

OVERVIEW

At UnitedHealthcare, we serve people through every stage of their lives, from childhood and youth through their working lives and into retirement.

We deliver value to consumers, care providers and our employer and government customers through a series of strategies focused on better outcomes, a simple, more satisfying experience and lower cost.

Every day, thousands of UnitedHealthcare employees interact with the people we serve. They take time to understand consumers' needs and become true partners in facilitating care. This focus on each individual's unique needs is helping us deliver a patient-centric, higher-quality and differentiated health care experience for people, characterized by simplicity, compassion and collaboration across the health system.

Modernizing Clinical and Care Management

Through our long-standing partnership with Optum, we harness de-identified claims, clinical and benefits data to help us better understand what consumers and customers want and need, and to deliver deep clinical insights that help guide our members to the best care at the lowest cost. By translating fragmented data sources into simple-to-use clinical information for consumers and care providers, we support more personalized, condition-specific and needs-based clinical decisions, leading to lower costs across the system. Essential elements of this evolution include: better information-sharing with consumers and their doctors; practical technology and digital tools at key decision points; digital and human navigators to support consumers in their health and care journeys; and aligned incentives between consumers' benefit designs and our relationships with care providers.

UnitedHealthcare's Nerve Center is an example of how this comes together to create an intelligent, data-driven and personalized health care experience. The Nerve Center provides a digital health engagement platform that supports the people we serve and their care providers throughout the care journey by managing device data, protocols and notifications. This aggregated, real-time information empowers our clinicians to connect with individuals, and supports analytic decision-making. Our Nerve Center capabilities – including integrated

device data from in-home digital scales and Fitbit fitness trackers – inform real-time, personalized next best actions and interventions. The Nerve Center is now connecting real-time data and informing health care decisions for nearly 12 million of the people we serve through our Medicare and Medicaid plans.

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UnitedHealthcare Motion is one of the many programs that feed our Nerve Center. Motion is a leading wearable device wellness program that combines wearable technology, real-time health analytics and proactive outreach to individuals, to empower and incentivize them to achieve their health goals. Since its inception, Motion participants have collectively walked more than 272 billion steps, and participants log an average of nearly 12,000 steps per day, more than two times the average American adult. The program has helped thousands of companies develop a culture of wellness and more effectively manage health care costs.

In addition to providing data-driven, actionable clinical insights, we are simplifying health care for the populations we serve. In 2017, UnitedHealthcare launched Navigate4Me, a service that offers a personalized, one-to-one relationship between a senior and a trusted advisor to help navigate the complex and fragmented health care experience. In 2020, we plan to continue to scale and expand coverage to 2 million consumers, including 100% of our Dual Special Needs Plan (DSNP) members. With this high-touch service, we are creating deeply personal and caring relationships with the people we serve and driving extremely high consumer satisfaction, as measured by the Net Promoter System (NPS).

Furthermore, our innovative care models engage people and support their health by redefining the way care is accessed and delivered at the local level. One such example is our HouseCalls program, which will perform 1.7 million total in-home visits across UnitedHealth Group this year. More than 90,000 in-house clinical professionals – including doctors, nurses, pharmacists and social workers across UnitedHealthcare and Optum – collaborate to help ensure people receive the preventative and ongoing care their providers recommend. They also support patients during and after hospitalizations.

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Rewiring Health Care's Technology Infrastructure and Digital Experience

As consumers take on greater responsibility for their health care and its costs, and care providers take on more risk for the end-to-end patient experience, both parties need accessible, transparent information and an experience that is simple, personalized, predictable and dependably high in quality. We continue to engage with our consumers and care provider partners on a more sophisticated, yet increasingly simple level, providing the right information at an actionable time and place, while anticipating their future needs. We use integrated models and new technology to make it easier to view a holistic picture of individuals' health and care, improving the care provider experience, and driving better outcomes and overall quality of life for our members.

The transformational IHR serves members and their care teams, enabling a better partnership between clinicians and individuals, providing a deeply personalized, longitudinal and dynamic view of a person's health. UnitedHealth Group has created over 55 million IHRs for UnitedHealthcare members. The IHR solves for:

- Disconnected and disparate information, by reducing complexity and variability through data translation from all participants in all formats.

- An incomplete view of a patient, by providing a secure, timely and portable view of each person's health history from multiple sources – today with claims, lab results and pharmacy, tomorrow with new sources like genomics and social determinants of health.
- Suboptimized delivery of care, by placing patient information and actionable insights in the hands of clinicians at the time of health care decisions.

All of our Accountable Care Organization (ACO) and risk-based contracts now have the opportunity to use the IHR, and we are targeting expansion to over 180 key segmented health systems and physician practice groups. Over the last several months we have been testing the consumer IHR with UnitedHealth Group employees and will be rolling it out to individuals through various channels throughout 2020. Building the IHR is just the first step toward our larger aspirations – to improve the quality of care, drive high consumer engagement and design the health systems and the value-based incentives and coverage to better serve individuals. With the IHR, we are well on our way to helping improve the health of those we serve by creating a comprehensive story of their health.

For consumers, clinicians are a key source for information about their care options. As a result, we are supplying more information at the actual moment of care delivery and creating an end-to-end digital platform that integrates the consumer and provider experience. PreCheck MyScript is a digital solution that leverages UnitedHealthcare and OptumRx integrated data capabilities to enable real-time prescription drug coverage detail and cost transparency at the point of prescription. This improves the patient experience by preventing the unnecessary prescription of higher-cost medications. It also provides clarity to members and care providers upfront by giving physicians patient-specific information around price transparency and the need for prior authorizations. We have learned from the success of this program, and are now scaling the technology to power many other clinical interventions and decision points. This technology will continue to advance the way health care is delivered, while improving cost transparency and simplifying the consumer and care provider experience at the point of service.

We are enabling people to make better choices about their health by developing and applying digital tools and data in the flow of their health care decision-making. And we combine that information with the transparency, incentives and support consumers need to understand the cost of care, care quality and how to affordably finance the best care. For example, through Rally, our digital consumer platform, we engage individuals, allow them to easily assess their health status and select relevant

clinical, wellness and financial programs that address their personal health goals – such as pregnancy support, behavioral health and weight loss. These personalized programs, matched with incentives and support, are helping people develop healthier lifestyles.

By serving one person and one care provider at a time, we are personalizing health care, driving down costs and developing innovative products and services to improve the consumer and care provider experience.

Driving Affordability Through the Next Generation of Care Provider Relationships

The role of care providers has always been – and continues to be – to provide the best care, guidance and treatment possible for their patients, even as their vital work is evolving. We are partnering closely with care providers to help them manage through changes in ways that, first and foremost, work for them. The most progressive care providers are intensely focused on delivering better medical outcomes at lower costs. We increasingly find ourselves on the “same side of the table” with our care provider partners as we align and collaborate on our common health care mission to help people live healthier lives. By forming collaborative relationships, we can more rapidly increase the pace of positive change in the U.S. health care system and create effective, enduring connections between those who receive or purchase care and those who provide care, with the goal of increasing value for all stakeholders.

We believe value in health care increases when the quality of care and the experience improves, while the total cost of care and operating costs decrease. UnitedHealthcare is continuing to modernize the current paradigm by evolving care provider relationships from transactional and volume-based to strategic cooperation, focused on higher-quality, higher-value health outcomes. And the opportunity is significant – we aim to reduce unnecessary medical and operating costs by billions of dollars over the next few years. This progress is demonstrated by over 1,200 UnitedHealthcare ACOs, delivering meaningful results and better health to more than 17 million of our members. For example, our commercial ACOs have reduced acute hospital readmissions per 1,000 by 10% and our Medicare seniors served by ACOs are 9% more likely to have colorectal cancer screenings than those not in ACO arrangements. In addition, our ACOs serving our employer-sponsored plan participants perform better than non-ACOs on nearly 90% of the quality metrics tracked.

