in millions)	2002	2001	2000
Revenues	\$ 21,644	\$ 20,494	\$ 18,696
Earnings From Operations	\$ 1,336	\$ 944	\$ 739
Operating Margin	6.2%	4.6%	4.0%
Return on Net Assets	35.7%	29.2%	24.6%

Specialized Care Services

Specialized Care Services operates nine freestanding businesses, each of which has full product and service capabilities dedicated to serving a unique area of health care. Specialized Care Services' business units are aligned under four groups.

SPECIALTY HEALTH AND WELL-BEING SERVICES

Specialized Care Services provides networks, benefits and services in the areas of behavioral health and complementary and alternative care.

- > **United Behavioral Health** is a market leader in the area of behavioral health benefits, employee assistance programs and life-event counseling and support services, serving approximately 22 million individuals nationwide.
- > **ACN Group** operates a comprehensive national network of chiropractic, physical therapy and alternative care services, serving approximately 18 million individuals.

PERSONAL HEALTH SERVICES

Specialized Care Services businesses help individuals make more informed health care decisions and manage their health and health care more effectively.

- > **United Resource Networks**, which is nationally recognized for facilitating access to centers of excellence for transplantation services for approximately 41 million individuals on behalf of health plans, insurers, employers and health care payers, now offers oncology services and is introducing services in the areas of heart disease and neonatology.
- > **Care Management** provides disease and condition management, complex case management and care facilitation services.
- > **Optum®** offers personalized health and well-being information and decision support services to more than 23 million individuals through multiple communication and media channels.

CONSUMER CARE SERVICES

Specialized Care Services businesses address the need to access services and products in unique areas associated with personal care.

- > **Dental Benefit Providers** and **Spectera** provide comprehensive, network-based dental and vision services to more than 10 million individuals.

GROUP INSURANCE SERVICES

Specialized Care Services offers life and accident benefits to employers and makes benefit products and services available to self-insured employers through independent administrators.

FINANCIAL PERFORMANCE

(in millions)	2002	2001	2000
Revenues	\$ 1,509	\$ 1,254	\$ 974
Earnings From Operations	\$ 286	\$ 214	\$ 174
Operating Margin	19.0%	17.1%	17.9%
Return on Net Assets	50.7%	59.1%	68.8%

Ingenix

Ingenix is an international leader in the field of health care data analysis and application. The company serves pharmaceutical companies, health insurers and payers, health care providers, large employers and government entities on a business-to-business basis with a broad portfolio of data tools, publications, and research and consulting services.

HEALTH INTELLIGENCE

Ingenix Health Intelligence provides database and data management services, analytical and transactional software and services, publications and consulting services to more than 3,000 hospitals, 250,000 physicians, 2,000 payers and intermediaries, and 100 life science customers. Ingenix products focus on four key areas:

DATABASE SERVICES	CONSULTING SERVICES AND ANALYTICS	INFORMATION SOFTWARE	PUBLICATIONS AND ONLINE SERVICES
> Comprehensive longitudinal and episodic clinical databases	> Actuarial services	> Physician data sharing and quality analysis and reporting	> Coding and reimbursement services
> Provider credentialing databases	> Clinical cost trend reporting and forecasting	> Comprehensive transaction editing	> Benchmark databases for hospital performance
> Prescription drug database services	> Integrated customer reporting and analytics	> Physician billing services	> Integrity and compliance information services
	> Predictive modeling tools		
	> Fraud and abuse services		

PHARMACEUTICAL SERVICES

Ingenix Pharmaceutical Services serves as a quality research partner to more than 60 pharmaceutical and biotechnology enterprises. Ingenix Pharmaceutical Services offers services to support all steps in the drug and medical device development process, including clinical research services, epidemiology research, economic and therapeutic outcomes research, and customized marketing and medical education services, with clinical specialization in therapeutic areas including conditions affecting the central nervous system, infectious disease, endocrinology, cardiovascular disease and oncology.

FINANCIAL PERFORMANCE

(in millions)	2002	2001	2000
Revenues	\$ 491	\$ 447	\$ 375
Earnings From Operations	\$ 55	\$ 48	\$ 32
Operating Margin	11.2 %	10.7 %	8.5 %
Return on Net Assets	7.6 %	7.5 %	5.2 %