

OVERVIEW

Each day, the 325,000 people of UnitedHealth Group are innovating, investing and applying a distinctive set of capabilities – data and information, technology and clinical insights – to improve health care in a socially conscious way.

Our two complementary business platforms – Optum for health services and UnitedHealthcare for health benefits – are driven by a shared mission and vision and are dedicated to leading in the development of the next-generation health system, transforming health care, one person, one health system at a time.

The collective ability to analyze complex data and apply deep clinical insights and expertise allows us to serve those who experience care, provide care and pay for care with innovative products and end-to-end solutions to address the biggest challenges facing health care today. We are serving more people – better – every day, and developing the next-generation health system that improves:

- Access – to cover more people.
- Affordability – to improve health care value.
- Experiences – to make health care simpler, more transparent and more engaging.
- Outcomes – to support healthier people and reduce disease burden.

We will deliver on these commitments and drive societal returns at scale by building on our strategic global growth platforms.

- **Reinvent Health Care Delivery.** Achieving high-quality outcomes, lower costs, and improved consumer and physician satisfaction, driven by our high-performing local market care practices.
- **Transform Pharmacy Care Services.** Driving transparent, digitally enabled, clinically integrated, high-quality pharmacy services at lower costs with more consumer-responsive point-of-sale discounts.
- **Accelerate Digital and Advanced Technologies.** Simplifying data exchange, improving connectivity, lowering costs and driving distinctive outcomes in every aspect of the health system through our highly secured, information-enabled digital platforms.
- **Advance Consumer-Centric Benefits.** Offering affordable products that align incentives with healthy behaviors to guide people to a more engaged and healthier lifestyle.

Helping people live healthier lives and helping make the health system work better for everyone is the driving force behind everything we do, propelling us forward to achieve the full and unique potential of this enterprise.

Q & A

UnitedHealth Group

Q: Describe the structure of your business, including Optum and UnitedHealthcare.

UnitedHealth Group is comprised of 325,000 women and men focused on a mission – helping people live healthier lives and helping make the health system work better for everyone – increasing health care value by serving one person at a time. Our enterprise is organized into two complementary but distinct business platforms: Optum and UnitedHealthcare.

Optum is a leading information and technology-enabled health services business delivering services that help to modernize the health system and improve overall population health, and includes:

- **OptumHealth.** Builds high-performing care delivery organizations, therapeutic centers of excellence and health management products and services, and provides digital health care, comprehensive health care banking and payments services impacting the entire health care continuum.
- **OptumInsight.** Provides health care analytics, software, technology, consulting and managed services that enable systems and processes to work together more effectively.
- **OptumRx.** Delivers value through a full spectrum of pharmacy care services that improve health outcomes and reduce total health care costs.

UnitedHealthcare offers a full spectrum of health benefit programs for individuals, employers, and Medicare and Medicaid participants, and includes:

- **UnitedHealthcare Employer & Individual.** Consumer-oriented health benefit plans and services for employers (national, public sector, mid-sized, small businesses) and individuals.
- **UnitedHealthcare Medicare & Retirement.** Serves the growing health and well-being needs of individuals over the age of 50.
- **UnitedHealthcare Community & State.** Provides diversified health care benefit products to state programs that care for the economically disadvantaged, the medically underserved and those without the benefit of employer-sponsored coverage.
- **UnitedHealthcare Global.** Addresses global health care challenges by combining distinctive enterprise capabilities with local market understanding.

For more than 20 years our business has been underpinned by three enduring competencies:

- **Clinical insight** – with the expertise of our more than 90,000 employed and affiliated clinicians, we organize and augment systems of care to deliver better clinical outcomes at lower costs to individuals and to the health care system as a whole.
- **Technology** – to enable improved health outcomes and innovation in health care.
- **Data and information** – to inform and guide health decision-making and health system performance.

Value resides in the continued development and effective deployment of these foundational competencies for the benefit of the people we serve, adding value to society and driving a sustainable return for our shareholders.