This shift to value, as well as the identification of care providers with quality outcomes at more efficient costs, is at the core of our physician network. If U.S. physicians who meet quality criteria were to become high-value by also meeting cost-efficiency criteria for caring for commercially insured patients, the health care system could save over \$700 billion from 2019 to 2028. The next-generation health care system will focus on providers who understand the full value equation. Instead of a one-size-fits-all network, we are designing organized systems of care at a local geographic level that will better connect high-performing providers across the entire continuum of care.

In addition, UnitedHealthcare is focused on ensuring care is delivered in optimal settings to drive higher quality and greater affordability. Our Site of Service program began by moving surgical procedures from costly hospital outpatient settings to ambulatory surgery centers, and evolved to include a variety of imaging tests. By the end of 2019, we will have rapidly expanded this approach to additional high-cost services with more than 1,000 additional procedure codes. We expect these efforts to deliver one-half billion dollars in savings in 2020 alone for our customers.

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Underpinning this affordability agenda is our investment in technology and tools that put real-time information directly into care providers’ workflow when they are with patients in the exam room. We are equipping our provider partners with advanced tools, such as Decisioning@ Point of Care, which reduces their administrative burden by providing real-time access to eligibility verification, benefits checks, medical policy and clinical guideline reviews and procedure bundling (e.g., knee replacements). This modernized approach will empower care providers to deliver high-value care and will be a key driver in improving quality and cost-effectiveness for individuals we serve.

Positioned to Dramatically Improve Health Care while Driving Sustained Growth

UnitedHealthcare has consistently produced balanced, vibrant growth, serving increasingly diverse markets. Today, we serve over 50 million individuals globally, delivering value to people in all stages of life, at all income levels, through all major health benefits segments. Since 2010, UnitedHealthcare has produced one of the strongest periods of growth for any company in health care, growing organically by more than 7.5 million people.

In 2019 and beyond, we see potential for sustained growth across the markets we serve, particularly in expanding government programs. Today, we serve nearly 12.5 million people through our Medicare products. Our programs reduce health system complexity for seniors, making health care simpler by anticipating their needs and empowering them to take action. In Medicaid, more states continue to migrate to managed care to improve health outcomes and control costs, particularly for the benefit of higher-acuity patients. Under our patient-centric care model, our community health workers build relationships and connect people to a team of care specialists. This approach has enabled us to become a market leader in serving complex care populations, including those dually eligible for Medicaid and Medicare, even as we help states confront the broader social determinants of nutrition, housing, transportation and education – all of which affect the long-term cost of health care.

UnitedHealthcare contributes to the productivity and success of the health care system overall, far beyond the role of a traditional payer. To do so, each day we must earn the trust and respect of consumers, care providers, our customers and all the constituents in health care. Working in partnership with Optum, we are helping create a more sustainable health care system – one that is connected, aligned and more affordable for everyone, delivering high-quality care centered on the needs of each person.

OVERVIEW

UnitedHealthcare Employer & Individual

FAST FACTS

>\$1T

Annual U.S. spending on employer and individual health benefits

~170M

People served in the U.S. for employer and individual health benefits

~28M

People served by UnitedHealthcare Employer & Individual

>250k

Employer customers of all sizes, across all 50 states

~1M

Organic growth in UnitedHealthcare Employer & Individual group fully insured membership from 2015 – 2019

UnitedHealthcare Employer & Individual offers a comprehensive array of consumer-oriented health benefit plans and services nationwide for large national employers, public sector employers, mid-sized employers, small businesses and individuals.

Nearly 28 million Americans rely on UnitedHealthcare Employer & Individual through its fully insured and self-funded medical plans. Including alliance partners, this business provides medical services for 29 million people. This includes more than 250,000 employer customers of all sizes, across all 50 states.

- **National Accounts** provides customized administrative, benefits and service solutions to more than 10 million people through large, multi-location employers and other benefits sponsors with more than 3,000 employees.
- **Public Sector** provides health benefits and services to 3.8 million people through municipalities, educational institutions and labor unions with more than 1,000 employees.
- **Key Accounts** provides health benefits and services to 9.2 million people through mid-sized and large employers with 100 to 3,000 employees, as well as larger employers with service needs confined to a single state.
- **Small Business** provides health benefits and services to 3.7 million people through local businesses employing two to 99 individuals.
- **The Individual Business** provides health benefits and related services to nearly 900,000 people.
- **UnitedHealthcare Specialty Benefits** and Individual Ancillary businesses provide coverage at a product level to over 35 million people, including dental, vision, hearing, life, critical illness and short-term disability.

OVERVIEW

UnitedHealthcare Medicare & Retirement

FAST FACTS

~\$860B

Projected U.S. Medicare spending in 2020

>10k

Baby boomers aging into Medicare daily

1 in 5

Seniors in the nation served through UnitedHealthcare Medicare plans

>85M

Gaps in care closed for UnitedHealthcare Medicare Advantage members since 2013

~84%

UnitedHealthcare Medicare Advantage members in four-star plans or higher for 2020 Star Ratings (2021 payment year)

~1.7M

HouseCalls expected to be performed enterprise-wide in 2019

UnitedHealthcare Medicare & Retirement is dedicated to serving the growing health and well-being needs of individuals over the age of 50. Through a comprehensive and diversified array of products and services, we help nearly 12.5 million people manage their health.

This business offers products, services and programs designed to meet the individual needs of members, as well as their families, physicians and communities. Our portfolio of products includes:

- **Medicare Advantage Plans.** UnitedHealthcare Medicare & Retirement serves 5.2 million people through a variety of plans and a full scope of value-added services and clinical programs.
- **Medicare Part D Plans.** We offer Medicare prescription drug benefits on a stand-alone basis, serving 4.4 million people throughout the U.S. and its territories. UnitedHealthcare Part D plans cover thousands of brand-name and generic prescription drugs that are most commonly used by people on Medicare, resulting in access, savings, stability and peace of mind for seniors.
- **Medicare Supplement.** Under a long-standing relationship with AARP, we serve 4.8 million individuals through various Medicare Supplement and other supplemental products for people age 50 and older.
- **Retiree Services.** UnitedHealthcare Retiree Solutions provides employers with high-quality, affordable health care solutions for 2 million retirees. We leverage cost-effective health care delivery systems and superior networks to provide optimal health outcomes and cost-savings for employers and their retirees. Group plans include Medicare Advantage, Senior Supplement and Medicare Part D. UnitedHealthcare also offers a private exchange-like solution for employers looking to transition their retirees from traditional group-sponsored plans to individual retiree products.

OVERVIEW

UnitedHealthcare Community & State

FAST FACTS

>\$650B

Projected U.S. Medicaid spending in 2020

50%

U.S. Medicaid spend currently in managed care

>10%

UnitedHealthcare Community & State CAGR in revenues from 2015 to 2019

>100

Specific state programs served by UnitedHealthcare

>950k

People served by UnitedHealthcare in Dual Special Needs Plans

3.3k

UnitedHealthcare care coordinators serving those in need at the local markets level

UnitedHealthcare Community & State is one of the largest health benefits businesses dedicated to providing diversified health care benefit products and services to state programs that care for the economically disadvantaged, the medically underserved and those without the benefit of employer-funded health care coverage.

