

**Earnings Conference Call
Fourth Quarter 2023 Remarks
January 12, 2024**

Moderator:

Good morning, and welcome to the UnitedHealth Group Fourth Quarter and Full Year 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 January 12, 2024, 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. And good morning and thank you all for joining us today. As we conclude 2023 and embark on a new year, I'd like to express my gratitude to our more than 400,000 talented colleagues who really are UnitedHealth Group. It is directly due to their tireless efforts over the past year that we expanded our opportunities to serve more people, more comprehensively.

As I reflect on our 2023 performance, certainly the shift in care activity among seniors was an important element for us to manage effectively. And the reduced Medicare Advantage funding outlook was a significant influence on how we prepared for 2024, and all the way through to 2026.

Despite the shift in care patterns and the commensurate pressure felt during '23, we have been able to both deliver on our growth commitments and invest and prepare for a reduced MA funding cycle over the next three years.

Even considering these factors, 2023 marked a year of balanced, sustainable growth for UnitedHealth Group. Importantly, we also strengthened the foundations from which we will continue to grow in 2024 and beyond.

To illustrate briefly, during 2023:

- Optum Health approached growth of 900,000 more patients under value-based care;
- UnitedHealthcare added over 1.7 million new consumers in its Medicare and Commercial offerings;
- Optum Rx managed an additional 100 million prescriptions for people;
- Optum Financial handled more than \$500 billion in consumer, payer and care provider payments;
- And Optum Insight facilitated more than 23 billion electronic transactions.

The increasingly impactful ways we can engage with patients, consumers, care providers and customers resulted in revenue growth of over \$47 billion and adjusted earnings per share growth of over 13% in 2023.

Looking to '24, '25 and beyond, we will continue to drive quality, simplicity, affordability and accessibility to help improve health care system-wide.

And we remain confident in – and committed to – our long-term 13% to 16% adjusted earnings per share growth rate.

Having held our investor conference just six weeks ago, I'll take only a few minutes this morning to recap what you should expect from us this year, starting with our work in value-based care.

Value-based care for us is a proven way of overcoming many of the widely recognized shortcomings of a fee-for-service based health system... such as fragmented consumer experiences and incentives that can emphasize volume over quality.

Our value-based offerings:

- *Empower* physicians to provide more connected, coordinated and comprehensive care;
- *Align* incentives among consumers, care providers and health plans;
- *Deliver* better health outcomes;
- And *improve* costs.

At the end of 2023, Optum Health served more than 4 million patients in fully accountable, value-based arrangements in partnership with many dozens of health plans. By the end of this year, Optum Health will grow to serve at least another 750,000 patients under such arrangements ... for a total of more than twice the number of people we served just two years ago.

Yet even with the strong growth and significant investments we've made, our market presence is still quite modest and the opportunity expansive.

- Four million patients served ... just a small fraction of the many more people whose health ultimately will benefit from these models of care.
- And a total Optum Health revenue-base which today represents only 2% of the \$5 trillion U.S. health care system spend.

We have a considerable distance to go to achieve the broad, positive, system-wide impact for people's health we believe we can help drive.

Turning to our consumer focus: We're working hard to help consumers more easily find, experience and pay for health care – and that includes using their health benefits.

One example of our progress can be seen in the results of UnitedHealthcare's commercial benefits business. The most recently completed selling season was among our strongest in recent years.

The majority of this growth will come from our relationships with large employers – among the most sophisticated buyers of health benefits. Our customers tell us we are focused on what their employees value most: Lower cost, simpler experiences and adaptable benefits that meet their unique needs and circumstances. And the consumer

NPS for these new, innovative products is some 20-plus points higher than traditional health plans.

But we have more to do. Our goal is to become the trusted source for health care information and advice ... a go-to marketplace for health services, payments and benefits ... all through a few simple taps on a consumer's phone.

One of our larger consumer offerings is Medicare Advantage, which I'd like to touch on briefly. We are proud of our long track record of growth – and of delivering for the people who choose our offerings.

During the recently completed annual enrollment period we added about 100,000 more consumers, and we remain committed to our full year goal of 450,000 to 550,000.

We believe our assumptions of ongoing care activity and approach to supplemental benefit management are entirely appropriate for the environment we are planning for ... and feel positive about our positioning for growth entering this three-year period.

One additional item as we close out the year: To achieve our enterprise-wide long-term goals, we must consistently ensure best use of our resources – both time and capital – to enable us to serve people more effectively ... and deliver value for our shareholders. As you likely saw, we recently agreed to the sale of our Brazil operations, where our dedicated colleagues serve people with care and compassion.

We highly value the relationships we have developed over more than a decade in Brazil. After carefully evaluating our best course, we ultimately determined a sale was the right step for the people we serve and for us ... to best focus our energies on the many compelling growth opportunities that we consistently discuss with you.

And with that, I'll turn it over to Dirk McMahon, UnitedHealth Group's president and chief operating officer.

Dirk?

Dirk McMahon

Thanks, Andrew.

Our growth is rooted in innovation and our intense desire always to do better. We're investing heavily in ways to accomplish that, increasing digital engagement and using AI to be more efficient – and then measuring our performance through Net Promoter Scores to be sure we're hitting the mark.

The impact of our digital engagement efforts was evident in our 1/1 performance metrics. As Andrew noted, we brought on one of our biggest cohorts of new people served via our commercial offerings, and our technology played an important role in making the process work well. Since last month, the UHC mobile app consistently ranked #1 or # 2 in the Apple App Store Medical category and on Google Play.

- Through the first week of the year, mobile app installs were up over more than 100% year over year.
- And our chat volume was more than twice our historical average.

At Optum Rx, digital investments enabled us to bring on a record number of new clients, who brought with them more than 3 million new consumers; onboarded with improved customer service scores ... and at an overall cost 8% lower than last year.

