

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-10864

UNITEDHEALTH GROUP

UnitedHealth Group Incorporated
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	41-1321939 (I.R.S. Employer Identification No.)
UnitedHealth Group Center 9900 Bren Road East Minnetonka, Minnesota (Address of principal executive offices)	55343 (Zip Code)
(952) 936-1300 (Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	UNH	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>			Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2024, there were 920,385,075 shares of the registrant's Common Stock, \$.01 par value per share, issued and outstanding.

UNITEDHEALTH GROUP

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PART I

ITEM 1. FINANCIAL STATEMENTS

**UnitedHealth Group
Condensed Consolidated Balance Sheets
(Unaudited)**

(in millions, except per share data)	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,414	\$ 25,427
Short-term investments	4,296	4,201
Accounts receivable, net	27,197	21,276
Other current receivables, net	19,284	17,694
Assets under management	3,619	3,755
Prepaid expenses and other current assets	6,132	6,084
Total current assets	88,942	78,437
Long-term investments	45,928	47,609
Property, equipment and capitalized software, net	10,429	11,450
Goodwill	105,664	103,732
Other intangible assets, net	15,543	15,194
Other assets	17,704	17,298
Total assets	\$ 284,210	\$ 273,720
Liabilities, redeemable noncontrolling interests and equity		
Current liabilities:		
Medical costs payable	\$ 34,032	\$ 32,395
Accounts payable and accrued liabilities	30,738	31,958
Short-term borrowings and current maturities of long-term debt	9,787	4,274
Unearned revenues	3,206	3,355
Other current liabilities	26,668	27,072
Total current liabilities	104,431	99,054
Long-term debt, less current maturities	63,850	58,263
Deferred income taxes	4,167	3,021
Other liabilities	14,844	14,463
Total liabilities	187,292	174,801
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interests	4,548	4,498
Equity:		
Preferred stock, \$0.001 par value - 10 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.01 par value - 3,000 shares authorized; 920 and 924 issued and outstanding	9	9
Retained earnings	90,118	95,774
Accumulated other comprehensive loss	(3,439)	(7,027)
Nonredeemable noncontrolling interests	5,682	5,665
Total equity	92,370	94,421
Total liabilities, redeemable noncontrolling interests and equity	\$ 284,210	\$ 273,720

See Notes to the Condensed Consolidated Financial Statements

UnitedHealth Group
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per share data)	Three Months Ended March 31,	
	2024	2023
Revenues:		
Premiums	\$ 77,988	\$ 72,786
Products	11,909	10,267
Services	8,888	8,080
Investment and other income	1,011	798
Total revenues	99,796	91,931
Operating costs:		
Medical costs	65,735	59,845
Operating costs	14,077	13,625
Cost of products sold	11,056	9,405
Depreciation and amortization	997	970
Total operating costs	91,865	83,845
Earnings from operations	7,931	8,086
Interest expense	(844)	(754)
Loss on sale of subsidiary	(7,086)	—
Earnings before income taxes	1	7,332
Provision for income taxes	(1,222)	(1,558)
Net (loss) earnings	(1,221)	5,774
Earnings attributable to noncontrolling interests	(188)	(163)
Net (loss) earnings attributable to UnitedHealth Group common shareholders	\$ (1,409)	\$ 5,611
(Loss) earnings per share attributable to UnitedHealth Group common shareholders:		
Basic	\$ (1.53)	\$ 6.01
Diluted	\$ (1.53)	\$ 5.95
Basic weighted-average number of common shares outstanding	922	933
Dilutive effect of common share equivalents	—	10
Diluted weighted-average number of common shares outstanding	922	943
Anti-dilutive shares excluded from the calculation of dilutive effect of common share equivalents	15	5

See Notes to the Condensed Consolidated Financial Statements

UnitedHealth Group
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2024	2023
Net (loss) earnings	\$ (1,221)	\$ 5,774
Other comprehensive income:		
Gross unrealized (losses) gains on investment securities during the period	(290)	640
Income tax effect	68	(147)
Total unrealized (losses) gains, net of tax	(222)	493
Gross reclassification adjustment for net realized (gains) losses included in net earnings	(32)	13
Income tax effect	7	(3)
Total reclassification adjustment, net of tax	(25)	10
Foreign currency translation (losses) gains	(293)	341
Reclassification adjustment for translation losses included in net (loss) earnings	4,128	—
Total foreign currency translation gains	3,835	341
Other comprehensive income	3,588	844
Comprehensive income	2,367	6,618
Comprehensive income attributable to noncontrolling interests	(188)	(163)
Comprehensive income attributable to UnitedHealth Group common shareholders	\$ 2,179	\$ 6,455