Q: What is your long-term outlook for financial performance?

We anticipate continued growth of our health care enterprise, as a result of delivering differentiated value to our customers, consumers and society as a whole. Our long-term outlook for earnings per share growth remains consistent at 13% to 16% per annum on average, with about two-thirds (8% to 11%) of this growth driven by earnings from operations and one-third (3% to 5%) from capital deployment. Earnings growth rates inherently vary year-to-year, due to changes in economic conditions, health policy funding and regulatory changes, capabilities investments to drive future organic growth and capital allocation activities such as business combinations, share repurchases and sustaining of our market-leading dividend. Specifically in 2020, as it has in years prior, the return of the Health Insurance Tax creates noticeable earnings variability. Following are specific elements of our long-term growth outlook:

- We expect UnitedHealth Group to average annual revenue growth in the upper single digits (6% to 9%).

- Within Optum, financial performance will vary for specific services and solutions – ranging from margins above 20% for technology products to low- to mid-single digit margins of pharmacy care services. Overall, we expect a double-digit growth rate.
- We expect UnitedHealthcare to continuously improve the value delivered to customers, resulting in growth across the businesses.
 - Our Medicare business is expected to continue to grow as the population ages and becomes even more polychronic, increasing the value our products deliver, as compared to Original Medicare.
 - We expect our Medicaid business to grow as more states expand coverage and shift from traditional fee-for-service treatments to managed care, especially for people with the most acute and complex care needs.
 - We see new innovative offerings as driving growth in the commercial business in the years to come.
 - Global continues to be an early stage investment area, having established a leading position in South America.
- Aggregating UnitedHealthcare's businesses, we expect the medical care ratio to rise over time as less penetrated, high-growth potential government programs expand.
- Consistent with recent years' results, we expect to sustain a strong mid-single digit percentage operating margin over the long term, with variation based on business mix.
- On an equivalent business mix and after adjusting for insurer taxes and fees, we anticipate improving our operating cost ratio by an average of 20 to 40 basis points per year.
- We will continue to deploy capital through targeted acquisitions, seek to maintain a market-leading dividend and expect to continue ongoing share repurchase activity. We expect these will contribute as much as 5 percentage points to our earnings per share growth rate.
- We expect our business performance and capital deployment will yield a sustainable return on equity of 20% or higher, and return on invested capital in the mid-teens percent or greater.

Q: What are your key enterprise growth areas?

Centered on improving health outcomes, making care more affordable and creating a positive customer experience – we have four key global growth platforms:

- **Advancing Consumer-Centric Benefits.** There is a large market opportunity for value-oriented benefit options with approximately \$900 billion of U.S. medical expenditures occurring through fee-for-service arrangements or uncovered care. This opportunity is particularly large in government programs – including Medicare and Medicaid.
 - Medicare Advantage is a high-value option for seniors compared to Original Medicare, with better benefits, health outcomes, system utilization, affordability and individual levels of satisfaction. UnitedHealthcare Medicare & Retirement has been a leader offering strong and stable benefits to 5.2 million seniors as of September 30, 2019. In the coming years we expect more than 50% of all seniors to be enrolled in Medicare Advantage, up from 35% today.
 - We are helping care for the growing population of individuals living with complex health needs in areas such as Dual Special Needs Plans (DSNPs). There are 11 million people eligible for DSNPs in the United States, with only 2.7 million in DSNPs today. UnitedHealthcare has had strong success serving this population, combining Medicare and Medicaid expertise while integrating an expanding set of services that include behavioral health, as well as managing social determinants of care like transportation, food security and affordable housing.
- **Reinventing Health Care Delivery.** Our OptumCare business is developing value-based, patient-centric, physician-led health care delivery systems in local geographies focused on improving the quality, experience and cost of care, while enhancing the clinician experience. Over the last decade OptumCare has grown from a single geography to serve 35 geographies today. Our 46,000 employed or aligned physicians care for the 18 million domestic U.S. patients of OptumCare, serving over 80 health plans and payers. We view primary care as the epicenter for driving health care quality, affordability and an improved consumer experience. We are still early in this journey of developing high-performing, local care delivery organizations. We are focused on reinventing health care delivery over the course of the next decade.