More consumers served ... higher satisfaction ... and lower costs.

Our investments in AI and other advanced technology play an important role in improving customer service and productivity throughout the enterprise.

For example, we are removing repetitive tasks from our workflows by using AI to help with tasks such as responses to consumer inquiries, updating provider directories and summarizing interactions with customers and patients. This frees up our service staff and clinicians to focus on solving more complicated tasks for the people we serve.

And recently, we launched a new capability where we use real-time admissions and discharge data to engage high-risk MA members immediately after an emergency department visit, connecting them to follow-up care to help ensure higher quality, post-

admit outcomes and avoid readmissions. This rapid response – driven by timely clinical data – has improved member engagement rates by over 300% and has an NPS of 83.

NPS remains a vital way to measure how we're performing for our customers and consumers, and how our digital initiatives and other efforts are impacting those measures ... and leading to improved retention. A couple of examples:

- Through digital optimization we are providing consumers with on-demand access to care, highly personalized benefits information, real-time support and integrated pharmacy capabilities. This is translating into significant NPS improvements in many of our businesses.
- And we've removed friction from the system through expanded access to 24 by 7 virtual visits and UnitedHealthcare's efforts to eliminate nearly 20% of prior authorizations.

Throughout '24, you should expect to see even greater investment in our digital capabilities as we continue to identify opportunities to:

- Leverage technology to reduce administrative costs;
- Improve productivity;
- And further enhance the consumer experience at both Optum and UnitedHealthcare.

And now, I'll turn it over to John Rex, UnitedHealth Group's chief financial officer.

John?

John Rex

Thank you, Dirk.

Our colleagues' ongoing focus on further expanding and strengthening the foundations which underpin our growth pillars is paving the way for consistent growth in 2024 and beyond.

Revenue in '23 of \$372 billion grew by over 14%, with double-digit growth at both Optum and UnitedHealthcare. Fourth quarter adjusted earnings per share of \$6.16 grew 15% and brought full year adjusted earnings per share to \$25.12, growth of 13%.

As Andrew noted earlier, at the end of December we entered into an agreement to sell our Brazil operations and expect to close in the first half of this year. Upon closing, we expect to record a charge of approximately \$7 billion, the majority of which is non-cash and largely due to foreign currency translation losses accumulated over several years. The impact of this one-time charge will be excluded from our '24 adjusted earnings per share measure.

For your modelling purposes, the full year '24 outlook incorporated about \$6 billion of revenue for Brazil, or about 1.5% of consolidated revenue.

Before reviewing our business results, I'll offer some brief comments on care activity.

Care patterns remain consistent with those we shared with you in the first half of '23. Activity levels continue to be led by outpatient care for seniors – with orthopedic and cardiac procedure categories among the more prominent. As we've noted, our benefit design approach assumed these activity levels persist throughout '24, and the care patterns we observed exiting '23 reconfirm that decision.

On the margin, we saw some modest late year seasonal activity – such as a strong and welcome response from seniors to schedule physician visits to receive RSV vaccinations. In some cases, these were accompanied by additional necessary care being obtained ... especially for people that had not seen a physician in some time – a positive outcome for peoples' health.

In sum though, as we reflect on full year '23 results, overall care activity was broadly in line with the views we've shared earlier.

And as we enter '24, we're confident in the responsive pricing and benefit design actions we undertook ... with care patterns continuing to be supportive of our care ratio outlook of 84%, plus or minus 50 basis points.

Turning to the performance of our businesses in '23:

Optum Health's revenues grew by 34% to over \$95 billion as we increased the number of patients served under value-based care arrangements by about 900,000 to more than 4.1 million, expanded services in the home, and broadened and deepened the levels and types of care we offer.

Optum Insight's revenues grew 30% to \$18.9 billion. We concluded the year with a revenue backlog of \$32.1 billion, an increase of \$2.1 billion over last year. This growth was driven by our diverse and expanding product portfolio which connects many of the key stakeholders across health care. Whether it's launching new decision support solutions for providers, claims editing software for payers or simplifying the payment process for all, our continued investments are fostering the next phase of Optum Insight growth.

Optum Rx revenues grew 16% to over \$116 billion, driven by the continued addition of new clients, expansion within existing relationships and organic growth of our pharmacy services businesses. In 2023, both customer retention and new wins were among the best Optum Rx has delivered.

At UnitedHealthcare, full year revenues of over \$281 billion grew nearly 13%.

Adding to Andrew's earlier comments, within Medicare Advantage, we expect a majority of our full year growth outlook to be realized outside the annual enrollment period, with the growth patterns consistent with those we have experienced over more recent years.

Our Medicaid enrollment outlook for 2024 balances two key elements. First is that state redetermination activities will be largely completed by mid-year. And second, that growth within existing states, such as North Carolina and other new opportunities, will partially offset these impacts.

Within our domestic commercial offerings, we expect to serve about 1.5 million additional people in 2024 ... a strong result. And we are encouraged by the continued positive customer response we are experiencing as we look ahead.

Our ample capital capacities continue to underpin our long-term growth objectives. Cash flow from operations in '23 was \$29 billion or 1.3-times net income. We returned

nearly \$15 billion to shareholders through share repurchase and dividends and deployed over \$10 billion in growth capital to build for the future.

To summarize, our '23 performance and start to the new year further solidifies and reinforces our confidence in both the '24 and long-term growth objectives we shared with you at the end of November.

Now I'll turn it back to Andrew.

Andrew Witty

Thanks, John, and thank you, Dirk. Heading into 2024, I hope you all sense our confidence. We have talented people who are committed to our effort to help build a simpler, more consumer-friendly health system for the people we serve. And we're well-positioned to continue to deliver on the well-established commitments we've made.

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