See Notes to the Condensed Consolidated Financial Statements

UnitedHealth Group
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three months ended March 31, (in millions)	Common Stock			Retained Earnings	Accumulated Other Comprehensive Loss		Nonredeemable Noncontrolling Interests	Total Equity
	Shares	Amount	Additional Paid-In Capital		Net Unrealized (Losses) Gains on Investments	Foreign Currency Translation (Losses) Gains		
Balance at January 1, 2024	924	\$ 9	\$ —	\$ 95,774	\$ (1,971)	\$ (5,056)	\$ 5,665	\$ 94,421
Net (loss) earnings				(1,409)			149	(1,260)
Other comprehensive (loss) income					(247)	3,835		3,588
Issuances of common stock, and related tax effects	2	—	242					242
Share-based compensation			352					352
Common share repurchases	(6)	—	(574)	(2,518)				(3,092)
Cash dividends paid on common shares (\$1.88 per share)				(1,729)				(1,729)
Redeemable noncontrolling interests fair value and other adjustments			(20)					(20)
Acquisition and other adjustments of nonredeemable noncontrolling interests							19	19
Distribution to nonredeemable noncontrolling interests							(151)	(151)
Balance at March 31, 2024	<u>920</u>	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ 90,118</u>	<u>\$ (2,218)</u>	<u>\$ (1,221)</u>	<u>\$ 5,682</u>	<u>\$ 92,370</u>
Balance at January 1, 2023	934	\$ 9	\$ —	\$ 86,156	\$ (2,778)	\$ (5,615)	\$ 3,678	\$ 81,450
Net earnings				5,611			113	5,724
Other comprehensive income					503	341		844
Issuances of common stock, and related tax effects	2	—	350					350
Share-based compensation			366					366
Common share repurchases	(4)	—	(633)	(1,378)				(2,011)
Cash dividends paid on common shares (\$1.65 per share)				(1,537)				(1,537)
Redeemable noncontrolling interests fair value and other adjustments			(83)					(83)
Acquisition and other adjustments of nonredeemable noncontrolling interests							819	819
Distribution to nonredeemable noncontrolling interests							(101)	(101)
Balance at March 31, 2023	<u>932</u>	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ 88,852</u>	<u>\$ (2,275)</u>	<u>\$ (5,274)</u>	<u>\$ 4,509</u>	<u>\$ 85,821</u>

See Notes to the Condensed Consolidated Financial Statements

UnitedHealth Group
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net (loss) earnings	\$ (1,221)	\$ 5,774
Noncash items:		
Depreciation and amortization	997	970
Deferred income taxes	(27)	(332)
Share-based compensation	372	362
Loss on sale of subsidiary	7,086	—
Other, net	179	69
Net change in other operating items, net of effects from acquisitions, dispositions and changes in AARP balances:		
Accounts receivable	(6,162)	(4,306)
Other assets	(1,927)	(1,875)
Medical costs payable	2,069	2,467
Accounts payable and other liabilities	(231)	1,796
Unearned revenues	9	11,402
Cash flows from operating activities	<u>1,144</u>	<u>16,327</u>
Investing activities		
Purchases of investments	(4,798)	(4,894)
Sales of investments	2,976	456
Maturities of investments	2,314	2,119
Cash paid for acquisitions, net of cash assumed	(3,006)	(7,826)
Purchases of property, equipment and capitalized software	(743)	(760)
Other, net	(3,083)	(115)
Cash flows used for investing activities	<u>(6,340)</u>	<u>(11,020)</u>
Financing activities		
Common share repurchases	(3,072)	(2,000)
Cash dividends paid	(1,729)	(1,537)
Proceeds from common stock issuances	486	344
Repayments of long-term debt	(750)	(1,375)
Proceeds from short-term borrowings, net	6,189	7,349
Proceeds from issuance of long-term debt	5,925	6,401
Customer funds administered	1,745	5,012
Other, net	(563)	(1,004)
Cash flows from financing activities	<u>8,231</u>	<u>13,190</u>
Effect of exchange rate changes on cash and cash equivalents	(48)	51
Increase in cash and cash equivalents	<u>2,987</u>	<u>18,548</u>
Cash and cash equivalents, beginning of period	<u>25,427</u>	<u>23,365</u>
Cash and cash equivalents, end of period	<u>\$ 28,414</u>	<u>\$ 41,913</u>

See Notes to the Condensed Consolidated Financial Statements

UnitedHealth Group
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

UnitedHealth Group Incorporated (individually and together with its subsidiaries, “UnitedHealth Group” and the “Company”) is a health care and well-being company with a mission to help people live healthier lives and help make the health system work better for everyone. The Company’s two distinct, yet complementary businesses — Optum and UnitedHealthcare — are working to help build a modern, high-performing health system through improved access, affordability, outcomes and experiences for the individuals and organizations the Company is privileged to serve.

The Company has prepared the Condensed Consolidated Financial Statements according to U.S. Generally Accepted Accounting Principles (GAAP) and has included the accounts of UnitedHealth Group and its subsidiaries. The year-end condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. In accordance with the rules and regulations of the U.S. Securities and Exchange Commission (SEC), the Company has omitted certain footnote disclosures that would substantially duplicate the disclosures contained in its annual audited Consolidated Financial Statements. Therefore, these Condensed Consolidated Financial Statements should be read together with the Consolidated Financial Statements and the Notes included in Part II, Item 8, “Financial Statements and Supplementary Data” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC (2023 10-K). The accompanying Condensed Consolidated Financial Statements include all normal recurring adjustments necessary to present the interim financial statements fairly.