Our business participates in full-risk programs in 31 states and the District of Columbia, serving 6 million people by facilitating care in all market segments with offerings specifically designed to serve each of them. The primary categories of eligibility and participation by UnitedHealthcare are:

- **Temporary Assistance to Needy Families (TANF).** Primarily provided to women, children and families with high-prevalence and chronic illnesses. Currently serving nearly 3.2 million people across 23 states.
- **Children's Health Insurance Program (CHIP).** Provided to children not covered by commercial insurance and not eligible for Medicaid. Currently serving 240,000 children across 22 states.
- **Aged, Blind and Disabled (ABD).** Medical assistance programs for individuals who are age 65 or older, blind or disabled. Currently serving 330,000 people in 20 states.
- **Long-Term Services and Supports (LTSS).** Medicaid programs for the long-term care population, including home and community-based services to support living outside a nursing facility. Currently serving 260,000 people across 11 states.
- **Medicaid Expansion.** Participating in Medicaid expansion under the Affordable Care Act (ACA). Currently serving 920,000 people across 15 states.
- **Medicare and Medicaid Plans (MMP).** Provided for individuals who are enrolled in both Medicaid and Medicare. Currently serving 30,000 people in two states.
- **Dual Special Needs Plans.** Services for individuals who often have multiple chronic conditions and limited incomes and are eligible for Medicare and Medicaid. UnitedHealthcare currently serves over 950,000 people in 35 states and Washington, D.C.
- **Individuals with Intellectual/Developmental Disabilities (I/DD).** Programs that cover many everyday social and practical skills for individuals with limitations in intellectual functioning and adaptive behavior. Currently serving 25,000 people across five states.
- **Administrative Services Only.** Currently serving 140,000 people in one state.

OVERVIEW

UnitedHealthcare Global

FAST FACTS

\$4.7T

Global health care market outside of the \$3.8 trillion U.S. market

1.7B

Projected global growth of the middle class by 2030 – almost all from emerging markets

~\$10B

UnitedHealthcare Global estimated 2019 revenue

~7k

UnitedHealthcare Global owned hospital beds in five countries

UnitedHealthcare Global delivers medical and dental benefits to approximately 8 million people living, working and traveling in more than 130 countries worldwide. This business is uniquely positioned to address global health care challenges and create value by combining distinctive enterprise capabilities with local market understanding. UnitedHealthcare Global is working to create a global health care system that is more connected, more aligned and more affordable.

UnitedHealthcare Global serves multinational and local businesses, governments, insurers and re-insurers, and individuals and their families with the following offerings:

- Health insurance plans for local populations.
- Direct delivery of health care services through hospitals, clinics and physician practices.
- Benefit plans for multinational employers and individuals.
- Risk and assistance solutions.

Where UnitedHealthcare Global Operates

Brazil. UnitedHealth Group Brasil is differentiated in delivering high-quality health care services, health and well-being solutions, and insurance plans across the entire health care spectrum to local populations and health systems. Its entities have served people across Brazil for more than 35 years.

- **Health Benefits.** Provides a full spectrum of health benefits to nearly 3.8 million people through a broad network of owned and affiliated clinics, hospitals and care providers. Dental benefits are also provided to over 2 million people. The business continues to realize stable core medical trend through modern plan design, targeted clinical management and value-based reimbursement.
- **Medical Delivery.** Operates 34 hospitals focused on efficiency and high-acuity specialty care, and over 100 outpatient and ambulatory clinics to serve low-acuity patients at a lower cost of care.
- **Health Care Services.** Serves industry partners and internal constituents with data and analysis, population health management and health care operations.

Chile, Colombia and Peru. Empresas Banmédica provides health benefits and care services to more than 2 million people, and delivers quality care through 13 high-complexity hospitals and 116 clinics and outpatient centers.

Portugal. Lusíadas Saúde provides a complete range of clinical services through hospitals and outpatient centers, including the award-winning Hospital de Cascais that is operated through a public-private partnership with the Portuguese government.

Global Solutions. UnitedHealthcare Global Solutions serves globally mobile populations including expatriates, business travelers and individuals traveling for leisure. Access to care is provided in more than 130 countries through a broad network of prescreened health care providers, hospitals and clinics. Additionally, UnitedHealthcare Global Solutions protects the well-being of these people through a range of safety and security, destination intelligence and medical assistance services.

Q & A

UnitedHealthcare

Q: What is UnitedHealthcare doing to improve health care affordability for consumers and employer and government plan sponsors?

UnitedHealthcare is taking strong actions to address the quality, efficacy and cost of health care in the U.S. and influence how we partner with care providers. We are strategically investing in our network of physicians and other care providers and building distinctive relationships based on trust, collaboration and mutual respect. We are leading the transition to value-based payment models, paying for performance and quality outcomes as opposed to just the frequency or quantity of care.

UnitedHealthcare helps improve affordability for individuals we serve through collaboration with the highest-quality and most cost-effective care providers in health care. Across Optum and UnitedHealthcare, we are leading efforts to develop a transformative, value-based health care system with the aim of improving the patient's care experience, advancing the health of populations and reducing the per capita cost of health care.

We recognize there is considerable spending on care delivered in suboptimal settings that can and should be provided in higher-quality, consumer-responsive, more cost-effective sites. In our commercial business alone, we see opportunity to shift well more than 20% of our medical spend to more effective sites. For example, there is significant opportunity to perform more hip and knee replacement procedures in ambulatory centers, with those settings often having a 50% cost advantage over traditional settings and with fully comparable safety and quality.

Our initiatives focused on continuously strengthening relationships with care providers and consumers are essential to achieving our organizational goals. We share useful, actionable data with care providers in an effort to simplify and personalize the health care experience for individuals, while also serving as trusted navigators to help ensure those we serve have access to convenient, cost-effective and high-value care. We also know high-performing physicians, as measured by health outcomes and adherence to scientific, evidence-based medicine, provide care for people at 7% lower total costs. Across our businesses, this is a \$9 billion annual savings opportunity.

Product innovation further promotes consumer choice and affordability. We are offering more performance-based network products, enabling consumers to select benefit designs to support their needs at the most affordable prices. We are also addressing affordability for consumers and employers through new benefit plans designed to improve access through enhanced first dollar coverage for certain services and that leverage access to virtual care and telemedicine, as well as plans that provide flexible choices for level of coverage. Furthermore, the people we serve have access to digital tools and health coaches to empower them to make responsible decisions, encourage healthier behaviors and provide greater transparency into the cost of care.

UnitedHealthcare is focused on reducing the cost of administering health care and ensuring system integrity. Technology is enabling these efforts. We are investing in digital tools to support doctors, reducing their administrative burden while improving efficiency and affordability across the system. For example, digital investments have resulted in a nearly 10% decrease in care provider phone calls this year. Our productivity and automation efforts this year and next should save us over \$1 billion, and our fraud, waste and abuse program should save customers more than \$1 billion next year.

As a result of these focused efforts, we expect medical trend across the enterprise to perform better than the National Health Expenditure projections.

Q: How does UnitedHealthcare think about growing its business?

UnitedHealthcare has done a tremendous amount of work over the course of the last two decades to establish a strong market presence in each of our benefit businesses. While we have always viewed the market as competitive, we continue to focus on delivering a unique value proposition to our customers and consumers reflected by consistent, strong organic growth. The competitive environment differs across our domestic commercial, Medicare, Medicaid and global businesses, as well as locally.

UnitedHealthcare Employer & Individual serves nearly 28 million of the 170 million people purchasing health care on their own or through their employers in the U.S. We measure performance based on our ability to continue to grow our fully insured and self-funded enrollment; increase NPS scores, which demonstrates improvement in our customer experience and digital offerings; and continue to lower the cost of care to provide distinctive value to our customers. Fundamentally, Employer & Individual expects to remain disciplined in our approach to pricing and to continue to mitigate medical cost increases with our medical management strategies. In addition, we expect further expansion in our ancillary businesses in areas including dental, vision and hearing.

For Medicare & Retirement, enrollment growth is the key driver to sustainable long-term earnings growth. With over 10,000 baby boomers aging into Medicare daily, the number of people enrolled in Medicare is projected to reach 70 million by 2025. We believe UnitedHealthcare is positioned for strong growth as the Medicare Advantage market continues to expand and evolve. Our ability to do so will require continued benefit and product differentiation, including advancing our service experience and clinical model. The overall Medicare market is forecasted to expand from \$860 billion annually in 2020 to nearly \$1.3 trillion in 2025. We believe the market for Medicare Advantage could expand from roughly 35% of all seniors today to more than 50% by 2027.