- **Transforming Pharmacy Care Services.** Through OptumRx, we are transforming traditional pharmacy benefit management (PBM) models into pharmacy care services. Transforming this model has enabled our pharmacy care services platform to treat patients more holistically by combining the frequent touch point of pharmacy with broader medical care. This approach continues to build momentum, leading to growth over the last several years. The breadth of OptumRx's services is also diversifying in fast-growing, clinically advancing areas like home infusion, e-commerce, specialty and community health center dispensaries.
- **Accelerating Digital Health Care.** We are innovating by investing in forward-leaning technologies and new digital initiatives across UnitedHealth Group. Data analytics technology powers our UnitedHealthcare and Optum businesses, increasing the number of payers, care providers, governments and life sciences companies we serve.
 - Through the Individual Health Record (IHR), we are informing and engaging people and their doctors through deeply personalized next best action intelligence. We have completed more than 55 million records and are rolling out to individuals and their doctors throughout 2020.
 - Our Rally platform has emerged as the digital front door to health care for those we are privileged to serve. Access to Rally is available to 55 million people, with consumers earning more than \$1.5 billion in incentives to date.

Q: How is UnitedHealth Group positioned to make health care more effective and affordable?

UnitedHealth Group, by virtue of the businesses we operate and the people we serve, is uniquely positioned to influence and change the delivery of, access to and payment for health care services. We believe that by combining our distinct capabilities, for example in care delivery, care management, benefit design, technology development and application and payment for care, we can influence outcomes and cost for the benefit of all whom we serve.

Today our benefits businesses, on a like-for-like mix basis, are managing health care cost inflation at levels lower than growth in National Health Expenditures (NHE) with a goal of ultimately producing overall cost deflation.

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

UnitedHealth Group continues its long-standing commitment to practical innovation. We operate from inside the health care system, accessing information that flows naturally as health care events and transactions occur each day. Through our research, development and continuous improvement efforts, we are identifying new ways to address persistent and evolving challenges facing the health care system, including high and growing costs, uneven and tightening access to care, low engagement among many individuals in managing their health, variation in quality and site of service utilization and complexity in the health system broadly.

Our enterprise's experience, capabilities, assets and market presence enable us to offer robust solutions to those challenges while accelerating our growth in strategic areas. Internal collaboration and external partnerships support the development of scalable solutions that move successful pilots to become new business offerings. These practical solutions fall into several strategic categories and draw on specific enterprise capabilities to address health system problems in unique ways:

- **Disruptive Care Models.** Approaches that challenge traditional ways of providing care through creative uses of information and technology and highly engaged clinicians operating at the top of their license delivering superior quality in lower-cost sites of service. These models engage people in better managing their health conditions and alleviate excessive administrative and other barriers to care.
- **Advances in Data Analytics and Emerging Technologies.** Use of data to gain actionable insights into complex problems through emerging technologies such as artificial intelligence (AI), machine learning and natural language processing capabilities.
- **Strategies for Managing High-Cost Drugs, Devices and Treatments.** Clinical research and payment models that add valuable information to guide care decisions and make effective treatments more affordable.
- **Value-Based Payment and Transparency.** New programs focused on payment incentives to help care providers improve performance, and tools and information to guide consumers to the highest-quality and most affordable care.
- **Consumer Engagement Models.** New products and services to provide deeply personalized and intelligent next best action information to consumers and their doctors to enhance consumer participation in improving their health and better enable them to make good choices as they use the health system.

- **Chronic Care Management.** Interventions that target persistent challenges for patients by leveraging connected technology and clinical insight.
- **Operational Improvements.** Tools and processes that enable the enterprise to solve customer problems with superior execution, while lowering costs for clients and consumers.
- **New Discovery.** Working with others to enable emerging trends in wearable devices, genomics and precision medicine, and research and discovery of improved treatments and care pathways.