Use of Estimates

These Condensed Consolidated Financial Statements include certain amounts based on the Company’s best estimates and judgments. The Company’s most significant estimates relate to estimates and judgments for medical costs payable and goodwill. Certain of these estimates require the application of complex assumptions and judgments, often because they involve matters that are inherently uncertain and will likely change in subsequent periods. The impact of any change in estimates is included in earnings in the period in which the estimate is adjusted.

Revenues - Products and Services

As of March 31, 2024 and December 31, 2023, accounts receivable related to products and services were \$10.3 billion and \$8.6 billion, respectively. As of March 31, 2024, revenue expected to be recognized in any future year related to remaining performance obligations, excluding revenue pertaining to contracts having an original expected duration of one year or less, contracts where revenue is recognized as invoiced and contracts with variable consideration related to undelivered performance obligations, was \$14.3 billion, of which approximately half is expected to be recognized in the next three years.

2. Investments

A summary of debt securities by major security type is as follows:

(in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2024				
Debt securities - available-for-sale:				
U.S. government and agency obligations	\$ 4,730	\$ 1	\$ (262)	\$ 4,469
State and municipal obligations	7,228	7	(357)	6,878
Corporate obligations	22,756	20	(1,225)	21,551
U.S. agency mortgage-backed securities	9,395	7	(850)	8,552
Non-U.S. agency mortgage-backed securities	2,901	1	(220)	2,682
Total debt securities - available-for-sale	<u>47,010</u>	<u>36</u>	<u>(2,914)</u>	<u>44,132</u>
Debt securities - held-to-maturity:				
U.S. government and agency obligations	510	—	(5)	505
State and municipal obligations	28	—	(3)	25
Corporate obligations	59	—	—	59
Total debt securities - held-to-maturity	<u>597</u>	<u>—</u>	<u>(8)</u>	<u>589</u>
Total debt securities	<u>\$ 47,607</u>	<u>\$ 36</u>	<u>\$ (2,922)</u>	<u>\$ 44,721</u>
December 31, 2023				
Debt securities - available-for-sale:				
U.S. government and agency obligations	\$ 4,674	\$ 3	\$ (234)	\$ 4,443
State and municipal obligations	7,636	39	(322)	7,353
Corporate obligations	23,136	67	(1,186)	22,017
U.S. agency mortgage-backed securities	8,982	22	(708)	8,296
Non-U.S. agency mortgage-backed securities	3,023	3	(240)	2,786
Total debt securities - available-for-sale	<u>47,451</u>	<u>134</u>	<u>(2,690)</u>	<u>44,895</u>
Debt securities - held-to-maturity:				
U.S. government and agency obligations	506	1	(6)	501
State and municipal obligations	28	—	(2)	26
Corporate obligations	69	—	—	69
Total debt securities - held-to-maturity	<u>603</u>	<u>1</u>	<u>(8)</u>	<u>596</u>
Total debt securities	<u>\$ 48,054</u>	<u>\$ 135</u>	<u>\$ (2,698)</u>	<u>\$ 45,491</u>

The Company held \$4.1 billion and \$4.9 billion of equity securities as of March 31, 2024 and December 31, 2023, respectively. The Company's investments in equity securities primarily consist of venture investments and employee savings plan related investments. Additionally, the Company's investments included \$1.4 billion of equity method investments primarily in operating businesses in the health care sector as of March 31, 2024 and December 31, 2023. The allowance for credit losses on held-to-maturity securities at March 31, 2024 and December 31, 2023 was not material.

The amortized cost and fair value of debt securities as of March 31, 2024, by contractual maturity, were as follows:

(in millions)	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	\$ 4,430	\$ 4,398	\$ 336	\$ 334
Due after one year through five years	14,686	14,061	219	216
Due after five years through ten years	10,690	9,813	24	23
Due after ten years	4,908	4,626	18	16
U.S. agency mortgage-backed securities	9,395	8,552	—	—
Non-U.S. agency mortgage-backed securities	2,901	2,682	—	—
Total debt securities	<u>\$ 47,010</u>	<u>\$ 44,132</u>	<u>\$ 597</u>	<u>\$ 589</u>

The fair value of available-for-sale debt securities with gross unrealized losses by major security type and length of time that individual securities have been in a continuous unrealized loss position were as follows:

(in millions)	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
March 31, 2024						
Debt securities - available-for-sale:						
U.S. government and agency obligations	\$ 2,005	\$ (18)	\$ 2,053	\$ (244)	\$ 4,058	\$ (262)
State and municipal obligations	1,736	(18)	4,334	(339)	6,070	(357)
Corporate obligations	4,046	(33)	13,881	(1,192)	17,927	(1,225)
U.S. agency mortgage-backed securities	2,686	(46)	5,197	(804)	7,883	(850)
Non-U.S. agency mortgage-backed securities	159	(1)	2,265	(219)	2,424	(220)
Total debt securities - available-for-sale	<u>\$ 10,632</u>	<u>\$ (116)</u>	<u>\$ 27,730</u>	<u>\$ (2,798)</u>	<u>\$ 38,362</u>	<u>\$ (2,914)</u>
December 31, 2023						
Debt securities - available-for-sale:						
U.S. government and agency obligations	\$ 1,270	\$ (7)	\$ 2,077	\$ (227)	\$ 3,347	\$ (234)
State and municipal obligations	907	(7)	4,063	(315)	4,970	(322)
Corporate obligations	1,826	(17)	14,696	(1,169)	16,522	(1,186)
U.S. agency mortgage-backed securities	1,337	(12)	5,069	(696)	6,406	(708)
Non-U.S. agency mortgage-backed securities	279	(6)	2,202	(234)	2,481	(240)
Total debt securities - available-for-sale	<u>\$ 5,619</u>	<u>\$ (49)</u>	<u>\$ 28,107</u>	<u>\$ (2,641)</u>	<u>\$ 33,726</u>	<u>\$ (2,690)</u>

The Company's unrealized losses from debt securities as of March 31, 2024 were generated from approximately 32,000 positions out of a total of 39,000 positions. The Company believes that it will timely collect the principal and interest due on its debt securities that have an amortized cost in excess of fair value. The unrealized losses were primarily caused by interest rate increases and not by unfavorable changes in the credit quality associated with these securities which impacted the Company's assessment on collectability of principal and interest. At each reporting period, the Company evaluates available-for-sale debt securities for any credit-related impairment when the fair value of the investment is less than its amortized cost. The Company evaluated the expected cash flows, the underlying credit quality and credit ratings of the issuers, noting no significant credit deterioration since purchase. As of March 31, 2024, the Company did not have the intent to sell any of the available-for-sale debt securities in an unrealized loss position. Therefore, the Company believes these losses to be temporary. The allowance for credit losses on available-for-sale debt securities at March 31, 2024 and December 31, 2023 was not material.

3. Fair Value

Certain assets and liabilities are measured at fair value in the Condensed Consolidated Financial Statements or have fair values disclosed in the Notes to the Condensed Consolidated Financial Statements. These assets and liabilities are classified into one of three levels of a hierarchy defined by GAAP.

For a description of the methods and assumptions that are used to estimate the fair value and determine the fair value hierarchy classification of each class of financial instrument, see Note 4 of Notes to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” in the 2023 10-K.

The following table presents a summary of fair value measurements by level and carrying values for items measured at fair value on a recurring basis in the Condensed Consolidated Balance Sheets:

(in millions)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair and Carrying Value
March 31, 2024				
Cash and cash equivalents	\$ 28,367	\$ 47	\$ —	\$ 28,414
Debt securities - available-for-sale:				
U.S. government and agency obligations	4,275	194	—	4,469
State and municipal obligations	—	6,878	—	6,878
Corporate obligations	28	21,324	199	21,551
U.S. agency mortgage-backed securities	—	8,552	—	8,552
Non-U.S. agency mortgage-backed securities	—	2,682	—	2,682
Total debt securities - available-for-sale	<u>4,303</u>	<u>39,630</u>	<u>199</u>	<u>44,132</u>
Equity securities	1,640	16	69	1,725
Assets under management	1,636	1,876	107	3,619
Total assets at fair value	<u>\$ 35,946</u>	<u>\$ 41,569</u>	<u>\$ 375</u>	<u>\$ 77,890</u>
Percentage of total assets at fair value	<u>46 %</u>	<u>53 %</u>	<u>1 %</u>	<u>100 %</u>
December 31, 2023				
Cash and cash equivalents	\$ 25,345	\$ 82	\$ —	\$ 25,427
Debt securities - available-for-sale:				
U.S. government and agency obligations	4,167	276	—	4,443
State and municipal obligations	—	7,353	—	7,353
Corporate obligations	15	21,800	202	22,017
U.S. agency mortgage-backed securities	—	8,296	—	8,296
Non-U.S. agency mortgage-backed securities	—	2,786	—	2,786
Total debt securities - available-for-sale	<u>4,182</u>	<u>40,511</u>	<u>202</u>	<u>44,895</u>
Equity securities	2,468	16	69	2,553
Assets under management	1,505	2,140	110	3,755
Total assets at fair value	<u>\$ 33,500</u>	<u>\$ 42,749</u>	<u>\$ 381</u>	<u>\$ 76,630</u>
Percentage of total assets at fair value	<u>44 %</u>	<u>55 %</u>	<u>1 %</u>	<u>100 %</u>

There were no transfers in or out of Level 3 financial assets or liabilities during the three months ended March 31, 2024 or 2023.

The following table presents a summary of fair value measurements by level and carrying values for certain financial instruments not measured at fair value on a recurring basis in the Condensed Consolidated Balance Sheets:

(in millions)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair Value	Total Carrying Value
March 31, 2024					
Debt securities - held-to-maturity.....	\$ 522	\$ 67	\$ —	\$ 589	\$ 597
Long-term debt and other financing obligations	\$ —	\$ 63,489	\$ —	\$ 63,489	\$ 66,299
December 31, 2023					
Debt securities - held-to-maturity.....	\$ 524	\$ 72	\$ —	\$ 596	\$ 603
Long-term debt and other financing obligations	\$ —	\$ 59,851	\$ —	\$ 59,851	\$ 61,449

Nonfinancial assets and liabilities or financial assets and liabilities that are measured at fair value on a nonrecurring basis are subject to fair value adjustments only in certain circumstances, such as when the Company records an impairment. There were no significant fair value adjustments for these assets and liabilities recorded during the three months ended March 31, 2024 or 2023.

