

Earnings Conference Call Third Quarter 2022 Remarks October 14, 2022

Moderator:

Good morning, and welcome to the UnitedHealth Group Third Quarter 2022 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 "Financial & Earnings Reports" section of the Company's Investor Relations 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 October 14, 2022, which may be accessed from the Investor Relations page of the Company's website. I will now turn the conference over to the chief executive officer of UnitedHealth Group, Andrew Witty.

Andrew Witty

Good morning and thank you all for joining us today.

As we approach the final stretch of 2022, let me start by recognizing our colleagues ... the people of Optum and UnitedHealthcare ... who continue to work diligently ... day-in and day-out, for those we serve.

Their efforts allow us to deliver durable and balanced growth and to increase our 2022 adjusted earnings outlook to a range of \$21.85 to \$22.05 per share.

As an enterprise, we remain focused on our mission and on advancing our growth strategies. Our aim is to serve more people ... through value-based care and expanded health benefits offerings — a robust foundation on which to consistently drive strong growth into 2023 and beyond.

Consumers want value — especially in the current economic environment — and that means high-quality care that is more accessible, more affordable and more responsive to their individual needs. In the past quarter, we've accelerated efforts to deliver on this critical consumer proposition, launching several initiatives to reach more people, in more communities, while deepening relationships with those we already serve.

For example, in September we announced a long-term collaboration with Walmart to provide Optum technology and expertise that will enable America's largest retailer to provide value-based care to consumers in its clinics. Starting in 2023, we will jointly develop 15 Walmart Health clinics in Florida and Georgia and will extend into additional geographies over time. As we expand the collaboration there will be broad opportunities to address social determinants of health by improving access to benefits such as healthy foods, medications, dental and vision services ... and more.

We also launched a distinctive partnership with Red Ventures, a digital media company connecting tens of millions of consumers each month to its clients' products and services through a broad portfolio of proprietary digital content platforms. This partnership, called RVO Health, combines Red Ventures' popular health and wellness platforms, including Healthline and Healthgrades, with Optum's consumer marketplace — the Optum Store and the Optum Perks prescription discount card.

RVO Health will enable us to engage with more than 100 million active monthly visitors seeking the health advice and insights they need, introducing them to relevant products and services through a customized, end-to-end digital platform.

Affordability is an essential component of value in health care, especially when it determines access to the life-saving medicines people need for themselves and their families. In July, we announced zero consumer cost share on drugs for diabetes, severe allergic reactions, and other emergency situations starting in January for those we serve with commercial insured benefits.

Now we are working with self-funded employers who are exploring how they can provide these vital medications for zero copay. So far, this benefit will be available to more than 1 million additional people. And we are actively engaging with many additional employers.

We are also improving access to essential medicines for those even without health benefits coverage. For example, Optum Store launched a new partnership with Sanofi to help consumers without insurance obtain insulin for \$35 a month and they will be able to have it delivered to their home.

Turning to health benefits, today nearly half of American seniors are enrolled in Medicare Advantage plans, compared to about 25% a decade ago. And MA plays a vital role in serving those consumers who are significantly more diverse, have lower incomes and more complex care needs than the average senior.

There are compelling reasons why seniors increasingly choose MA.

Through Medicare Advantage people are experiencing better health outcomes than in traditional fee-for-service Medicare across a wide spectrum of measures. For example, MA members with diabetes have over 50% lower rates of any category of complication and over 70% lower rates of serious complications. This is due to our ability to provide deeper, more coordinated levels of care.

And this is accomplished at lower costs. People served by MA spend as much as

40% less compared to those in Medicare fee-for-service ... and this high value for people is delivered at a lower net cost to the government.

We are confident our differentiated offerings will once again this year resonate with consumers who are even more focused on affordability, value and simplicity given the rising costs of daily life.

Today in the United States more people than ever have access to health benefits, an important milestone on the path toward universal coverage, an objective we have long supported.

Much of this expanded coverage has occurred in Medicaid. Looking to 2023 — and given the potential resumption of eligibility redeterminations next year — a high priority for our team is assuring continuity of access and care for those we serve.