Within Community & State, we continue to see strong growth in our DSNP program. Overall, we expect to see an increase in managed care due to continued organic population growth and the shift from fee-for service. This remains a large opportunity as only 2.7 million of the 11 million people eligible for DSNP programs are in DSNPs today.

Annual spending on Medicaid and related state health programs is estimated to exceed \$650 billion in 2020. Three-quarters of the people served by Medicaid are in managed care programs today, but that represents just over 50% of total Medicaid spending. Our near-term growth opportunities include entering fee-for-service markets converting to managed care, and growing in existing managed care markets, including state expansions to populations with more complex needs, requiring more sophisticated models of care. This expansion includes integrated care management of physical, behavioral, long-term care services and supports and social services; strong data analytics; and community-based collaboration.

With an estimated 85 million people representing approximately \$900 billion in annual health care spending still not served in managed care in the U.S. alone, UnitedHealthcare is well positioned for continued growth. Newer markets we are pursuing also continue to emerge around areas such as social determinants of health and specialty and supplemental coverages.

Globally, private health insurance market penetration is still in the early stage in the markets where we operate, despite strong demand for access to private health care outside of the U.S. Throughout the world, medical cost inflation is outpacing GDP growth and access to enterprise capabilities and integrated health systems gives us perspective in addressing this pressure. We are committed to advancing affordability over time, enabling us to reach and impact more stakeholders with affordable private (or public-private partnership) health benefits and services.

Q: How are you improving care for those with more complex conditions?

Individuals with complex conditions benefit from our customized, high-touch consumer service models. The combined capabilities of UnitedHealthcare and Optum allow us to provide distinctive and impactful programs for the people we serve. Additionally, the Dual Special Needs Program provides benefit alignment and a care model that is more comprehensive than a Medicaid- or Medicare-only plan.

The UnitedHealthcare consumer service model includes clinical programs that support the “whole person” by taking an integrated approach to care management based upon a comprehensive view of a person’s needs, ensuring any medical, behavioral, social, functional and addiction support needs are addressed. We have expanded our high-touch care management through programs such as Optum HouseCalls and other direct care delivery programs. These direct care delivery models bring physician-led interdisciplinary teams to high-acuity populations to improve outcomes through holistic, patient-centered care plans and by identifying and closing gaps in care.

Additionally, we operate programs to remove social barriers to wellness and address social determinants of health. For example, our Community & State evidence-based housing solution provides people in Medicaid with housing to create stability and safety that better equips them to live healthier, more independent lives. Our program connects people experiencing homelessness to permanent housing, and then addresses their medical, behavioral, social and functional needs through wrap-around support services. We believe that adequate

housing is vital to health care, and that innovative approaches like this type not only improve lives, but also result in lower health care costs. Separately and in addition to this high-touch solution, we advance other strategies to expand housing supports, including the deployment of housing navigators and investment in affordable housing developments. To date, investments have been made in 80 affordable-housing communities across the United States with more than 4,500 new homes for individuals and families in need.

Q: How does the Health Insurance Tax impact your business?

UnitedHealthcare has long been a proponent of repealing the Health Insurance Tax as we view the tax as increasing the cost of care for millions of people, in particular the nation's most at-risk. The return of the tax in 2020 will result in higher costs for many Americans, including families, small businesses and seniors.

The Health Insurance Tax moratorium in 2019 provided a small earnings tailwind due to the collection and payment timing difference on some commercial insured business. That shifts to a much larger headwind in 2020, driven by the reintroduction of the tax and its nondeductibility primarily in the Medicare business.

Q: What is UnitedHealthcare doing to innovate around next-generation care provider models, including performance-based contracting and care provider engagement?

UnitedHealthcare believes value-based care is helping our country achieve high-quality care and lower costs by changing the way we pay for care and encouraging payers and care providers to work together in new ways. Our collaborative relationships with care providers establish the best path to better health, better care and lower costs for everyone.

In 2019 we collaborated with researchers at Harvard to provide an independent view on what is needed to drive further and faster progress in value-based initiatives across the health system. The study revealed a key component required to transition to value-based care: nonfinancial incentives, or "infrastructure support." This finding led to a new concept known as the 3D model of value-based care. The model goes beyond the two familiar aspects of financial incentives for reducing spending and improving quality to include the third dimension of nonfinancial infrastructure supports.

UnitedHealthcare's infrastructure provides actionable data, clinical analytics consultation to analyze data, cloud-based technology applications, care management education and tools, risk management support and infrastructure payments. We also bring together leading care providers in several different learning collaboratives throughout the year to help drive industrywide adoption of best practices and promote knowledge-sharing between payers and providers. Examples include the ACO Summit and ACO provider webinars that bring together ACOs nationwide to share best practices around addressing rising medical costs through value-based care; the Healthcare Executive Advisory Council, which includes our most strategic hospital and physician partners who work in tandem with UnitedHealth Group on solving the industry's most pressing challenges; and the Healthcare Technology Advisory Council, which collaborates with strategic care partners to test emerging technology solutions, deepen connections across the health care technology community and improve payer-provider relationships.

Today, over 17 million individuals served by UnitedHealthcare access care from physicians in value-based arrangements. With more than 110,000 physicians and 1,200 hospitals committed to putting the consumer at the center of the health care experience, the shift from volume to value is delivering important results through these relationships. At the most advanced end of the risk spectrum, we currently have more than 1,200 ACOs in place across all business segments. We continue to see higher-quality outcomes achieved through these relationships when compared to people not served in an ACO. For example, Medicare seniors are 5% more likely to have breast cancer screenings; commercial members visit the emergency room (ER) 9% less often; and we see a nearly 4% lower ER utilization rate for Medicaid members in TANF and CHIP.

Looking forward, we will continue to advance next-generation care provider models that impact upstream care decisions. We will focus on increasing the number of people who have an assigned primary care physician by providing programs for smaller practices with incentives tied to reducing total cost of care.

Further, we are looking to materially expand our specialist incentives to promote increased ambulatory surgery alternatives where appropriate, as a complement to our emerging site of service approaches that help people get the right care, at the right time, in the most affordable care setting. Over the next three years, we will look to dramatically accelerate physician enablement under these incentive programs for both primary care and specialists. We will provide technology-based referral solutions at the point of care in physicians' existing Electronic Medical Record workflow to refer to high-quality, cost-effective referral sites and lower-cost pharmacy alternatives.

Q: How do you think about innovation in your business?

Innovation is a core value of our enterprise. We are continuously investing in resources and talent to drive solutions for complex issues faced by our clients and consumers. Our focus is on creating better experiences for those we serve.

Care Provider Network & Product Innovation. We are organizing local systems of care physically, virtually and digitally; building collaborative relationships and sharing data bi-directionally with care providers; and innovating around product designs. We are exploring new innovative approaches with health systems across the country in which we more closely align our operations to get more efficient, more affordable care.

Clinical Innovation. We are using continuous glucose monitors (CGMs) and other biosensors to help patients manage type 2 diabetes and to provide feedback to patients and doctors on the progress of the disease. We launched a program that gives participants CGMs and/or activity trackers to help them make lifestyle changes to combat type 2 diabetes. We are aligning these activities to daily walking goals, coaching and lifestyle education focused on post-meal walking and low-carb diets. Performance metrics are being used to assess the efficacy of the program, as well as individual program elements (e.g., coaching, education, incentives to members for participating), to optimize the positive impact we can make on diabetes-related health indicators and medical costs.

