

Business
overview





Who we are

UnitedHealth Group is a diversified health and well-being company, serving approximately 52 million individual Americans.

How we've positioned ourselves for near-term and long-term success

- > We are built around three core competencies essential to our focus on making the health care system work better: advanced technology-based transactional capabilities; health care data, knowledge and informatics; and health care resource organization and care facilitation.
- > We operate through discrete, diversified businesses that focus on the needs of specific market segments.
- > We continually invest in the future, spending more than \$2.2 billion on research, development and capital expenditures, largely for technology and clinical performance advancement services, over the past six years.

How we're making health care work better

We enhance access to health and well-being services.

- > We leverage the aggregate buying power of millions of Americans to achieve greater affordability.
- > In the increasingly complex health care environment, our physician and consumer outreach services help individuals access, coordinate and manage the services they need.
- > Through our family of businesses, we provide a comprehensive array of consumer-oriented services to meet the full spectrum of health and well-being needs.

We apply technology to simplify health care administration.

- > Common operating systems and service platforms enable seamless integration of services, streamlining benefits administration.
- > Technology improvements drive progressively higher levels of quality and service consistency.
- > For employers, consumers and physicians alike, practical technology solutions speed health care interactions, reduce paperwork and lower costs.

We gather and share information to achieve improved health outcomes.

- > We aggregate and integrate data from employers, insurance companies and other payers, pharmaceutical and laboratory services providers, hospitals and other participants across the health system to enable meaningful clinical and economic analyses.
- > We provide data services and tools that help employers and other payers monitor utilization patterns and control rising costs.
- > We promote evidence-based medical care by providing consumers, physicians and other health care providers with relevant, actionable information about clinical quality and decision processes.
- > Our clinical research capabilities and related services support the development of new therapeutic compounds and devices.

How we've performed

- > The compound annual growth rate for revenues was 32 percent over the past 15 years and stock appreciation has averaged 43 percent per year over the same time frame.
- > Earnings per share growth has averaged 36 percent per year since 1989.

Financial performance

(in millions)	2003	2002	2001
Revenues	\$ 28,823	\$ 25,020	\$ 23,454
Earnings From Operations	\$ 2,935	\$ 2,186	\$ 1,566
Operating Margin	10.2%	8.7%	6.7%
Cash Flows From Operating Activities	\$ 3,003	\$ 2,423	\$ 1,844
Return on Net Assets	43.7%	37.5%	30.7%
Return on Shareholders' Equity	39.0%	33.0%	24.5%



Who we are

Specialized Care Services is the nation's most comprehensive platform for specialty health and wellness benefits, services and resources.

ACN Group®
chiropractic care, physical therapy and alternative and complementary medicine services

Dental Benefit Providers
dental networks and services

HealthAllies®
consumer-driven health care access and purchasing programs

National Benefit Resources
cost management services and consulting for insurers, third-party administrators and employers

Optum®
care facilitation, disease and condition management, and health information services

Spectera®
comprehensive vision services and products

Unimerica
accident, short-term disability and life insurance products

United Behavioral Health
behavioral health and substance abuse services

United Resource Networks
critical illness networks and services

Working Solutions
employee assistance programs

How we're making health care work better

We improve access to specialty health and well-being services.

- > We offer services through a variety of channels, businesses and user groups, expanding access to important specialty programs. As a result, we directly serve more than 44 million individuals who have one or more of the products and services we offer through our 10 business units. Our specialty networks address a growing range of specialty and ancillary needs.
- > Simple, modular product and service designs with a wide range of price points enable insurers, employers and individuals to select specialty benefits that match their unique needs. Integrated operating platforms, supported by a Six Sigma-style quality environment, also enable customers to combine specialty services seamlessly with basic medical benefits.
- > A focus on operating efficiency coupled with group purchasing power helps moderate cost and improve affordability.

We help individuals use health care services more effectively.

- > Care management services help improve the effectiveness and quality of care for people with chronic conditions by facilitating access to care services, delivering patient education and support, and providing complex case management services.
- > Through various Optum, United Behavioral Health and Working Solutions services, consumers have easy access to credible information about health conditions, treatment options and other focused support, such as employee assistance programs that link individuals to master's-level counselors, financial and legal resources, and care experts.

We help people with critical illnesses achieve quality outcomes, while lowering costs.

- > Access to highly distinguished Centers of Excellence for the treatment of complex and critical medical conditions, including transplantation, cancer and heart disease, can markedly improve outcomes and lower costs. Expansion of these centers, structured around specific data that demonstrates superior results, is addressing the needs surrounding other important medical conditions, such as infertility.

Financial performance

(in millions)	2003	2002	2001
Revenues	\$ 1,878	\$ 1,509	\$ 1,254
Earnings From Operations	\$ 385	\$ 286	\$ 214
Operating Margin	20.5 %	19.0 %	17.1 %
Return on Net Assets	59.1 %	50.7 %	59.1 %



Who we are

Uniprise is the nation's leading provider of health benefits services for large organizations.

