

Earnings Conference Call Fourth Quarter 2022 Remarks January 13, 2023

Moderator:

Good morning, and welcome to the UnitedHealth Group Fourth Quarter and Full Year 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 January 13, 2023, 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.

Over the course of this past year, the extraordinary and dedicated people of Optum and UnitedHealthcare delivered:

- Strong, well-balanced growth.
- Progress in developing our consumer-orientated capabilities.
- And strengthened the many ways in which we deliver value-based care in multiple settings.

Each of the five growth pillars we discussed with you at our November investor conference are powerful sources of opportunities on their own within large and expanding addressable markets. Yet what really unlocks the potential value we can provide to those we serve is the connectivity of capabilities across our enterprise.

For example, this year we expect 4 million people will participate in fully accountable, value-based care provided by Optum Health ... almost 1.8 million more than we served as we entered 2022. We are achieving this by connecting benefits, care and other services to support our patients.

Many of these patients will have a Medicare Advantage plan offered by UnitedHealthcare or one of the many other payers who are accessing Optum's expertise and capabilities in delivering this kind of comprehensive care.

We will serve these patients in clinic settings ... in their homes ... integrating behavioral care ... supported by our data-driven clinical insights and next best actions ... and all coordinated to provide the right care, when and where they need it.

Pharmacy is another area in which we are more deeply connecting consumers with our services. We engage 1 million people every day finding the lowest cost options ... managing their specialty drugs ... offering vital, in-person clinical advice at our community pharmacies ... providing complex medication treatments right in their homes ... or simplifying access through digital solutions in order to make the process uneventful for them.

We believe this connectivity is a path to better outcomes for people and lower costs.

It's also driving growth. By the end of 2023, we expect to have more than 750 community pharmacies, nearly 200 more than we had at the beginning of 2020. We continue to see the impact these services have at a very local and personal level ... helping providers deliver more complete care and better outcomes – including

medication adherence rates which are about 90%, compared to the 50% U.S. average. Our pharmacists are able to take the time to get to know their patients' treatment plans and support their medication management ... collaborating with other care providers.

We are guided in pharmacy by the principle of getting to the lowest cost for patients and clients. A good example: as more biosimilars come to market, we are positioned to offer patients, their care providers and payers significantly more choices in how to secure the best prices for the therapies they need. In addition to biosimilars, we're driving affordability in prescription benefits by combining formulary and cash market pricing to ensure consumers will always get the best economics.

Our lifesaving drugs program has made very significant progress since our announcements last year. This program offers zero dollar out-of-pocket cost to consumers for drugs such as insulin and epinephrine.

Our goal has been to make this available throughout the U.S. and, as of today, we have been approved in 48 states for our fully insured business. Moreover, one-quarter of our self-funded employers have now chosen to add this offering for their employees – and we expect that number to rise.

Getting to this point in such a short period of time was only possible through the work not just of our teams, but of state officials and others in the broader health care community, and we are grateful for their support.

Looking to the year ahead, let me focus you on a couple of themes you can expect to hear from us.

One is continued scaling of our commitment to American consumers, who should and will have an increasing influence over their care experience. Through our core innovations, product design, enhanced digital offerings and partnerships such as

RVO Health and Walmart, you will see us driving this more broadly across the enterprise ... becoming closer to the consumer ... helping simplify their experiences and empowering their decision-making with greater transparency, speed, convenience and support.

You will also hear how we are amplifying our technology capabilities. 2023 will see the emergence of an enhanced Optum Insight ... bringing to life the opportunities that the legacy organizations from Optum and Change create ... an acceleration of how technology can be used to help care providers and ultimately patients within the overall health system.

We start this year well prepared to deliver upon the objectives we shared with you in late November ... and with a deep sense of responsibility to do so on behalf of the people we are privileged to serve.

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

Dirk McMahon

Thank you, Andrew.

While the calendar shows we are two weeks into the new year, our team's 2023 started many months ago ... and in some cases ... years ago. We have been laying the groundwork necessary to execute on our growth strategy and sustain our momentum heading into this year and beyond.

To give you a sense of how this develops, I'll step through some of the work that has been long underway to ready our organization to serve even more patients and customers in this new year – and provide greater value for consumers across a broad range of initiatives.

Take the many new patients we will serve under value-based care arrangements in 2023 ... deepening our presence in existing areas and adding new regions.

Our team's preparations are extensive. That's because the transition to fully accountable care is not simply a matter of downloading a new app. The preparations include significant investments in clinical training, technology, network coordination and other activities to make certain we are ready to serve. These critical investments help us support both our current year needs and establish foundations for the growth into 2024 and beyond.

Our ability to serve people effectively has expanded beyond the four walls of the clinic with the rapid development of our in-home clinical capabilities. These services complement our clinic-based and digital offerings and bring high-quality care access to some of the most challenged – and often underserved – patients in this country. For instance, for value-based patients, our in-home services have reduced hospital visits by 15% versus fee-for-service, delivering comparable health outcomes and achieving an NPS of approximately 80.