Digital Innovation. We are connecting consumers to virtual care, enabling secure physician appointments online and offering IHRs to better inform people about their health next best actions. We are also extending connected wearable-device-enabled programs into new domains, such as sleep disorders and asthma, to improve the health of those with specific conditions, while reducing the cost of care.

With a focused effort on innovation around care provider networks, new products and clinical digital advancements, we expect to continue to drive proven value for customers and the people we serve.

Q: What is your outlook for operating margins in the UnitedHealthcare business?

As expected, we experienced strong 2019 operating margins and we expect 2020 operating margins to be relatively stable while after-tax margins will be somewhat pressured year-over-year by the return of the Health Insurance Tax. We report operating margin at the UnitedHealthcare segment that includes four businesses under the UnitedHealthcare brand – UnitedHealthcare Employer & Individual, UnitedHealthcare Medicare & Retirement, UnitedHealthcare Community & State and UnitedHealthcare Global. This group of companies had an aggregate operating margin of approximately 5.7% for the nine months ending September 30, 2019.

**UnitedHealthcare
Employer & Individual**

Q: What are the market characteristics and growth opportunities for UnitedHealthcare's Employer & Individual business?

The employer and individual marketplace remains a significant market opportunity, with nearly 170 million people purchasing health care on their own or through their employers in the U.S. market with estimated annual health care expenditures of more than \$1 trillion. As health care costs rise, employers continue to pursue more affordable solutions, ranging from value-based care models and clinical care programs, to enhanced well-being programs that deliver improved health outcomes. Regardless of the funding model, we are committed to having strong offerings in the self-insured and fully insured markets.

Close collaboration with employers is critical to our efforts to add value to the health care system and we will continue to partner to deliver differentiated products and capabilities. Together with Optum, we are supporting employers' needs by integrating solutions such as modern benefit design, population health programs and care provider alignment, which can help reduce costs and deliver a better customer and consumer experience. Our plan design and product development strategy delivers flexible and configurable solutions that can be customized to specific population or clinical needs.

NPS continues to be a key metric in how we operate and measure our results. As a growth strategy, we strive to continually earn strong NPS scores for large employer groups and improve NPS scores for small and mid-sized employer groups. Proactive outreach combined with more immediate issue resolution and simpler, easier-to-use benefit designs is helping build more enduring relationships with these customers, creating trust, loyalty and higher NPS scores. The result is customer retention and growth opportunities.

Q: What factors influence Employer & Individual's competitive positioning? What strategies is the UnitedHealthcare Employer & Individual business pursuing around growth?

The market has long been highly competitive and we expect similar, broad-based competition to continue as the industry adapts to individual and employer needs amid changing regulations and market dynamics.

Key to improving our position is disciplined pricing and an improved cost position. We continue to apply a diligent approach to our pricing strategies to offer attractive solutions to those we serve. Network competitiveness is at the core of our cost improvement strategy and, with close relationships with the highest-performing care providers based on clinical outcomes, we can help our customers improve health care quality and affordability. We engage a suite of value-based contracting solutions that drive alignment around our focus on total cost of care and quality outcomes. Our physician partners are empowered by technology, data and access to UnitedHealthcare programs to drive a simple, personal experience for the people we serve.

In addition to competitive network rates, we are taking steps to reduce the impact out-of-network (OON) care has on overall medical costs. We are expanding our programs to cover more clients and move more people to plans with OON payment rates that are more closely aligned to current market rates.

To maintain and improve our competitive position, we work closely with care providers to pursue ways to lower the total cost of care. Our Site of Service program leverages data and analytics needed at the point of care to help people receive the right care in the right setting to ensure better outcomes and better costs. By redirecting individuals to the appropriate care setting, mitigating unnecessary or wasteful procedures and providing support to our most frequent utilizers of the health care system, we are not only lowering costs but also improving the quality of health care and the consumer experience.

We drive positive change by collaborating with a broad set of distribution partners at the local and national levels, using data to understand the market needs and providing better solutions for those we serve.

Q: What are employer priorities around health care quality and cost, and how are you responding?

Employers expect measurable improvements in health care quality that will advance their employees' health, while significantly lowering costs. Working together with Optum, we remain focused on supporting employers' needs by integrating five key areas to improve the total cost of care value proposition:

- **Modern Benefits.** Plan designs are organized around identifying and rewarding the use of high-performing physicians and other care providers. Our consumer-focused benefit designs meet individuals where they are, provide employers with affordable options, increase access to virtual care to improve convenience and reduce cost, and provide incentives to people to use the most appropriate site of service. We are exploring new offerings that provide first dollar coverage for preventative care and can reduce the level of a consumer's deductible.
- **Advocacy.** Our consumer personalization and digital engagement efforts help increase consumer satisfaction, improve health and well-being and deliver operating efficiencies. We are responding to market demands for modern, flexible and simpler offerings by engaging people with tools and resources like our Rally platform that makes it easier for people to find and pay for quality health care and achieve better health. Our digital therapeutic capabilities are expanding to help people with conditions like diabetes, asthma and sleep disorders live healthier lives. Through capabilities like the IHR, we assist consumers with personalized guidance and a view of their health, with helpful actionable recommendations.
- **Population Health.** Our plans offer personalized coaching, health and wellness programs, care management and engagement initiatives and patient-centered clinical approaches that help better control health care costs and increase workplace productivity. Advancements in clinical models, including use of predictive modeling and analytics, allow us to better identify at-risk individuals and assist them with personalized, evidence-based clinical interventions, such as identifying and closing gaps in care, providing assistance with scheduling medical appointments and using cost-effective network facilities that decrease their out-of-pocket costs.

- **Care Provider Alignment.** Network competitiveness remains a top priority. Close relationships with network care providers, integrated data and analytics, value-based payments and ACO partnerships, and new care management programs help better manage health across populations and enable our customers to improve health care quality and costs.
- **Pharmacy.** In partnership with OptumRx, we are a first mover in passing drug discount savings back to the consumer at the point of sale, improving adherence while lowering out-of-pocket costs for those needing high-cost drugs qualifying for a rebate. We are also increasing transparency with PreCheck MyScript, which provides real-time details to help improve the patient experience by preventing the unnecessary prescription of higher-cost medications directly in the doctor's workflow at the point of prescription. It provides clarity upfront by giving physicians patient-specific information around pricing transparency and the need for prior authorizations.

Q: What factors influence commercial medical cost trend and what is your outlook for trend in 2020?

We expect unit cost increases to be the primary driver of total health care cost trend in 2020. To address unit cost pressure, we are deepening our relationships with network care providers, sharing data with them and increasing value-based incentives, while managing OON spending to improve the effective use of health system resources. We expect commercial trend to be within a range of 6.0% +/- 50 basis points.

Macroeconomic impacts and health care policies can drive changes in utilization patterns. In response to a weak economy, consumers often more closely manage their out-of-pocket spending, which can lead to fewer elective procedures and lower birth rates, and the converse is true in a growing economy.

We will continue to mitigate medical cost increases with our medical management strategies, further adoption of value-based reimbursement and advancements in market-leading engagement tools that enable consumer decision-making.

Q: What is your outlook for operating margins in the UnitedHealthcare Employer & Individual business?

As expected, we are experiencing strong 2019 operating margins from broad-based performance across our business, and 2020 margins are expected to be relatively stable year-over-year. The return of the Health Insurance Tax in 2020 will be a pricing headwind and we will continue to be disciplined and consistent in our pricing approach to include the tax and a gross-up for its nondeductibility.

The operating margin for UnitedHealthcare Employer & Individual is embedded in the UnitedHealthcare segment that includes four businesses under the UnitedHealthcare brand – UnitedHealthcare Employer & Individual, UnitedHealthcare Medicare & Retirement, UnitedHealthcare Community & State and UnitedHealthcare Global. This group of companies had an aggregate operating margin of approximately 5.7% for the nine months ending September 30, 2019.

