

UNITEDHEALTH GROUP®

First Quarter 2020 Earnings Remarks

April 15, 2020

Moderator:

Good morning, and welcome to the UnitedHealth Group First Quarter 2020 Earnings Conference Call. A question and answer session will follow UnitedHealth Group's prepared remarks. As a reminder, this call is being recorded.

Here is some important introductory information. This call contains "forward-looking" statements under U.S. federal securities laws. These statements are subject to risks and uncertainties that could cause actual results to differ materially from historical experience or present expectations. A description of some of the risks and uncertainties can be found in the reports that we file with the Securities and Exchange Commission, including the cautionary statements included in our current and periodic filings.

This call will also reference non-GAAP amounts. A reconciliation of the non-GAAP to GAAP amounts is available on the "Earnings Reports & SEC Filings" section of the Company's Investors page at www.unitedhealthgroup.com.

Information presented on this call is contained in the Earnings Release we issued this morning and in our Form 8-K dated April 15, 2020, which may be accessed from the Investors page of the Company's website. I will now turn the conference over to the chief executive officer of UnitedHealth Group, David Wichmann.

David Wichmann

Good morning and thank you for joining us. With all that is going on, we have structured things a bit differently today. We will get directly to what is likely top of mind for all of you ... the impact of the COVID-19 global health crisis on our businesses and the actions we are taking to support our communities, members, patients, care providers, customers, government partners and team members and their families.

These are still early days in the response to COVID-19 and we anticipate we will experience and learn more as events unfold in the months ahead. UnitedHealth Group was consciously built with the restless mindset, adaptable capabilities, culture and the

enduring human values to respond and serve in meeting challenges such as we are seeing today. The commitment, ingenuity, compassion and engagement of the 325,000 people of UnitedHealth Group has never been stronger.

I will start today by expressing my gratitude and admiration to this restless team for the extraordinary efforts and personal sacrifices being made every day.

- They are doctors, nurses, pharmacists, social workers and other clinical and non-clinical health care workers on the front lines of care ... as well as customer care representatives, transaction processors, supply chain experts, technology engineers, data scientists and others supporting them, the health system and our community. The COVID-19 pandemic is deeply personal to them ... and to all of us.
- They are connected digitally, triaging people with symptoms, engaging directly with our most vulnerable patients, ensuring essential chronic and COVID-19 related medical and behavioral health services are available and accessed, while helping keep the health system coordinated, connected and working for individuals and their doctors.
- They are enhancing safety for those most at risk, making sure the right medicines are getting to the right patients – when and where they need it – and the right testing and protective gear is available to properly safeguard the health workforce.
- They are driving innovative solutions around testing, health care workforce safety, improving critical product, supply and services availability, helping develop and evaluate therapies and applying advanced analytics to identify, predict and combat COVID-19.

For our heroic clinical team, we have further hardened our safety-first workforce environment for those caring for patients across our more than 1,500 facilities and those providing medications and services caring for people in their homes.

Like all of us, they are concerned about the health and safety of their own families and friends. Yet, they remain front and center, engaging fully each day to serve, many selflessly away from their families for weeks, so they can ensure care is provided to those most in need.

I have never been more proud – or more humbled – to be on their team. Every team member at UnitedHealth Group remains fully employed, supported, protected and engaged in the COVID-19 crisis.

Let me pause to acknowledge and add a note of deep gratitude to Andrew Witty who, as announced this morning, will be taking a leave of absence to provide leadership for the efforts of the World Health Organization to find and distribute a vaccine for COVID-19. Our gratitude for Andrew is grounded in all he has done to guide UnitedHealth Group and Optum so effectively and sensitively for all who we serve and all who work at this enterprise; and his willingness to apply his leadership and phenomenal talents to this new assignment for which he is so aptly suited. We couldn't be more proud to see one of our own called to serve in this way. And we look forward to his success in leading this effort, and, his return to our company once this important work is done. He is on the call with us today, and available to respond to your questions, before he reports to duty with the World Health Organization.

From the outset of the COVID-19 outbreak, we mobilized to keep our entire enterprise fully intact and functioning at the highest performance levels. As we stand today, we are supporting all of our products, services and commitments across all of our businesses and markets.

We have long had a high proportion of our more than 200,000 person non-clinical team working from home and we were able to quickly move nearly all of the rest to work at home as well. They have been performing well and our service levels remain strong for our clients, members, patients ... and the health system broadly.

For the millions of people we are privileged to serve through UnitedHealthcare, we have taken every step possible to broaden access to care. We have offered additional enrollment opportunities to those who previously declined employer-sponsored offerings, eliminated all COVID-19 related cost-sharings and removed prior authorizations to speed patient transitions of care, so health systems can diagnose, treat and redirect patients.