4. Medical Costs Payable

The following table shows the components of the change in medical costs payable for the three months ended March 31:

(in millions)	2024	2023
Medical costs payable, beginning of period	\$ 32,395	\$ 29,056
Acquisitions (dispositions), net	(687)	1
Reported medical costs:		
Current year	66,045	60,315
Prior years	(310)	(470)
Total reported medical costs	<u>65,735</u>	<u>59,845</u>
Medical payments:		
Payments for current year	(38,652)	(35,087)
Payments for prior years	(24,759)	(22,006)
Total medical payments	<u>(63,411)</u>	<u>(57,093)</u>
Medical costs payable, end of period	<u>\$ 34,032</u>	<u>\$ 31,809</u>

For the three months ended March 31, 2024 and 2023, prior years' medical cost reserve development included no individual factors that were significant. Medical costs payable included reserves for claims incurred by consumers but not yet reported to the Company of \$25.3 billion and \$22.3 billion at March 31, 2024 and December 31, 2023, respectively.

5. Short-Term Borrowings and Long-Term Debt

In March 2024, the Company issued \$6.0 billion of senior unsecured notes consisting of the following:

(in millions, except percentages)	Par Value
4.600% notes due April 2027	\$ 500
4.700% notes due April 2029	400
4.900% notes due April 2031	1,000
5.000% notes due April 2034	1,250
5.375% Notes due April 2054	1,750
5.500% Notes due April 2064	1,100

As of March 31, 2024, the Company had \$7.3 billion of commercial paper outstanding, with a weighted-average annual interest rate of 5.4%.

For more information on the Company's short-term borrowings, debt covenants and long-term debt, see Note 8 of Notes to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in the 2023 10-K.

6. Commitments and Contingencies

Pending Acquisitions

As of March 31, 2024, the Company has entered into agreements to acquire companies in the health care sector, subject to regulatory approval and other customary closing conditions. The total anticipated consideration required for these acquisitions, excluding the payoff of acquired indebtedness, is approximately \$4 billion.

Legal Matters

The Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company's businesses, including management and administration of health benefit plans and other services. These matters include medical malpractice, employment, intellectual property, antitrust, privacy and contract claims and claims related to health care benefits coverage and other business practices.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable a loss may be incurred.

Government Investigations, Audits and Reviews

The Company has been involved or is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by the Centers for Medicare and Medicaid Services (CMS), state insurance and health and welfare departments, state attorneys general, the Office of the Inspector General, the Office of Personnel Management, the Office of Civil Rights, the Government Accountability Office, the Federal Trade Commission, U.S. Congressional committees, the U.S. Department of Justice (DOJ), the SEC, the Internal Revenue Service, the U.S. Drug Enforcement Administration, the U.S. Department of Labor, the Federal Deposit Insurance Corporation, the Consumer Financial Protection Bureau (CFPB), the Defense Contract Audit Agency and other governmental authorities. Similarly, the Company's international businesses are also subject to investigations, audits and reviews by applicable foreign governments. The Company has also been responding to subpoenas, information requests and investigations from governmental entities. The Company can provide no assurance as to the scope and outcome of these matters and no assurance as to whether its business, financial condition or results of operations will be materially adversely affected. Certain of the Company's businesses have been reviewed or are currently under review, including for, among other matters, compliance with coding and other requirements under the Medicare risk-adjustment model. CMS has selected certain of the Company's local plans for risk adjustment data validation (RADV) audits to validate the coding practices of and supporting documentation maintained by health care providers and such audits may result in retrospective adjustments to payments made to the Company's health plans.

On February 14, 2017, the DOJ announced its decision to pursue certain claims within a lawsuit initially asserted against the Company and filed under seal by a whistleblower in 2011. The whistleblower's complaint, which was unsealed on February 15, 2017, alleges the Company made improper risk adjustment submissions and violated the False Claims Act. On February 12, 2018, the court granted in part and denied in part the Company's motion to dismiss. In May 2018, the DOJ moved to dismiss the Company's counterclaims, which were filed in March 2018, and moved for partial summary judgment. In March 2019, the court denied the government's motion for partial summary judgment and dismissed the Company's counterclaims without prejudice. The Company cannot reasonably estimate the outcome which may result from this matter given its procedural status.

7. Disposition

On February 6, 2024, the Company completed the sale of its Brazil operations. During the three months ended March 31, 2024, the Company recorded a loss of \$7.1 billion within the Consolidated Statement of Operations, of which \$4.1 billion related to the impact of cumulative foreign currency translation losses previously included in accumulated other comprehensive loss.