How we're making health care work better

We make it easier and more affordable for large organizations to deliver comprehensive health benefits and services.

> We provide customized, integrated benefit plans and operational support services for 9.5 million individuals and 345 large, multi-location employers, nearly 200 of which are in the *Fortune* 500.

We simplify, innovate and make the administration of health care more affordable.

> Through a broad range of services, technologies and process innovations, Uniprise is advancing and modernizing the health care experience. Our initiatives make health care interactions simpler and easier and seek to make the experience of accessing and using health care services more like a consumer retail buying experience, thereby involving the consumer directly and responsibly. Building on each other, these efforts simplify and streamline the health care experience, lower basic costs and increase the speed of health care interactions. The ultimate goal is similar to what has been achieved in many non-health care industries: to deliver services better, faster and cheaper.

> Six Sigma-style quality disciplines are applied to continuously improve service quality, while advancing greater productivity and affordability.

> Internet service portals provide convenient, low-cost information and service channels for consumers, employers, brokers, and physicians and health care providers. Through myuhc.com®, individuals order ID cards, check claim status, research health and well-being topics, find a physician and learn about treatment options and costs. Physicians and other health care providers use UnitedHealthcare Online® to submit and track claim payments and look up patient benefit eligibility. Employer eServicessm enables employers to manage and track health benefits in real time.

> Newly introduced electronic medical ID cards use magnetic stripe technology and the MasterCard® system and network to make it easy to verify patient eligibility and benefits in minutes — anywhere, anytime.

> New consumer account stored-value cards enable consumers to pay health-related expenses directly from their flexible spending accounts and personal benefit accounts.

We engage consumers in health care decisions.

> Uniprise provides consumer-directed benefit plans that promote cost-sharing with employees and offer varying levels of consumer engagement in health care decision-making.

> iPlan®, an example of the most complete consumer-directed health plan option, combines high-deductible medical coverage linked to an employer-funded Personal Benefit Account and includes information tools, personal care assistance services, preventive health benefits and financial incentives that help individuals use health care resources wisely.

Financial performance

(in millions)	2003	2002	2001
Revenues	\$ 3,107	\$ 2,725	\$ 2,474
Earnings From Operations	\$ 610	\$ 517	\$ 382
Operating Margin	19.6%	19.0%	15.4%
Return on Net Assets	55.2%	48.7%	38.0%

Health Care Services (includes the businesses of UnitedHealthcare, Ovations and AmeriChoice)



Who we are

UnitedHealthcare provides the most innovative and comprehensive, consumer-oriented health benefit plans and services to small and mid-sized employers and individuals nationwide.

How we're making health care work better

We make access to services broader.

> UnitedHealthcare contracts with more than 400,000 physicians and 3,600 hospitals nationwide. In addition, we provide access to a full array of specialty services and resources that augment basic medical care.

> We provide the most comprehensive array of insurance and health benefit products and services, from simple individual health coverage to services for the largest, most complex groups. Personal benefit accounts and health savings accounts are available within all of our benefit offerings.

> Innovative pharmaceutical management programs provide access to a large network of pharmacies, a complete selection of generic and brand-name drugs, and a convenient home delivery program. A flexible benefit model provides consumers with a wide range of drug choices and copayment levels.

We help make health care better.

> Innovative clinical outreach programs help identify and fill gaps in care. Disease and condition management programs support chronically ill patients with complex illnesses.

> Our consumer information and support services encourage people to follow preventive guidelines and offer access to credible health information via the Internet, audio messages or by speaking with registered nurses and master's-level counselors.

> Centers of Excellence programs, focused on both the hospitals and physicians providing care, improve results and lower costs for complex conditions, such as organ transplantation, cancer and cardiac disease.

> As part of our pharmacy management program, we use sophisticated data applications that analyze drug utilization patterns and screen for safe use of medications prior to dispensing.

We make it all more affordable.

> We aggregate the buying power of millions to achieve the broadest access for the lowest price, including access to pharmaceuticals, medical devices and diagnostic testing at the lowest price.

> Through care facilitation initiatives and technology, we proactively identify the people most in need of care and ensure they have access to the most appropriate services to improve and maintain their health and well-being, helping to prevent the excessive cost of complications that occur from lack of care.

> Our information services help physicians and other care providers, as well as those who need care, make the best decisions to achieve the best outcomes.

> Our leading technology simplifies and automates complex, fragmented health care transactions — providing accurate service the first time for a low cost.

> We empower consumers, physicians and other health care providers with free access to self-service capabilities that are available 24 hours a day, seven days a week.

> We use Six Sigma-style quality disciplines to find and remove inefficiency and waste in the health care system.

