UNITEDHEALTH GROUP®

Earnings Conference Call
Second Quarter 2023 Remarks
July 14, 2023

Moderator:

Good morning, and welcome to the UnitedHealth Group Second Quarter 2023 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 July 14, 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

Thank you. Good morning and thank you all for joining us.

As we discussed a number of weeks ago, during the quarter, we saw a somewhat higher than usual range of movement in certain areas of care activity. As you would expect, this inevitably impacted some elements of our business, but we overcame these dynamics with strength in other areas.

Our second quarter performance reflects the capabilities, agility and dedication of our people as they responded to the changes. As a team, we are confident in our ability to robustly grow in this fluid health care environment.

Indeed, as I hope you saw in our release today, revenue growth in the quarter was strong and well balanced across our enterprise, increasing by more than $12 billion to nearly $93 billion.

Let me provide a few highlights of our growth. First: the number of patients served by Optum Health under fully accountable, value-based care arrangements grew by more than 900,000 over this time last year. Among the new patients we welcomed, a significant number have complex needs.

These people have serious health challenges, limited economic resources and often live in communities where it can be difficult to access high-quality care. Our ability to support their needs is distinctive and a direct result of the investments we have made to provide coordinated and comprehensive medical, pharmacy and behavioral care — foundational capabilities that will help the patients we serve live healthier lives and drive growth far into the future.

Optum Rx and Optum Insight revenue grew double digits on expanded capabilities and products that are generating new sales and opportunities.

UnitedHealthcare's growth was strong and diversified, as well. Today we are serving nearly 1.6 million more people in our commercial and public sector program offerings than we did last year.

This durable growth, driven by our colleagues' relentless focus on quality and execution, enabled us to achieve second quarter adjusted earnings per share of $6.14 and to strengthen our full year outlook to between $24.70 to $25.00 per share.

We know there is great interest in understanding the recent care activity I just mentioned, so I'll give you an overview of how we are seeing care patterns progress and how we are responding.

I do want to underscore the most critical point first: making high-quality care more affordable and accessible is at the core of our mission. Having more people obtaining the care they need is a positive trend for individuals, and our health system and society.

As we discussed several weeks ago, during the second quarter we observed increased care patterns, notably in outpatient surgeries for seniors and especially with certain orthopedic procedures which may have been postponed. John will provide some additional detail on this later.

As we look to 2024, we have developed compelling Medicare Advantage offerings. Our teams were of course thoughtful both in our response to the CMS rate notice and in incorporating these care activity trends into our June benefit filings.

Even in this challenging funding environment, we continued to prioritize the stability and affordability our members have come to rely on from UnitedHealthcare. We are confident that next year we will once again grow at a pace exceeding that of the broader market.

While of a much lesser impact than senior outpatient care, we also are seeing increased care activity in behavioral. Over the past few years, behavioral care patterns have been accelerating as people increasingly feel comfortable seeking services. Just since last year the percentage of people who are accessing behavioral care has increased by double digits. From our perspective, it is an encouraging sign that more people are seeking help, yet the ongoing shortage of qualified care providers has caused significant access challenges. To address the issue, Optum Health has expanded its network by tens of thousands of care professionals this year, and we are developing our benefit offerings assuming demand for behavioral care services will continue to rise.

Optum Health's value-based care models are continuing to deliver especially strong and *measurable* results for people, today serving more than 4 million patients and dozens of payers.

Optum Health and the patients and payers it serves share a common desire to seek improved health outcomes and experiences … while ultimately lowering the costs of care … and we are pleased to see more evidence supporting the efficacy of value-based care.

Last month researchers at Yale Medicine, working in collaboration with Optum, published a peer-reviewed study about in-home visits, an important element in our value-based care approach. The study found patients who received our in-home, preventive wellness assessments — compared with those who hadn't — made fewer emergency department visits and spent fewer nights in hospitals across four common conditions — depression, hypertension, coronary artery disease and Type 2 diabetes. They also experienced reduced wait times for follow-up primary care.