The assets and liabilities of the disposal group as of the date of the sale were as follows:

(in millions)	
Assets	
Cash and cash equivalents	\$ 778
Accounts receivable and other current assets	515
Long-term investments	788
Property, equipment and capitalized software	1,052
Deferred tax assets	1,035
Other intangible assets	317
Other long-term assets	439
Total assets	<u>4,924</u>
Liabilities	
Medical costs payable	701
Accounts payable and other current liabilities	834
Other long-term liabilities	136
Total liabilities	<u>\$ 1,671</u>

8. Segment Financial Information

The Company's four reportable segments are UnitedHealthcare, Optum Health, Optum Insight and Optum Rx. For more information on the Company's segments, see Part I, Item I, "Business" and Note 14 of Notes to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in the 2023 10-K.

The following tables present reportable segment financial information:

(in millions)	Optum							Corporate and Eliminations	Consolidated
	UnitedHealthcare	Optum Health	Optum Insight	Optum Rx	Optum Eliminations	Optum			
Three Months Ended March 31, 2024									
Revenues - unaffiliated customers:									
Premiums	\$ 72,293	\$ 5,695	\$ —	\$ —	\$ —	\$ 5,695	\$ —	\$ 77,988	
Products	—	59	41	11,809	—	11,909	—	11,909	
Services	2,529	3,970	1,702	687	—	6,359	—	8,888	
Total revenues - unaffiliated customers	74,822	9,724	1,743	12,496	—	23,963	—	98,785	
Total revenues - affiliated customers	—	16,617	2,731	18,281	(1,016)	36,613	(36,613)	—	
Investment and other income	535	390	28	58	—	476	—	1,011	
Total revenues	\$ 75,357	\$ 26,731	\$ 4,502	\$ 30,835	\$ (1,016)	\$ 61,052	\$ (36,613)	\$ 99,796	
Earnings from operations	\$ 4,395	\$ 1,899	\$ 490	\$ 1,147	\$ —	\$ 3,536	\$ —	\$ 7,931	
Interest expense	—	—	—	—	—	—	(844)	(844)	
Loss on sale of subsidiary	(7,086)	—	—	—	—	—	—	(7,086)	
Earnings before income taxes	\$ (2,691)	\$ 1,899	\$ 490	\$ 1,147	\$ —	\$ 3,536	\$ (844)	\$ 1	
Three Months Ended March 31, 2023									
Revenues - unaffiliated customers:									
Premiums	\$ 67,458	\$ 5,328	\$ —	\$ —	\$ —	\$ 5,328	\$ —	\$ 72,786	
Products	—	44	40	10,183	—	10,267	—	10,267	
Services	2,555	3,089	1,926	510	—	5,525	—	8,080	
Total revenues - unaffiliated customers	70,013	8,461	1,966	10,693	—	21,120	—	91,133	
Total revenues - affiliated customers	—	14,266	2,510	16,679	(859)	32,596	(32,596)	—	
Investment and other income	455	277	20	46	—	343	—	798	
Total revenues	\$ 70,468	\$ 23,004	\$ 4,496	\$ 27,418	\$ (859)	\$ 54,059	\$ (32,596)	\$ 91,931	
Earnings from operations	\$ 4,343	\$ 1,776	\$ 907	\$ 1,060	\$ —	\$ 3,743	\$ —	\$ 8,086	
Interest expense	—	—	—	—	—	—	(754)	(754)	
Earnings before income taxes	\$ 4,343	\$ 1,776	\$ 907	\$ 1,060	\$ —	\$ 3,743	\$ (754)	\$ 7,332	

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the accompanying Condensed Consolidated Financial Statements and Notes and with our 2023 10-K, including the Consolidated Financial Statements and Notes included in Part II, Item 8, "Financial Statements and Supplementary Data" in that report. Unless the context indicates otherwise, references to the terms "UnitedHealth Group," the "Company," "we," "our" or "us" used throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations refer to UnitedHealth Group Incorporated and its consolidated subsidiaries.

Readers are cautioned that the statements, estimates, projections or outlook contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations, including discussions regarding financial prospects, economic conditions, trends and uncertainties contained in this Item 2, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA). These forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the results discussed or implied in the forward-looking statements. A description of some of the risks and uncertainties is set forth in Part I, Item 1A, "Risk Factors" in our 2023 10-K and in the discussion below.

EXECUTIVE OVERVIEW

General

UnitedHealth Group is a health care and well-being company with a mission to help people live healthier lives and help make the health system work better for everyone. Our two distinct, yet complementary businesses — Optum and UnitedHealthcare — are working to help build a modern, high-performing health system through improved access, affordability, outcomes and experiences for the individuals and organizations we are privileged to serve.

We have four reportable segments:

- Optum Health;
- Optum Insight;
- Optum Rx; and
- UnitedHealthcare, which includes UnitedHealthcare Employer & Individual, UnitedHealthcare Medicare & Retirement and UnitedHealthcare Community & State.

Further information on our business is presented in Part I, Item 1, "Business" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 10-K and additional information on our segments can be found in this Item 2 and in Note 8 of Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this report.