Ongoing insights from this work, amplified by the imagination of our employees and others, continue to create opportunities to advance innovation and address the issues apparent in our data and expressed by the individuals we serve, care providers and customers. We continue to reinvest in order to scale these meaningful solutions to improve outcomes, increase savings and improve the health care experience for consumers and care providers.

Q: How are you using new technologies and clinical advances in the business?

We have a diverse pipeline of products and processes that leverages new technologies and clinical advances to deliver both care and coverage. Examples from across UnitedHealth Group include:

- **Next-Generation Diagnostics.** We are piloting diagnostic tests that use genetics, proteomics and lifestyle and environmental factors to detect diseases – like cancer – at early stages. For instance, autoantibody tests can detect type 1 diabetes and other diseases before they manifest, and real-time biosensor signals can detect in biometric categories the onset of immediate health issues. We are pairing these advancements with investments in systems that bring diagnostics and monitoring to patients and care providers in order to improve the speed and quality of how people get care.
- **Using All Consumer Encounters to Improve Clinical Outcomes.** Traditionally, individual encounters with our customer service teams were focused mainly on logistical tasks. We are mining the data from these encounters to help our patients with improved clinical outcomes. Integrating Natural Language Processing (NLP) solutions with Electronic Medical Records (EMRs) and existing patient/care provider digital interactions allows us to recommend the best care providers for referral, send medication reminders and identify personalized care pathways based on previously undetected factors like frequency of calls and stress in an individual's voice.

- **Digital Therapeutics.** Digital therapeutics use patient-specific, digitally mediated feedback to improve clinical outcomes. Digital therapeutics can work indirectly – by promoting behavior change – or they can work directly, through processes like cognitive therapy or electrostimulation. As an example, we are using virtual reality (VR) to aggressively treat patients with chronic pain and post-traumatic stress disorder (PTSD), including real-time biometric monitoring to measure the effect of VR therapy.
- **Genomics.** We are investing in models that incorporate genetic data, as well as the tools and technology that will allow the organization to include these models in treatment care paths. Genetic and clinical datasets can be used to assign risk scores to individuals and add precision (and effectiveness) to monitoring and screening tools. These investments represent significant opportunities to expand screening and interventions for those we serve.
- **Population-Level Disease Forecasting.** Our FluCast program – built in partnership with Carnegie Mellon University – uses AI to forecast the spread of flu outbreaks. By forecasting outbreaks up to two weeks earlier than traditional methods, we can make a dramatic impact on preventative measures and distribution of vaccinations and medications.

Q: Describe your approach to developing business leaders.

We believe accurately assessing the skills, traits and behaviors of our leaders contributes to our future success and to creating a competitive advantage. We apply a scientific, research-based Common Language of Leadership, which is the foundation for assessment and coaching our future leaders. Being clear about what's expected for success, then learning and growing from there, is critical to developing a diverse and sustainable leadership pipeline. Our Common Language of Leadership creates a consistent and rigorous enterprisewide measurement by which we are able to objectively assess, identify, develop and invest in talent. This discipline is further advancing our talent pipeline, creating even greater accuracy in our succession plans and increasing top talent mobility across diverse businesses.

Our talent strategy will continue to balance attracting the strongest candidates from outside the organization, while providing key domestic and international opportunities for our top internal talent to develop deep systems thinkers as well as broad global mindsets. Our leaders will grow stronger faster, as they solve a variety of business problems and adapt to dynamic marketplace changes. This approach creates inclusive, empathetic leaders with strong personal connections and business networks who are able to see the organization and its constituents from a variety of perspectives. Ultimately, this approach will generate the very best enterprise leaders of the future who will help make the health care system work better for everyone.

We also know the extraordinary happens when we value, include and learn from diverse people and perspectives. We continue to invest in building a workplace where diverse thought and teamwork flourish. We formally created an Inclusion and Diversity Center of Excellence dedicated to creating strategies and solutions that cultivate an inclusive culture and engage our diverse team members, customers, communities, partners and suppliers. We are investing in hiring, developing and engaging a diverse workforce that understands and is responsive to the communities we serve and one that creates a culture where thought leadership and teamwork flourish.