Within health benefits you've heard us discuss how our innovation in commercial products is adding new growth opportunities. One of those is Surest, a unique solution to employers and employees who are looking for first dollar coverage and high transparency into quality and costs. The momentum behind Surest is strong and building. Just two years ago, 1 in 25 national accounts offered Surest as an option to more traditional plans. Thus far in 2023, it is 1 in 9 – and we expect it will continue to rise.

Our offerings for seniors are another area in which we plan, invest and build capabilities to provide new and valuable offerings for an extended period. For example, we continue to expand the range of clinical services we provide via our HouseCalls initiative. In 2023, we will increase the types of vaccinations offered, expand testing services and deploy even more real-time resources to address social determinants of health. Seniors

place high value on being able to get care in their home – it comes with an NPS of 75, and it is helping to drive improving retention levels as we head into 2023.

In addition, our advocacy service solutions help members achieve better health. Our solutions led to a 42% increase in closing gaps in care, up to 15% lower ER visits, and an over 10% increase in clinical program enrollment compared to customers who utilize standard offerings.

Turning to health technology, let me offer a few early observations on our progress and long-term growth opportunities we see in this area. With the completed Change Healthcare combination, we are accelerating our investments to bring this vision of a more intelligent and simpler health system to market as rapidly as possible. We will continue to innovate in and deliver the software, data analytics, technology-enabled services, revenue cycle management and advisory services our customers expect. And we are executing on the synergies of this combination, with most of the financial benefit coming from complementary growth.

Optum Insight is uniquely positioned to offer integrated, end-to-end technology, analytics and services across the entire health care value chain.

Along these lines, we recently reached two new comprehensive health system partnerships: with Northern Light Health in Maine and with Owensboro Health in Kentucky. The services we provide typically feature a full breadth of our advanced solutions including information technology, revenue cycle management, analytics and supply chain tools.

The key here is that our comprehensive technology solutions are resonating in the market, and we expect to see increasing momentum across all of Optum Insight as we invest in and finalize our integration activities.

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

John Rex

Thank you, Dirk.

The investments and innovations Andrew and Dirk described ... and that we shared with you in November ... speak to a company that has tremendous growth potential as we head into '23 ... and well beyond. The opportunities to serve people, more deeply are tangible and accelerating, building upon a foundation of strong growth in recent years – including our 2022 performance.

Revenue in '22 of \$324 billion grew by more than \$36 billion or 13% over the prior year, with well-balanced, double-digit growth at both Optum and UnitedHealthcare. Fourth quarter adjusted earnings per share of \$5.34 grew 19% and brought full year adjusted earnings per share to \$22.19, growth of 17%.

Our capital capacities remain strong. Cash flow from operations in '22 was \$26.2 billion or 1.3-times net income. We returned \$13 billion to shareholders through share repurchase and dividends and deployed over \$20 billion in growth capital to expand our capabilities for years to come.

Turning to the performance of our businesses:

Optum Health's revenues grew by 32% in '22 to \$71 billion as we expanded the number of patients served under value-based care arrangements by about 1 million. Revenue per consumer grew by 29%, driven by the increase in value-based care patients and in the levels of care we are able to offer. Consistent with our comments in November, Optum Health is off to a strong start in '23 and will organically grow to serve an additional 750,000 value-based patients this year.

Optum Insight's revenues grew 20% to \$14.6 billion in '22. We concluded the year with a revenue backlog of \$30 billion, an increase of \$7.6 billion over last year. As Dirk

noted, we are advancing our investments to more rapidly unlock the positive impact Optum Insight can have for care providers and patients. We expect to make a significant portion of these important investments in the first half of the year.

Optum Rx revenues grew 9%, approaching \$100 billion for the year, driven by continued strong sales and the expansion of our pharmacy services businesses. Both customer retention and new customer wins were among the highest Optum Rx has ever delivered, laying a strong foundation for continued market-leading growth.

At UnitedHealthcare, full year revenues of nearly \$250 billion grew 12%.

Our strong 2023 Medicare Advantage member outlook is consistent with the objectives we shared with you in November. We expect to serve up to 900,000 more people in '23 across our individual, group and dual special needs offerings – our eighth consecutive year of above-market growth. This consistent performance underscores the product innovation, benefit stability and high value seniors have come to rely on from us.

Our Medicaid growth outlook for '23 incorporates an expectation that states will resume eligibility redeterminations early in the second quarter. Our objective is to ensure that people will have continuous access to benefits. And, when all redetermination activities are eventually completed, we expect to serve even more people than we do today across our state-based, commercial and exchange-based offerings.

Within our commercial offerings, we expect to serve about 1 million additional people in 2023. Our new and innovative products continue to gain momentum with employers and their employees, which will lead to increasing growth in this market over the next several years.

In sum, while this year is just getting started, the early performance we are seeing across our businesses further validates our confidence in the 2023 growth and performance objectives we shared with you just six weeks ago.

Now I'll turn it back to Andrew.

Andrew Witty

Thanks, John.

As we head into 2023, we are determined to build upon the momentum we've just described this morning ... further advancing our mission and delivering sustainable earnings growth of 13% to 16% over the long term.