Change Healthcare Cyberattack

As previously announced, on February 21, 2024, we identified that cybercrime threat actors had gained access to certain Change Healthcare information technology systems. Upon detection of this outside threat, we isolated the impacted systems to protect our partners and customers.

We have made substantial progress in mitigating the impact to consumers and care providers of the unprecedented cyberattack on the U.S. health system and certain Change Healthcare services. To support care providers, we accelerated funding and provided interest-free loans of approximately \$3.9 billion through March 31, 2024, which has increased to over \$6.5 billion through April 30, 2024. For the three months ended March 31, 2024, we incurred \$593 million of direct response costs, including network restoration and increased medical care expenditures, as we suspended some care management activities to help care providers with their workflow processes. Optum Insight also experienced estimated business disruption impacts of \$279 million for the three months ended March 31, 2024, reflecting lost revenue while maintaining full readiness of the affected Change Healthcare services. We expect to continue to incur direct response costs and experience business disruption impacts over the remainder of the year, including costs to continue to restore Change Healthcare's services and the impact of suspended care management activities.

In April 2024, we also announced that based on initial targeted data sampling to date, we have found files containing protected health information (PHI) or personally identifiable information (PII), which could cover a substantial proportion of people in America. The investigation of impacted data is ongoing. It is possible that future risks and uncertainties resulting from the Change Healthcare cyberattack, including risks related to impacted data, litigation, reputational harm, and regulatory actions could adversely affect our financial condition or results of operations.

Business Trends

Our businesses participate in the United States and certain other international health markets. We expect overall spending on health care to continue to grow in the future, due to inflation, medical technology and pharmaceutical advancement, regulatory requirements, demographic trends in the population and national interest in health and well-being. The rate of market growth may be affected by a variety of factors, including macroeconomic conditions and regulatory changes, which could impact our results of operations, including our continued efforts to control health care costs.

Pricing Trends. To price our health care benefits, products and services, we start with our view of expected future costs, including medical cost trends, inflation and labor market dynamics. We frequently evaluate and adjust our approach in each of the local markets we serve, considering all relevant factors, such as product positioning, price competitiveness and environmental, competitive, legislative and regulatory considerations, including minimum medical loss ratio thresholds and similar revenue adjustments. We will continue seeking to balance growth and profitability across all these dimensions.

The commercial risk market remains highly competitive in the small group, large group and individual segments. We expect broad-based competition to continue as the industry adapts to individual and employer needs.

Government programs in the community and senior sector tend to receive lower rates of increase than the commercial market due to governmental budget pressures and lower cost trends.

Medical Cost Trends. Our medical cost trends primarily relate to changes in unit costs, care activity and prescription drug costs. As expected and contemplated in our benefits design, during the first quarter we continued to observe increased care patterns, primarily related to outpatient procedures for seniors, which may continue in future periods. We endeavor to mitigate those increases by engaging physicians and consumers with information and helping them make clinically sound choices, with the objective of helping them achieve quality, affordable care.

In the first quarter 2024, as a result of the Change Healthcare cyberattack, we incurred \$340 million of medical costs related to the temporary suspension of some care management activities, impacting our UnitedHealthcare and Optum Health businesses, to help care providers with their workflow processes. Early in the second quarter we have resumed these activities.

Additionally, the business disruption impacted claims receipt timing for payer customers, including UnitedHealthcare, which could potentially result in increased variability to our medical cost reserve development in future periods.

Medicaid Redeterminations. Medicaid redeterminations have continued to impact the number of people served through our Medicaid offerings, partially offset by an increase in consumers served through our commercial offerings as we endeavor to ensure that people and families have continued access to care.

Regulatory Trends and Uncertainties

Medicare Advantage Rates. Medicare Advantage rate notices over the years have at times resulted in industry base rates well below industry forward medical trend. For example, the Final Notices for 2024 and 2025 rates resulted in an industry base rate decrease, both well short of an increasing industry forward medical cost trend, creating continued pressure in the Medicare Advantage program. Further, substantial revisions to the risk adjustment model, which serves to adjust rates to reflect a patient's health status and care resource needs, will result in reduced funding and potentially benefits for people, especially those with some of the greatest health and social challenges.

As a result of ongoing Medicare funding pressures, there are adjustments we can make to partially offset these rate pressures and reductions for a particular period. For example, we can seek to intensify our medical and operating cost management, make changes to the size and composition of our care provider networks, adjust member benefits and implement or increase the member premiums supplementing the monthly payments we receive from the government. Additionally, we decide annually on a county-by-county basis where we will offer Medicare Advantage plans.

SELECTED OPERATING PERFORMANCE AND OTHER SIGNIFICANT ITEMS

The following summarizes select first quarter 2024 year-over-year operating comparisons to first quarter 2023 and other financial results.

- Consolidated revenues grew 9%, UnitedHealthcare revenues grew 7% and Optum revenues grew 13%.
- UnitedHealthcare served 1.6 million more people domestically, driven by growth in commercial and Medicare offerings.
- Consolidated earnings from operations of \$7.9 billion compared to \$8.1 billion last year, impacted by the Change Healthcare cyberattack.
- Diluted loss per common share was \$1.53, impacted by the loss on the sale of our Brazil operations and the Change Healthcare cyberattack.
- Cash flows from operations for the three months ended March 31, 2024 were \$1.1 billion.