We have developed revised payment timeframes to help people sustain coverage. And we're helping people displaced from their jobs to smoothly transition to affordable coverage which meets their needs.

Last week we moved to provide nearly \$2 billion in liquidity to the health system, accelerating payments to care providers whose clinical operations have been impacted.

We have been partnering with other companies and academic institutions to develop and validate protocols and processes to more rapidly and frequently test health care professionals on the front line, applying new technology, to ensure safe and full availability of this critical workforce. This leverages the self-administered collection innovation we developed which is simplifying COVID-19 testing.

And we've been tracking infectious disease patterns to identify supply/demand inequities and resource needs in every major metropolitan statistical area across the U.S. health system. This will emerge as a new capability to provide enhanced disease surveillance in the future.

Our high risk members have been identified and we are surrounding them with services to reduce the impacts of social isolation on their access to physical and behavioral care while keeping them as safe as possible.

And we have provided over \$60 million in initial domestic and global grant funding and investments to advance health workforce safety, support those in geographies most

afflicted, aid seniors secluded in their homes and help communities address rising levels of homelessness and food insecurity.

Like the broader health system, in recent weeks we have seen a reduction in elective care, which is impacting both the UnitedHealthcare benefits and the Optum care delivery businesses. Most traditional procedural work has been postponed at our SCA ambulatory surgery centers. Likewise, the UnitedHealthcare and Optum at-risk care delivery businesses have seen lower demand for these services. We are seeing timeframes and discussions for new business opportunities being extended as most business partners focus on crisis response. Many employers have had to furlough employees, driving higher levels of unemployment, which may ultimately affect the outlook for growth in our group benefits business, while increasing our membership in individual lines and Medicaid coverages.

While it feels awkward to be talking about earnings outlooks in this moment, you saw in our press release we are maintaining the 2020 earnings per share outlook established at our Investor Conference. We view this as the most reasonable baseline posture in these uncertain times as we continue to grow and operate our businesses while assessing the multitude of potentially offsetting factors across our uniquely diverse enterprise. These factors will become clearer in the months to come. Their related financial effects on our business will clarify as well.

As they do we commit to providing swift relief, even as we consider the uncertainty of the environment going forward. While there is still much to understand, we can be very clear with you today that we are committed to ensuring any financial imbalances which arise from this situation are reconciled proactively and addressed, fairly and timely for all those we serve.

Let me now share a few of the specific actions underway at Optum and UnitedHealthcare.

Optum has cared directly for more than 10,000 COVID-19 patients to date and is operating more than 400 test sites across the country. We quickly shifted more than 4,000 additional OptumCare physicians to our digital care clinics on our way to more than 10,000 in the weeks to come. This rapid response was made possible by the swift work of the regulatory agencies, allowing flexibility in state licensure requirements for clinicians across service categories and state lines. We thank and commend them for these actions and encourage long-term continuation of these policies.

Our digital health consumer engagement has accelerated in many directions. For example:

- We've applied new COVID-19 clinical pathways to our device-based remote monitoring services to identify and prioritize high-risk individuals for follow-up care.
- Our newly developed COVID-19 symptom checker provides people with recommendations on how to proceed based on their results.
- And we've provided access to our digital behavioral health care services, which give clients on-demand help for stress, anxiety and depression. All content, coping tools and peer support are free to everyone.

Because it's critical everyone receives their needed medications we are providing early refills, extended authorizations and increased home delivery options. We also extended hours at our behavioral health pharmacies to ensure medication adherence for those with mental health and substance use challenges.

The spread of the virus has created a significant health risk for those receiving life-sustaining infusion services traditionally administered in the hospital or hospital clinic settings. For these patients, we're providing infusion services through our Optum infusion ambulatory suites and, in their homes, through our nurse infusion specialists.

Finally, Optum is innovating on the front lines of care delivery developing screening protocols to identify patients who are likely to need hospitalizations and collaborating with health and care delivery organizations to share this knowledge.

UnitedHealthcare is working at full speed as well, with partners across the health system to address the current global emergency.

For consumers, UnitedHealthcare has made it simple and easy to access care, waiving cost-sharing for COVID-19 testing and treatment and eliminating many administrative requirements. Tens of thousands of people have taken advantage of a special enrollment period we opened for those needing coverage for health benefits. And more than 2 million consumers took advantage of our offer to obtain early prescription drug refills to ensure no one experienced gaps in treatment.

UnitedHealthcare digital and telehealth services were ready and, as a result, extensively used as a safe, simple and free way to connect with care providers ... either through a partner or directly with the patient's own doctor.