Q: How do you think about innovation in your business?

UnitedHealthcare Employer & Individual's approach to innovation has several characteristics: flowing critical health information to all health care participants by linking physical interactions to digital channels; engaging people in their health care, both individually and at scale; and introducing innovative, lower-cost, consumer-centric health benefit designs and services, such as Colorado Doctors Plan (CDP), Motion and NexusACO.

Our CDP is an example of a value offering that's also a product. Designed in collaboration with Centura Health and OptumCare, CDP delivers a benefit built on a better patient experience and stronger care provider relationship. CDP is a narrow-network product focusing on both physician and consumer-centric capabilities that aims to simplify the health care experience, provide 24/7 access and lower costs.

Motion provides people access to wearable devices, digital resources and financial incentives that help them take charge of their health, better manage chronic conditions and make care more affordable.

NexusACO is a national tiered network ACO product – a unique offering in the market. It delivers value to consumers and employers through better care coordination and improved health outcomes through more frequent physician-patient engagement and lower costs for employers with an emphasis on in-network Tier 1 care.

In addition, we continue to take an active and deliberate approach to monitoring the external landscape to identify new and scalable capabilities. This helps inform strategic decisions about where to deploy capital and long-term partnerships.

UnitedHealthcare Medicare & Retirement

Q: What are the market characteristics and growth opportunities for UnitedHealthcare's Medicare & Retirement business?

UnitedHealthcare Medicare & Retirement remains a market leader across Medicare products. With more baby boomers reaching retirement age, the number of people enrolled in Medicare is projected to reach 70 million individuals by 2025, up from 62 million in 2020. Gross spending for Medicare is expected to approach \$1.3 trillion by 2025, up from \$860 billion projected for 2020.

Medicare Advantage continues to be a popular choice, serving 35% of individuals eligible for Medicare, up from 25% since 2010. We believe UnitedHealthcare is positioned for strong growth as the Medicare Advantage market continues to expand and evolve.

We see opportunities to work with the federal government to foster more cost-effective, higher-quality and more efficient health care for all Medicare beneficiaries. Our distinct competencies in data, care coordination, in-home care delivery and consumer-level health engagement should serve us well as we position our business to be consumers' plan of choice and strive to be the government's payer of choice.

As more commercial and public sector employer groups seek cost-effective solutions for their retirees, we are expanding group retiree offerings with products that support stronger links between our commercial and senior businesses. In doing so, we are developing new relationships with employers, labor organizations, health care providers and nonprofit associations.

Q: How have you positioned UnitedHealthcare Medicare & Retirement for continued success?

As Medicare grows and evolves, UnitedHealthcare Medicare & Retirement has the expertise, relationships and portfolio of products to continue to serve more seniors. We offer stable, innovative products that span all Medicare product lines and give people a breadth of choices to meet their unique needs. This flexible approach is key to serving individuals as the Medicare program and the people it serves change over time.

As the landscape continues to evolve, we are steadfastly focused on driving a distinctive consumer experience and delivering a unique care model to those we serve.

Our innovative, coordinated care model provides comparable benefits to fee-for-service Medicare at over 20% lower medical costs, and in our highest-performing markets we perform at or more than 30% lower medical costs versus Original Medicare. Although our performance is strong today, we still seek to accomplish more. To do so, our focus has shifted from coverage to care, creating a coordinated end-to-end care model that advances the Quadruple Aim – improving health outcomes, affordability and the consumer and care provider experience. As part of this shift, we have put significant emphasis on care transitions and personalized care management. In addition to driving innovations such as the Nerve Center, our real-time population health infrastructure, we advance care in partnership with providers.

We are enabling members to receive care from high-performing and trusted providers through our strong history of engaging in value-based care. Nearly 80% of our Medicare Advantage membership is served by care providers who participate in some type of value-based arrangement. Our value-based care initiatives incentivize behaviors and specific care pathways that drive better health outcomes and lower the cost of care.

We are also creating a distinctive, personalized member experience by building on success with our Navigate4Me program and expanding it to reach more people. This personalized member experience is supported by continued refinement and improvement in digital capabilities. Recent digital innovations improve routine member experiences by enhancing cost and coverage transparency, text capabilities and pharmacy search functionality. We are continually looking for ways to make it easier for members to engage with us.

Combining these capabilities improves care quality, access and service performance, ultimately creating a more efficient and effective health care system that delivers greater value for society, one member at a time, and sustained growth in our business.

Q: How do advancing clinical programs and new technologies positively impact your business?

We are working to streamline transitions in care and eliminate the health system fragmentation that affects our members. We are also partnering with high-performing care providers through aligned value-based care programs that incentivize behaviors that will drive better outcomes and reduce the total cost of care. These efforts come to life through an array of programs and initiatives that are either newly deployed or represent an expansion of effective, existing offerings.

Navigate4Me offers personalized navigational support to 1.25 million people in Medicare Advantage today and will expand to 2 million people in 2020. As part of this program, our navigators assume the burden of navigating the fragmented health care system for our members by delivering both clinical and social support so they can focus on getting healthier. Similarly, our DSNP Care Coordination Model leverages our Navigate4Me platform and provides a high-touch approach rooted in individual engagement to improve medication adherence and care coordination for our dually eligible members.

We are also ensuring seamless care within and beyond traditional health care settings. In 2020 we plan to fully scale our multi-pronged post-acute care strategy. This strategy focuses on enabling care coordination and total cost of care management during the post-acute care journey back to better health when individuals are most at-risk. We have instituted a series of programs and value-based care initiatives designed to support people as they transition home from the acute care setting. This holistic approach is supplemented by newer initiatives focused on social determinants of health.

Our expanding Nerve Center population health infrastructure combines claims information with real-time input from digital tools and other relevant datasets such as those related to social determinants of health and member preferences. A single-source risk stratification model enables whole-person care through personalized care pathways, allowing for more timely chronic condition management. Over 10,000 physician groups now have access to real-time clinical information through integration with the Nerve Center.

We are also utilizing machine learning to deliver “smart” provider recommendations based on member-specific characteristics. Annually, over 6 million online provider searches and member calls are tied to provider inquiries, which creates a significant opportunity to provide a more personalized experience for the people we serve and

lower the total cost of care by referring to high-quality, efficient providers. Finally, the IHR, a longitudinal profile of an individual’s health care history, will empower care providers and patients to make more informed decisions and increase engagement through secure access to broader, more complete information.

Q: What is your relationship with AARP?

We have a long-standing relationship with AARP and our current and prospective members affiliate strongly with the AARP brand. The relationship drives growth by enhancing recognition of our products, and provides UnitedHealthcare and AARP the opportunity to work together to drive innovation and serve the growing senior population.

AARP is the nation’s largest consumer organization, serving nearly 38 million Americans over age 50, and maintains one of the most recognized and trusted brands in the senior market. Both of our organizations are committed to working together to help people live healthier, more secure lives as they grow older.

Q: What trends are you seeing in the group Medicare Advantage employer-sponsored retiree market?

We continue to see both public sector and commercial employer groups turning to Medicare Advantage plans as they search for robust, cost-effective and stable benefits packages that meet the unique needs of their retirees. Public sector groups are increasing their adoption of group Medicare Advantage plans to generate cost-savings and other benefits under a managed care environment. A 2017 Pew Charitable Trusts report suggested states, municipalities and similar governmental entities had collectively accumulated a \$645 billion unfunded liability for retiree health costs. This figure illustrates the urgent need for administrators to take new approaches to supporting retirees’ health care needs.

UnitedHealthcare Retiree Solutions offers a stable, high-quality solution to meet the needs of this segment by providing comprehensive benefit offerings for retirees’ health care needs while limiting the financial risk and liability for our customers. With strong state, municipal and commercial national account relationships, we continue to maintain our leading position in the group Medicare Advantage segment and maintain a robust pipeline of growth opportunities.