Q: What is the impact of the Net Promoter System (NPS) in measuring quality on the performance of your business and what steps are you taking to improve NPS?

UnitedHealth Group uses NPS as a proven operating discipline to ensure we deliver the highest quality and value to the customers we serve. NPS helps us better understand the needs of our customers, measure our performance against those needs and benchmark ourselves against the marketplace.

We continue to enhance and fully leverage NPS in all major lines of business across the enterprise, with a strong focus on driving improvement in how customers experience our organization. We are deepening our efforts to uncover opportunities to improve NPS through key driver analytics, root cause solutioning, customer sentiment analysis, machine learning applications and direct customer follow-up.

The feedback we get from customers, combined with analytical approaches we are leveraging, is impacting decisions we make around how we serve our customers and consumers, how products are refined for market release and how we innovate to deliver on the future needs of those we serve. We have been able to associate strong NPS performance with positive economic factors such as retention, growth pipeline and consumer engagement. NPS is linked directly to our business goals, tied to our compensation systems and influencing the decisions we make every day.

Q: Do you expect to continue to be an active acquirer of other businesses? In what areas are you interested in expanding?

Effective capital deployment is one driver in our ability to achieve distinctive long-term financial performance – overtime, contributing up to 5 points to our long-term EPS growth rate. Business combinations will continue to be one of the many ways we improve our capacities to serve more people in more geographies as well as continue to diversify our business and achieve scale and service efficiencies.

Business combinations must: a) strengthen an existing business or platform; and/or b) provide a new platform for future growth; and/or c) bring tools, technologies or skills that cannot be otherwise obtained or developed more efficiently. Finally, we approach acquisitions with a focus on creating value for our current and future shareholders by being diligent about generating appropriate returns on invested capital.

With these disciplines in mind, we will continue to regularly evaluate opportunities within the context of our strategic priorities and the overall direction of the markets.

Q: What is the optimal capital structure for your company?

Management and the board of directors regularly review capital structure strategy and tactics and update them as necessary, based on business opportunities and industry and economic/market conditions. Our strong, predictable and consistent cash generation and broad geographic and business diversification enable us to carry and service a prudent level of debt and optimize the company's total cost of capital.

We have maintained an interest coverage ratio of approximately 13X and expect to end 2019 with a debt to total capitalization level of approximately 40%. While occasionally leverage may temporarily rise due to strategic investments, over the longer term we expect to continue to manage to a debt to total capitalization ratio of approximately 40%. Those metrics, combined with our strong credit ratings and significant cash flow generation, offer sufficient flexibility to apply capital for future strategic needs of the company. As always, we maintain a prudent posture and strong balance sheet as our capital position over time.

Q: What is the balance between future dividend policy and share repurchase policy?

We regularly consider the balance of allocating the capital our strong cash flow provides among several key priorities: ensuring the capital strength of our regulated entities and the overall enterprise capital structure; internal reinvestment opportunities; further growth through acquisitions; and returning capital to shareholders through dividends and share repurchases.

Our board has authorized an increase in the quarterly dividend in the strong double digits each year since 2010, to the current level of \$1.08 per share per quarter. The dividend has grown to over \$4 billion per year on an annualized basis, and is approximately 30% of estimated 2019 net earnings, a level comparable to many Fortune 50 companies, a level well above our peers and strongly positioned relative to similarly sized companies growing at a long-term growth rate comparable to our 13% to 16% goal. The dividend is reviewed by management and the board on a regular basis, subject to business needs and market conditions.

From late 1997 to the end of October 2019, UnitedHealth Group repurchased approximately \$57 billion worth of stock, representing over 1.5 billion shares at a weighted-average cost of approximately \$37 per share.

We continue to believe in a measured approach to share repurchase and shareholder dividend policy moving forward and subject to market conditions.