Financial performance—Health Care Services

(includes the businesses of UnitedHealthcare, Ovations and AmeriChoice)

(in millions)	2003	2002	2001
Revenues	\$ 24,807	\$ 21,552	\$ 20,403
Earnings From Operations	\$ 1,865	\$ 1,328	\$ 936
Operating Margin	7.5%	6.2%	4.6%
Return on Net Assets	40.5%	35.5%	29.0%



Who we are

Ovations is the largest U.S. business dedicated to serving the health and well-being needs of people age 50 and older.

How we're making health care work better

We enhance the quality, affordability and security of health care for people over age 50.

- > We represent the nation's largest Medicare supplement business, serving nearly 4 million seniors enrolled in AARP Health Care Options.
- > We provide network-based health benefit products to 230,000 people eligible for Medicare, including Medicare+Choice products and new Medicare preferred provider plans as part of a pilot initiative with the federal government through the Centers for Medicare and Medicaid Services (CMS).
- > For employers to achieve the best health coverages available to retirees, we offer group coverage options in all 50 states.

We make prescription drugs more affordable for older Americans.

- > We offer the nation's largest and most popular pharmacy discount card program, along with pharmacy mail service and merchandise offerings of healthy living products, serving nearly 2 million people.

We improve the quality of life for elderly individuals and people with chronic illnesses.

- > Through Evercare®, we provide individualized care services for more than 65,000 frail or chronically ill individuals across the full continuum of care settings, including at home.
- > We operate one of America's largest networks of specialized geriatric care teams, including physicians, nurse practitioners and support staff. We serve the British National Health Service, helping to develop and provide care services for older individuals in order to optimize health resources.
- > We offer Evercare Connections, a new service for adult children to help provide care advocacy and support for aging parents.



Who we are

AmeriChoice delivers network-based health care and personal care management services to more than 1 million individuals who participate in state-sponsored health care programs.

How we're making health care work better

We help states make high quality health care services available to people who would otherwise lack coverage because of social and economic factors.

- > We work with more than a dozen states to deliver Medicaid and other health care services.
- > We offer comprehensive preventive care services and a maternal and obstetrical program, which work proactively to help individuals maintain good health status. Through our Personal Care Model, we focus on helping individuals with serious and chronic health conditions preserve optimal health by coordinating access to care services from physicians, other health care providers, and government and community-based resources.
- > We develop education and outreach programs with leading researchers and clinicians to target and intervene in severe illnesses common among AmeriChoice consumers, such as asthma, diabetes, sickle cell disease and complicated pregnancy.
- > We pioneered the use of telemedicine to enable our care management nurses and clinicians to monitor vital signs, check medication use and facilitate care.



Who we are

Ingenix provides health care data, technology and analytics services to more than 250,000 physicians, 3,000 hospitals, 2,000 payers, 100 *Fortune* 500 companies and 140 pharmaceutical and biotechnology companies.

How we're making health care work better

We use data and information to solve key health care issues.

> The Ingenix Galaxy database is the largest integrated database in the market with 18 terabytes of information. It combines medical, laboratory and pharmacy data elements to enable comprehensive assessment and evaluation of issues related to clinical quality and costs, including prospective views on illness and needed interventions. It is used by an ever-growing number of employers, health plans, insurers, intermediaries and care providers.

Ingenix provides analytics, applications and consulting services to strengthen health care administration and advance health outcomes.

> Ingenix decision management services, actuarial services, clinical cost trend reporting and forecasting services, and predictive modeling tools help customers better understand medical cost trends, quality of care measures, utilization rates and the efficacy of new therapies and compounds. Benchmarking data helps clients compare and contrast costs, drive performance improvement, develop risk-based disease intervention strategies, and improve consumer choice and accountability.

> Physicians and payers use Ingenix billing and compliance solutions to streamline billing practices, maximize reimbursements and detect claim errors. In addition, as electronic connectivity within the health care industry advances, Ingenix is poised to deliver data applications and analytics directly to physician desktops and other points of care, where the information can be best used to improve health care delivery and reduce costs.

> Fraud and abuse detection and prevention services, benchmarking databases and compliance services provide tools that help health care payers monitor core business processes.

We help biomedical and pharmaceutical firms bring products to market safely.

> i3 Research is our full-service, global clinical research organization (CRO) specializing in oncology, central nervous system, and respiratory and infectious disease. With offices worldwide and capabilities in more than 45 countries, i3 has the resources to launch clinical trials all over the world — from complex multinational trials to smaller studies in specialized patient populations.

> i3 services include traditional clinical trial management capabilities, complemented by additional services such as feasibility assessments and protocol review, document submission, and comprehensive data and biostatistics services. We draw on the resources of more than 24,000 investigators at sites around the world.

> Ingenix is a leader in medical education and communications, delivering education programs, interactive communications tools and publications services to inform and educate the medical community about new clinical treatments, therapies and practices.

Financial performance

(in millions)	2003	2002	2001
Revenues	\$ 574	\$ 491	\$ 447
Earnings From Operations	\$ 75	\$ 55	\$ 48
Operating Margin	13.1 %	11.2 %	10.7 %
Return on Net Assets	9.7 %	7.6 %	7.5 %