Q: Describe the portfolio of Medicare Supplement products you offer. Will this program continue to grow in the coming years?

Over 14 million people choose Medicare Supplement products, and they choose our AARP branded products more than any other of these products. The Medicare Supplement and other supplemental products UnitedHealthcare markets with the AARP brand provide valued and reliable coverage to 4.8 million seniors. We offer seniors a range of Medicare products that meet a variety of coverage needs and price points. These plans are offered in all 50 states and most U.S. territories and cover varying levels of coinsurance and deductible gaps that seniors are exposed to in the fee-for-service Medicare program.

Our experience in the market combined with our AARP partnership provides stability and predictability for our members. Access to AARP's membership and brand also supports growth and helps minimize our marketing costs.

As Medicare Supplement core benefits are standardized by law, we pursue differentiation through a best-in-class portfolio of products and services that complement the standard features. We offer members At Your Best, an integrated suite of multi-model services designed to improve people's health, wellness and experience. At Your Best contains a newly expanded array of support services, discount programs and health and wellness resources such as Renew Active (fitness program), HearUSA (hearing care program) and AARP Staying Sharp (brain health program).

We expect to grow the business by providing products with competitive, stable rates and by delivering a differentiated consumer experience.

Q: Describe your approach to the Medicare prescription drug program (Part D) market. How, if at all, has this approach evolved given recent changes in the pharmacy services market?

UnitedHealthcare is one of the nation's largest providers of Medicare prescription drug benefits, serving 4.4 million people throughout the U.S. and its territories. UnitedHealthcare's Part D plans are designed to help meet the diverse needs of consumers, ranging from newly eligible baby boomers taking few medications, to people with complex medical conditions requiring multiple medications, including specialty pharmacy management.

In 2020, UnitedHealthcare will continue to offer its broad Part D portfolio to meet the unique needs of beneficiaries, covering all price segments, geographies and medication requirements. Our portfolio includes a comprehensive formulary, a broad retail network including preferred networks and retail discounts, seamless in-home delivery often at \$0 copay for the member, and technology, which eliminates surprises at the pharmacy window for our members and gives physicians real-time visibility into lower-cost, clinically equivalent alternatives at the point of prescribing.

Q: What level of margin should we expect on your Medicare products?

Our quality improvements, combined with productivity and scale advances associated with our strong growth, enable us to continue to perform within our historical 3% to 5% operating margin range in 2019. For 2020, we expect relatively stable operating margins with after-tax margins somewhat pressured year-over-year by the return of the Health Insurance Tax.

High-performing companies able to deploy new, market-leading innovation, technology and administrative or clinical capabilities in the service of Medicare beneficiaries may achieve higher margins. In aggregate, our consolidated level of operating margin adequately compensates us for the risks inherent in these programs and provides an acceptable and reasonable return on capital.

Q: How do you think about innovation in your business?

UnitedHealthcare Medicare & Retirement is committed to driving innovation at scale – making innovation real through broad implementation of ideas in business, operational and clinical settings. Our enterprise's experience, capabilities and assets enable us to offer robust solutions while accelerating our growth in strategic areas, such as:

- **Total Cost of Care.** Optimizing care quality and outcomes – emphasizing the right care, right time, right setting.
- **Artificial-Intelligence-Driven Population Health.** Incorporating a wider range of data to inform personalized, whole-person care delivery to members.
- **Value-Based Care.** Best-in-class provider relationships and care provider networks that provide affordable care for people and incentivize improved care quality and outcomes.

- **Social Supports.** Addressing member health more holistically by aligning health care with social determinants of care programs in areas such as food and nutrition, transportation and social supports.
- **Navigation and Transparency.** Solutions to eliminate fragmentation across the delivery system and improve transparency for our members by allowing them to understand the true cost and comparative quality of care.
- **Rewards and Incentives.** Expanding the use of incentives and gamification approaches to drive engagement and desired clinical behaviors.
- **Digital Health.** Driving returns on our digital health investments via improved outcomes through integration with our Nerve Center and broader clinical model.

Ongoing insights from this work, amplified by the ingenuity of our employees, continue to create opportunities to advance innovation and address the needs of the individuals we serve, care providers and customers. We continue to reinvest in order to scale these meaningful solutions to improve outcomes, increase cost- savings and advance the health care experience for our Medicare & Retirement members and care providers.

UnitedHealthcare Community & State

Q: What are the market characteristics and growth opportunities for UnitedHealthcare Community & State?

UnitedHealthcare Community & State serves 6 million people who are eligible for Medicaid and DSNP across 31 states and the District of Columbia. Annual spending on Medicaid and related state health programs is estimated to exceed \$650 billion in 2020. Today, three-quarters of the people served by Medicaid are in managed care programs, while a little over 50% of total Medicaid spend is currently in managed care. This unpenetrated opportunity partially reflects those states that have not yet converted their programs serving people with complex needs from fee-for-service to managed care. Our growth opportunities include an active Medicaid request for proposal (RFP) pipeline of procurements and new business – including the move of higher-acuity populations into managed care. We continue to evaluate each program with the goal that our participation will result in delivering the appropriate, high-quality care to the individuals we serve.

Furthermore, we continue to see strong growth in our DSNP product offering, where we serve more than 950,000 people across UnitedHealthcare. This remains a significant opportunity with only 2.7 million of the 11 million people eligible for DSNP programs enrolled in the product today. We expect continued growth in our DSNP product as programs convert to managed care and baby boomers age into Medicare. As with all growth opportunities, we strive to demonstrate our value to our state partners through our integrated care management model and capabilities, strong data analytics and community-based collaboration.

Q: Describe the factors that influence UnitedHealthcare Community & State's decisions to enter a new state?

UnitedHealthcare Community & State is committed to serving the most at-risk people and communities through our Medicaid business. We assess new state opportunities by evaluating a variety of factors, including the state's commitment and consistency of support for managed care in terms of service, innovation and funding; the eligible population base, both immediate and long term; and program structure. We also regularly evaluate our portfolio against these criteria to ensure sustained program viability. This highly disciplined approach, used across both new and existing opportunities, aims to ensure we achieve an appropriate return on our invested capital and maximize our impact in each community we serve.

We cultivate meaningful partnerships with our state customers, working closely with them to build a path to long-term viability and programs that are sustainably designed and funded. We believe transparency and information-sharing are critical, and we continuously collaborate with each state to bolster these relationships for the long term.

Q: What strategies is UnitedHealthcare Community & State pursuing to address challenges experienced in this business? Can this business still grow while addressing these challenges?

With more than 30 years of experience serving state partners through the administration of large-scale Medicaid and other state programs, UnitedHealthcare Community & State has a deep understanding of the industry and the diverse needs of the populations these programs serve, including macro-level influences.

The challenges facing our business and the broader industry have pushed us to strengthen our operating discipline and accelerated our delivery of innovative solutions to address each state's unique needs through a well-balanced portfolio of programs.

To address state-specific challenges, we have worked with these partners to deploy tailored strategies that mitigate health care costs and improve quality by ensuring programs are funded appropriately; managing utilization in order to ensure individuals receive the right care at the right time in the right setting; and adjusting our internal cost structure to maximize value for our customers.

The Medicaid RFP pipeline continues to be active, and we can uniquely provide value to Medicaid managed care programs while driving smart business growth, as evidenced by our recent North Carolina new procurement win and reprocurement awards in Louisiana and Arizona. We continue to accelerate our growth and leading performance in DSNP by expanding in existing and new counties.

Q: How are you positioned to serve the state market for more complex populations?