UnitedHealthcare is paying careful attention to vulnerable members, especially in Medicare and Medicaid, by expanding access to our personalized digital care platforms which provide up-to-date information about prevention, coverage and care. People can quickly talk to a nurse, refill and schedule home delivery for prescriptions, and get access to emotional support 24 hours a day.

We are also helping federal, state and local authorities address system capacity shortages by supporting them with domain operating expertise. One example involves two UHC Community & State leaders, Dr. Jeffrey Brenner and Kathleen Stillo who are now working exclusively with the state of New Jersey for the next several months to establish a critically needed field-based hospital system.

These are just a few examples of how the people of Optum and UnitedHealthcare have mobilized to respond to this public health challenge. There are many more, and they are happening every day.

Now I'll now turn it over to John Rex, our chief financial officer.

John Rex

Thank you, Dave.

I know you've had an opportunity to look through our first quarter financial results this morning. And as such, given the unique circumstances, I'll be brief about the quarter. As Dave said, while it feels somewhat uncomfortable to be speaking of the financial aspects of this challenging situation, we know this is what you need to understand for your work.

Given the timing of the COVID-19 outbreak and its progression in the United States, the first quarter financial impact was limited. As you know, incidence rates in the U.S. only started moving meaningfully in mid-March. And elective care trends did not begin to be meaningfully impacted until later in the month.

At the segment levels, UnitedHealthcare and the OptumHealth, Insight and Rx businesses all reported first quarter operating earnings that were in line with our own expectations going into the year.

Looking ahead, we are maintaining our full year 2020 earnings per share outlook. As I'm sure you would expect, this view is subject to a number of key considerations that have yet to play fully out, including:

- The full incidence and intensity levels we experience.
- The duration and ultimate impact on economic, employment and business activity levels.

- And the duration and extent of disrupted care patterns as the virus runs its course.

Beyond our maintained earnings per share outlook, we anticipate other key Investor Conference metrics likely will play out differently than we expected at that time. And our quarterly progression will likely vary from historical patterns. For example, the environment today suggests the second quarter could be the lowest medical care ratio of the year – potentially meaningfully so – with elective care demand still restrained. Offsetting this impact, we would anticipate the second half medical care ratio could be meaningfully elevated. Among some of the factors we consider:

- People will hopefully have more comprehensive care access by the second half of the year, and some of the currently deferred care can be restored.
- Individuals with chronic conditions are among those for whom we have considerable concern in this environment. While we are mitigating the impact through other means, missed treatments can aggravate health status, resulting in initially more intense care needs as the system reopens. We will proactively work to help them quickly seek care.
- And, the impact of testing and coverage expansion, such as serologic tests.

These are just a few of the factors we must consider and I'm confident you are eager to probe into all of these areas ... and likely more. We appreciate your understanding of our need to defer on providing point estimates and even ranges today, given:

- The evolving situation.
- The multi-variables at play and their inter-dependencies.
- And, our regard for the many thoughtful views that will shape this situation.

Our strong financial position and liquidity enable us to fully meet both our operational and strategic needs. We ended the quarter with an intentionally higher excess cash balance and a higher than normal debt-to-capital ratio. This was a prudent response to what we saw in more volatile financial markets during the month of March. When

considering our quarter ending excess corporate cash position, we size our debt-to-total capital ratio at about 40 and a half percent. As markets become more normal, we will return to our previous cash management and leverage positions.

Given our critical relationship with our health care delivery partners, we moved quickly to implement policies to provide enhanced liquidity for care providers by accelerating nearly 2 billion dollars in payments to provide needed support to health systems and individual care providers. These types of actions are important to help provide more financial stability for the system. We expect some metrics, such as days in medical claims payable and cash flow, will be impacted as a result of these actions, while that will be transitory, as we move through this situation together.

With that, I'll turn it back to Dave.

Thank you, John.

I hope this gives you some insight into what we are seeing and the actions we are taking to serve people, communities and the health system during these unprecedented times. We are committed to applying the full capacity of our enterprise to serve not just our patients, members and customers ... but also the hundreds of millions of people impacted across the nation and around the world.

We will continue to protect our team members and their families, apply our skills, energy and broad capabilities to serve and aid others in this time of crisis.

Our mission is to help people live healthier lives – and to make the health system work better for everyone. This moment of challenge is proof of the resolve of the 325,000 women and men of UnitedHealth Group to achieve this mission.

And you can also expect us to be fully prepared to excel on the other side of COVID-19. Ready to respond to demand for health system resources and adapt our strategic

priorities to emerging opportunities to lead in the development of the next generation health system, in a socially conscious way.

Thank you.