The initiatives our team is pursuing to help assure continuous coverage include:

- Launching direct outreach and partnering with states, and community organizations to identify those at risk and help them retain their benefit coverage.
- Partnering with national retailers and pharmacies to educate consumers about available coverage options and assistance, while they are shopping in-store.
- And engaging with employers to extend annual enrollment periods and drive education efforts to employees who are eligible for coverage.

Underpinning our growing consumer agenda is an ambitious, multiyear effort to deepen and expand our enterprise technology capabilities.

The recent combination of Optum Insight and Change Healthcare reflects our accelerating efforts to help create more effective and simpler experiences for consumers, payers and care providers while lowering costs across the health system.

I want to formally welcome our newest colleagues — the talented and compassionate team at Change Healthcare — with whom we have just started working to build upon our shared vision for a more effective and adaptive health system for all participants.

With that, I'll turn it over to President and Chief Operating Officer Dirk McMahon.

Dirk McMahon

Thank you, Andrew.

As Andrew just mentioned, we are very excited about the recent combination of Change Healthcare and Optum Insight. With a grand total of 11 days of integration work behind us, I thought I would provide a bit more commentary on how together we can make the health system simpler and more efficient. Overall, Change brings a robust transaction network built on strong payer and provider connectivity. Together our focus areas include:

First, improving the quality of health care delivery by offering critical point of care insights aligned to evidence-based medical standards within the workflow of physicians.

Second, simplifying administration by fully automating claims transactions including editing in the EDI stream, improving claim accuracy.

Lastly, we are reducing friction in the payment process by providing patient benefits and payment obligations at point of service and applying payment integrity edits up front.

Our teams have started out of the gate working intensively together to make these visions a reality and to create the next era of growth for Optum Insight. We are very confident that our combined capabilities will enable us to better serve all health care constituents.

Beyond Optum Insight: as you might imagine, I spend a lot of time engaging with customers of all sizes, operating in almost every sector, and representing diverse employee populations. Across these customers — no matter the person or the industry — I hear the same consistent message — the need for deeper levels of support and more resources to comprehensively meet health needs in both traditional medical, but also increasingly focused on behavioral health.

Companies want to provide a broader range of resources and deeper levels of support for their employees and their families. And the groundwork we have been building is resonating in this rapidly evolving area.

Here's what we are doing about it.

- First, we're tackling access. We have expanded our behavioral health network by 25% over the last couple of years, including a growing complement of behavioral clinical practices owned and operated by Optum.
- And as many of you know, behavioral health is a 24 by 7 challenge. So, we are continuing to expand our portfolio of digital offerings supporting a range of needs — allowing patients to get resources when they need them.
- We have also made significant improvements to help consumers access vital information more easily through improved navigation tools. Guiding consumers to the appropriate, condition-specific level of behavioral health is a challenge we are prioritizing. These new experiences have improved customer satisfaction and are getting people to the right care ... more quickly.

Behavioral health plays an integral part of the overall health and well-being of the people we serve, so you will continue to see us increasing access, quality, and affordability in this clinically important and sensitive area.

Another tenet of our consumer focus is meeting people where they are, which includes expanding our clinical capabilities to care for people ... more holistically ... in their homes.

We know that at-home care settings, especially for people with mobility challenges and highly complex health needs, can improve outcomes, elevate patient experience and result in better care.

So, we bring together teams with medical, behavioral and palliative experience in addition to our home infusion capabilities of Optum Rx. By doing so, we help patients and their families keep multiple chronic conditions in check, while significantly reducing the need for care in acute and post-acute settings — a real positive for them.

The expanding clinical breadth and deepening integration of our value-based care offerings are moving us beyond the confines of traditional clinical settings, creating an opportunity for us to serve more people, more effectively.

With that, now I'll turn it over to Chief Financial Officer John Rex.

John Rex

Thank you, Dirk.

As those of you listening know well, numbers can tell a story, and the story our numbers tell is one of broad-based growth and substantial near-and long-term potential. So let me walk through some of those numbers with you.

In the third quarter, UnitedHealth Group revenues of \$81 billion grew 12%, or \$8.6 billion, highlighted by broad-based, double-digit growth at both Optum and UnitedHealthcare.