We continue to see state partners looking to managed care to address the needs of those with the most significant health challenges, including those who have the most complicated and costly care needs and are often in need of long-term services and support and/or have intellectual and developmental disabilities. UnitedHealthcare Community & State has been a leader in serving complex populations, specifically through our DSNP program and managed Medicaid programs that enroll complex populations. Our strength in serving this population is reflected by our strong NPS scores and enrollment growth.

We are focused on continuing to provide superior value to those we serve and to our state partners through our personalized approach to service and care, our Medicaid and Medicare experience and footprint and the breadth of our enterprise capabilities. Distinct offerings include the following:

- Direct care delivery models that meet individuals where they are, working on comprehensive, personalized care plans – all through community-based clinical teams.
- Integrated clinical models in states where individuals are dually enrolled with UnitedHealthcare in Medicaid and Medicare advance end-to-end care coordination, identifying and closing gaps in care and enhancing member experience.

- Partnership with Optum that provides embedded behavioral health pharmacies, co-located in community mental health centers, to better support the needs of patients with behavioral health and substance use disorders.

We continue to evolve our strategic approach, advancing a population-specific clinical model with evidence-based solutions to ensure we match the right interventions to the right individuals to meet the specific needs of each person we serve.

Q: How is UnitedHealthcare addressing social determinants of health?

Research on the drivers of positive health outcomes highlights that access and quality of clinical care contribute only about 20% toward overall positive health while social conditions like education, employment, income, family and social supports and community safety are twice as impactful. When evaluating U.S. health care spending, 50% is driven by 5% of the population – people with acute and complex needs. Thus, it is vital we take an integrated, comprehensive view of each individual's needs. At UnitedHealthcare Community & State, linking clinical and social support is central to our care model.

We bring together medical, social, behavioral and addiction support services to address each individual's unique needs. Examples of our approach include:

- Screening for social determinants of health needs through a proprietary, patient-driven assessment tool.
- Organizing high-touch, local support for our members through a digital database that allows us to coordinate a wide range of neighborhood-based services.
- Arranging non-emergent medical transportation tailored to member preferences and circumstances.
- Employing community navigators who locate and assist hard-to-reach members – people who move frequently or have no fixed address – to get them the services they need to close gaps in care.
- Developing a robust trauma-informed care curriculum to support people with complex socio-clinical needs.
- Piloting affordable housing programs supported by housing navigators.

We continue to advance capabilities internally and through strategic partnerships to connect our members to the community resources they need to address many of the unmet social needs that play a role in their health and well-being.

Q: What are your long-term expectations for operating margins at UnitedHealthcare Community & State?

While margins vary across the 32 markets and more than 100 state-specific programs we serve, our long-term expectation is to generate operating margins in the 3% to 5% range for UnitedHealthcare Community & State.

Q: How do you think about innovation in your business?

For UnitedHealthcare Community & State, innovation starts on the ground through program and payment design that catalyzes the health care system toward sustainable models that drive quality, lower costs and improved health outcomes. We share our experience, data and solutions with state leaders to proactively help shape Medicaid program design and partner with states in their trajectory to transform the health care system. Through creation of novel payment models and unique care provider partnerships, we advance cost-effective, high-quality care.

We also constantly evaluate how to broadly modernize and improve how we deliver and coordinate service and care. From developing cutting-edge data segmentation tools to identify and target individuals in need of support, to further integrating our clinical care and member services model to more holistically support and address the needs of people with complex care needs, we seek to bring novel, impactful solutions at scale to our markets.

These approaches have produced important solutions to address the needs of our members. Five years ago, seeing emerging trends, we built a dedicated business unit focused on social determinants of health to create and test novel solutions to address the impact of unmet social needs on an individual's health outcomes. From housing supports for our most complex and high-utilizing patients, to testing an approach for screening patients in emergency rooms for social determinants, we are driven by our opportunity to generate powerful value and insights for customers and the enterprise, ultimately accelerating health care transformation.

UnitedHealthcare Global

Q: What is your outlook for business opportunities outside of the U.S.?

More than one-half of global health care spending occurs outside the U.S., and today we serve less than 1% of that market. While each national health system differs in construct, most face similar challenges: access, affordability and quality outcomes. Pervasive issues include the rising burden of chronic conditions in aging populations, inappropriate variation in clinical cost and quality, disengaged consumers and the need to modernize the administrative and technological aspects of health care systems. UnitedHealth Group has the proven capabilities, assets and experience to create value in these areas. We operate in four of the six largest countries in Latin America, as well as in Europe and in over 130 countries around the world.

We are committed to continuing to advance affordability over time, enabling us to reach more consumers with more affordable private health benefits and services. We differentiate ourselves through quality, improved consumer experience, and product simplicity and choice. We also see opportunities to expand our diversified benefits, services and delivery model at a measured pace into markets with strong private health demand, low existing private insurance penetration and limited services and delivery resources.

Q: How is your benefits business positioned in South America?

We have a presence in markets where we see real value creation opportunities for consumers and care providers through the application of our enterprise capabilities. Our business continues to improve and develop depth and breadth. In health benefits, we are improving quality and driving down the cost of care through modern plan design and further orientation toward value-based reimbursement, both in our owned clinical assets and through third party care providers. As we look forward, we are committed to reaching more consumers with affordable, private health benefits and services.

Q: What clinical care delivery capabilities do you have around the globe?

UnitedHealthcare Global has over 50 hospitals and approximately 225 clinics and outpatient centers worldwide. Operating aligned benefits and care delivery businesses enables us to manage care for better outcomes at lower costs. Viewing the health care system holistically allows for joint market planning, acceleration of new reimbursement models, innovative product designs and more.

Clinical care delivery businesses include private hospitals, outpatient care, specialty systems of excellence and home health care, as well as a public-private partnership where we provide care on behalf of a national health system. We deliver local, relevant and tailored solutions to enhance access to care and improve health outcomes in both public and private systems.

In addition, our Global Solutions business provides end-to-end medical solutions for workforces in remote and challenging locations. This includes remote medical staffing and virtual health services.

Q: How is innovation improving the health of people worldwide?

Innovation is key to delivering an improved overall health care experience for those we serve. UnitedHealthcare Global is actively developing personalized care solutions to bring 24/7 support and increase overall wellness.

In Colombia, Colmedica/Empresas Banmédica developed a new mobile application enabling people to use video telemedicine, geo-locate high-quality health care providers and facilities, and schedule appointments. The tool has achieved a nearly 50% reduction in costs when people are guided to more appropriate sites of care, such as outpatient urgent care centers instead of inpatient facilities when appropriate.

In Chile, a new low-premium product from Empresas Banmédica utilizes a tailored network of high-performing care providers and a differentiated patient engagement model that includes onboarding outreach, assignment of a general practitioner, an initial member exam and connection to a team of committed inpatient specialists when advanced care is required.

In Brazil, Amil launched a new virtual medicine model for its health plan members. The service provides virtual care for low-complexity health concerns.

Global Solutions created a Virtual Health Assessment capability to increase the success rate of expatriate assignments. The program identifies and addresses potential health risks before an employee is deployed, and offers continuous monitoring while abroad.

Q: How is UnitedHealthcare Global keeping clinical quality and affordability at the forefront of its operations?

UnitedHealthcare Global's international quality and patient safety focus is strengthening clinical governance and adherence to evidence-based guidelines in our hospitals and outpatient centers worldwide. Our international hospital network includes specialty systems of excellence where people receive the best-in-class care in oncology, orthopedics, neurology, cardiology and many other specialties.

As part of advancing our quality and affordability agenda, Empresas Banmédica Chile is applying evidence-based medicine best practices from Milliman Care Guidelines to eliminate unnecessary service and lower hospital bed day usage where appropriate through inpatient reviews.

In Portugal, Hospital de Cascais has tied for the highest ranking for clinical excellence among Portuguese hospitals, is among the top 2.5% of hospitals in Europe for effective use of data analytics and operates 24% more efficiently than government-run hospitals in Europe.