Yale Medicine's research follows another peer-reviewed study published in JAMA in December, which found Medicare Advantage patients in Optum's fully accountable care model showed significantly better health outcomes compared to people in Medicare fee-for-service. Optum Health patients fared better on each of eight key metrics, including hospital readmissions and emergency department visits.

We see these results as compelling validation of the value-based care approach and signal more strongly its promise and potential as we expand these care models to many millions more patients in the years ahead.

I'll now turn it over to UnitedHealth Group President and Chief Operating Officer Dirk McMahon to elaborate on how we are focusing on affordability, transparency and simplicity for the people we serve.

Dirk?

Dirk McMahon

Thanks, Andrew.

Making high-quality care more affordable and more accessible is what we do. So it is really great to see people getting the care they need — especially as our teams are working to build more capacity in our benefit networks and care delivery resources to accommodate consumers' evolving needs.

Affordability is vital. For far too many people, cost remains the most significant barrier to high-quality care.

We are leaning in hard on behalf of consumers, employers and health plans to lower out-of-pocket costs and drive greater affordability throughout the system.

As you heard from Andrew, recently we've seen an uptick in outpatient surgeries. Finding the most appropriate site of service is crucial because the cost of those procedures can differ dramatically depending upon where they are performed.

Overall, evidence shows that comparable procedures performed in ambulatory surgery centers cost about half as much as traditional settings, with comparable outcomes. For consumers, that translates into many hundreds of dollars in out-of-pocket cost savings for just a single procedure. And the patient satisfaction levels at our centers are among the highest in health care, with NPS approaching 90.

Also high on our affordability agenda is continuing to lower the cost of prescription drugs.

Our customers — including employers, unions, health plans and governments — count on us to help them access the most effective medicines at the lowest possible cost. In fact, pharmacy benefit managers like ours are the *only* link in the drug supply chain whose main purpose is to improve affordability for everyone.

We go further by recommending benefit designs and providing tools to help consumers navigate their options and find the best value for their prescriptions. A recently launched feature called Price Edge, which provides the lowest cost option for a patient's medication, already has delivered millions of dollars in consumer out-of-pocket savings.

Specialty drug costs continue to be a focus of every customer Optum Rx works with. Our differentiated approach to specialty is designed to serve the unique needs of patients, payers, providers and pharma partners, and has allowed us to greatly expand our access to limited distribution drugs. We work to tailor our programs with individualized single-point-of-contact care for rare disease and clinical excellence programs for conditions such as MS, autoimmune diseases and cancer. Clients working with Optum Rx who implement all our specialty medication management programs can save up to 20% on their specialty drug costs.

Closely related to specialty, biosimilars are another area where we are helping drive affordability and consumer choice. Earlier this year, we began offering Amjevita — a biosimilar to Humira — at parity, ensuring patients and their doctors have more options to choose from when deciding on a course of care. Recently, Optum Rx and UnitedHealthcare announced the addition of two new Humira biosimilars, Cyltezo and Hyrimoz, to our standard prescription drug lists, also at parity. This increased competition for the innovator drug will result in double digit savings for our customers.

You might also recall that a year ago we announced our initiative to offer lifesaving drugs at no cost to our customers. This benefit is available to everyone in UnitedHealthcare's group fully insured commercial plans, and has been adopted by

more than 500 of our self-funded customers, increasing adherence and saving people millions of dollars.

Finally, another important customer innovation that is making the health system simpler is Optum Financial's integrated card, which enables seamless access to benefits, programs and rewards for more than 13 million consumers who have been issued the card since we broadly rolled it out at the start of the year. Adoption and satisfaction levels have been very strong — making it much simpler for seniors to navigate the system and understand their benefits … and creating a more satisfying consumer experience.