Care patterns in the quarter remained similar to those of the second quarter and our planning for next year anticipates care patterns continue to normalize.

We're encouraged to see people obtaining preventive screenings at levels broadly consistent with longer-term norms and we are maintaining our focus on getting people the care they need.

And acuity patterns remain stable, but as always, we are highly respectful of — and watchful for evolving medical cost trends

Looking now at the performance of our specific businesses:

Optum Health's third quarter revenue increased 34% year-over-year as revenue per consumer grew 31%. Growth continues to be led by the increasing number of patients served under value-based care relationships and the expanding types of care settings offered by Optum ...

- from meeting behavioral needs ...
- to comprehensively serving people in their homes ...
- to higher acuity ambulatory surgery.

Optum Insight's revenue grew 18% in the quarter led by continued market growth across payer and provider services. And the revenue backlog increased by \$1.8 billion year-over-year to \$24.1 billion.

Optum Rx revenue grew 8%, reflecting growth in people served and continued expansion of the pharmacy care businesses, including specialty, home delivery and community pharmacies. Pharmacy care services revenue growth continues to show momentum, growing double digits in the quarter compared to prior year. And new customer sales and retention have been strong.

Turning to UnitedHealthcare, revenue grew by 11%, with all businesses contributing.

The number of people served domestically by our commercial insured offerings increased by more than 100,000 over the past half year as we continue to experience strong growth in our newer, more affordable, consumer-centric offerings — products such as Surest, which provides consumers with greater certainty and choice over their health benefits and also, our virtual first health offerings.

People served by our Medicare Advantage offerings continue to grow strongly, increasing 800,000 so far this year. The recently released 2024 plan year Star ratings were consistent with our long-term planning expectations, with 81% of our members in 4-star or better plans, a level we expect will rise as plan refinements are finalized. UnitedHealthcare enters 2023 serving more people in 4- and 5-star plans than any other health plan.

The number of people we serve through our Medicaid offerings has grown by 350,000 year-to-date. Most recently, we were awarded the opportunity to continue to serve the people of Nebraska in TANF, CHIP and long-term care programs.

UnitedHealthcare achieved the highest score both overall and in each of the individual categories, reflecting our ability to deliver differentiated solutions aligned to our state customers' needs.

And we continue to see strength in our dual-special needs offerings, with exceptional consumer satisfaction demonstrated by a net promoter score of 80.

Our capital capacities remain strong. Year-to-date adjusted cash flows from operations were \$21 billion or 1.3-times net income.

We ended the quarter with a debt-to-capital ratio of 38%, providing ample ability to continue to further build upon vital capabilities which benefit both the people we serve and the broader health system. And we have returned \$10.5 billion to shareholders in the first nine months of the year through dividends and share repurchases.

As noted earlier, given the strength of our business performance, this morning we updated our 2022 adjusted earnings outlook to a range of \$21.85 to \$22.05 per share.

So, we think these numbers are telling the story of an enterprise striving to conclude a strong 2022, a year broadly featuring diversified growth today ... and making foundational investments for our long-term future.

Now, I'll turn it back to Andrew.

Andrew Witty

Thanks, John.

As is customary with the close of the third quarter, we will offer early observations about next year, while reserving most of this conversation for our November 29 Investor Conference.

Our businesses are growing and operating well, with strong momentum and a keen enterprise focus on executing on our strategic growth priorities. Among a few highlights:

- The Optum Health care delivery businesses are rapidly advancing their value-based capacities, expanding the scope and settings of care offered and creating a long runway for growth.
- And we see our innovative and consistently highly valued Medicare Advantage plans as well-positioned to grow strongly again next year.

At this distance, we view a majority of the 2023 analyst estimates as reasonably reflecting performance levels we would expect to offer in November, with the current consensus at the top end of our likely initial earnings outlook range. And, as you have come to expect, we continue to strive toward our long-term 13%-16% earnings per share growth goal.

We look forward to discussing this with you in much greater detail in person at our Investor Conference in New York.

I hope you are getting a sense of an organization that — as has long been the case — is focused sharply on executing with excellence in all we do so that we can meet and exceed our commitments to our customers, clinicians, consumers and the communities we serve — and, of course, to our employees and to you, our shareholders.