These and many other results are validating our strategic approach to health care. I know from my many meetings with customers that these affordability, transparency and simplicity initiatives are resonating. They are a key reason for our continued growth in a highly competitive environment, and for our confidence in maintaining our momentum as we look ahead.

With that, let me hand it over to Chief Financial Officer John Rex.

John Rex

Thank you, Dirk.

Adaptability and delivering greater value for the people we serve continue as foundational elements of our enterprise. These last few months are a good example … identifying evolving market trends … moving quickly to help people get the care they need … incorporating our broad and multifaceted insights into planning … and importantly … delivering on our commitments to you, our shareholders.

These traits underpin our confidence not only in achieving our goals for '23, but also as we look toward '24 and beyond.

Before reviewing our business results, let me elaborate on the care patterns Andrew described earlier.

To illustrate: in the second quarter outpatient care activity among seniors was a few hundred basis points above our expectations. As we've highlighted, specific orthopedic and cardiac procedures had increases far above that level of variation.

And as we developed and filed our 2024 Medicare Advantage offerings, we assumed that these levels of heightened care activity will persist throughout next year.

Overall care activity among our Medicaid and commercial populations is consistent with our expectations.

As always, we continue to intensely analyze trends that may indicate more severe disease progression, which could point to rising acuity … for example, in areas such as cancer or cardiovascular disease. We see no such evidence, while continuing to monitor closely.

With that, let's turn to our second quarter results.

Revenue of $92.9 billion grew by nearly $12.6 billion or 16% over the prior year, with double-digit growth at both Optum and UnitedHealthcare.

Optum Health revenues grew by 36% to $23.9 billion, driven by an increase in the number of patients served, a growing mix of patients with more complex needs, and the expanding scope of care services we can offer. Operating margins reflect the higher care activity patterns we have discussed, with seniors comprising a significant majority of value-based patients served.

Optum Rx revenues grew by 15%, surpassing $28 billion, driven by continued new customer wins and strong double-digit growth across our specialty, infusion and

community pharmacies. Script growth of nearly 7% reflects continued demand for our affordable solutions that give customers choice and simplify the pharmacy experience, such as biosimilar access and digital pharmacy tools. Partway into the ‘24 selling season, this momentum continues, with strong client additions.

Optum Insight revenues grew 42% to nearly $4.7 billion. The revenue backlog reached over $31 billion, an increase of $8 billion over last year, in part due to the addition of Change Healthcare. The integration and investment activities discussed on previous calls have gone well and are setting the stage for the next phase of growth for Optum Insight.

Turning to UnitedHealthcare:

Our commercial business added nearly 500,000 people in the first half and continues its growth, with the ‘24 selling season indications tracking favorably. Within our public sector programs, we continue to expect growth of over 900,000 Medicare Advantage members this year. And our Medicaid performance remains strong as we continue to support states as they initiate redeterminations. Comprehensive outreach efforts to help individuals retain coverage are underway, though it is still early, as most states began this work only recently.

Our capital capacities are strong. Adjusted cash flows from operations were at $10.4 billion or nearly two times net income in the second quarter and $15.6 billion or nearly 1.4 times net income in the first half.

In the first six months of this year, we returned $8.3 billion to shareholders through dividends and share repurchases. And in June, our Board of Directors increased the dividend by 14%.

As Andrew mentioned, based upon our growth outlook and the trends discussed, today we were able to strengthen and narrow our full year ‘23 adjusted earnings outlook to a

range of $24.70 to $25.00 per share. Within this, we expect a relatively balanced pacing in the second half.

Now I'll turn it back to Andrew.

Andrew Witty

John, thank you.

Overall, for UnitedHealth Group, looking to the second half of the year … and into 2024 and beyond … we are confident that we are capturing the current landscape in our planning decisions … which in turn gives us confidence in our ability to sustain the growth momentum shown in our first half and continue to demonstrate the adaptability, performance and mission-driven purpose of this enterprise … especially in evolving environments.