RESULTS SUMMARY

The following table summarizes our consolidated results of operations and other financial information:

(in millions, except percentages and per share data)	Three Months Ended March 31,		Increase/(Decrease)	
	2024	2023	2024 vs. 2023	
Revenues:				
Premiums	\$ 77,988	\$ 72,786	\$ 5,202	7 %
Products	11,909	10,267	1,642	16
Services	8,888	8,080	808	10
Investment and other income	1,011	798	213	27
Total revenues	<u>99,796</u>	<u>91,931</u>	<u>7,865</u>	9
Operating costs:				
Medical costs	65,735	59,845	5,890	10
Operating costs	14,077	13,625	452	3
Cost of products sold	11,056	9,405	1,651	18
Depreciation and amortization	997	970	27	3
Total operating costs	<u>91,865</u>	<u>83,845</u>	<u>8,020</u>	10
Earnings from operations	7,931	8,086	(155)	(2)
Interest expense	(844)	(754)	(90)	12
Loss on sale of subsidiary	(7,086)	—	(7,086)	nm
Earnings before income taxes	1	7,332	(7,331)	nm
Provision for income taxes	(1,222)	(1,558)	336	(22)
Net (loss) earnings	(1,221)	5,774	(6,995)	nm
Earnings attributable to noncontrolling interests	(188)	(163)	(25)	15
Net (loss) earnings attributable to UnitedHealth Group common shareholders	<u>\$ (1,409)</u>	<u>\$ 5,611</u>	<u>\$ (7,020)</u>	nm
Diluted (loss) earnings per share attributable to UnitedHealth Group common shareholders	\$ (1.53)	\$ 5.95	\$ (7.48)	
Medical care ratio (a)	84.3 %	82.2 %	2.1 %	
Operating cost ratio	14.1	14.8	(0.7)	
Operating margin	7.9	8.8	(0.9)	
Tax rate	nm	21.2	nm	
Net earnings margin (b)	(1.4)	6.1	(7.5)	
Return on equity (c)	nm	28.2 %	nm	

nm = not meaningful

(a) Medical care ratio (MCR) is calculated as medical costs divided by premium revenue.

(b) Net earnings margin attributable to UnitedHealth Group shareholders.

(c) Return on equity is calculated as annualized net earnings attributable to UnitedHealth Group common shareholders divided by average shareholders' equity. Average shareholders' equity is calculated using the shareholders' equity balance at the end of the preceding year and the shareholders' equity balances at the end of each of the quarters in the year presented.

2024 RESULTS OF OPERATIONS COMPARED TO 2023 RESULTS OF OPERATIONS

Consolidated Financial Results

Revenues

The increases in revenues were primarily driven by growth in the number of people served through Medicare Advantage and domestic commercial offerings, pricing trends and growth in Optum Health and Optum Rx.

Medical Costs and MCR

Medical costs increased primarily due to growth in people served through Medicare Advantage and domestic commercial offerings. The MCR increased as a result of the revenue effects of the Medicare funding reductions, incremental medical costs for accommodations made to care providers as a result of the Change Healthcare cyberattack and decreased favorable reserve development.

Operating Cost Ratio

The operating cost ratio decreased primarily due to operating cost management, partially offset by the impact of our direct response efforts to the Change Healthcare cyberattack, business mix and investments to support future growth.

Loss on Sale of Subsidiary

On February 6, 2024, the Company completed the sale of its Brazil operations. During the three months ended March 31, 2024, we recorded a loss of \$7.1 billion, of which \$4.1 billion related to the impact of cumulative foreign currency translation losses previously included in accumulated other comprehensive loss. As a result of the loss, which was non-deductible for income tax purposes, the income tax rate and return on equity were not meaningful for the three months ended March 31, 2024.

Reportable Segments

See Note 8 of Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this report for more information on our segments. We utilize various metrics to evaluate and manage our reportable segments, including people served by UnitedHealthcare by major market segment and funding arrangement, people served by Optum Health and adjusted scripts for Optum Rx. These metrics are the main drivers of revenue, earnings and cash flows at each business. The metrics also allow management and investors to evaluate and understand business mix, including the level and scope of services provided to people, and pricing trends when comparing the metrics to revenue by segment.

The following table presents a summary of the reportable segment financial information:

(in millions, except percentages)	Three Months Ended March 31,		Increase/ (Decrease)	
	2024	2023	2024 vs. 2023	
Revenues				
UnitedHealthcare	\$ 75,357	\$ 70,468	\$ 4,889	7 %
Optum Health	26,731	23,004	3,727	16
Optum Insight	4,502	4,496	6	—
Optum Rx	30,835	27,418	3,417	12
Optum eliminations	(1,016)	(859)	(157)	18
Optum	61,052	54,059	6,993	13
Eliminations	(36,613)	(32,596)	(4,017)	12
Consolidated revenues	<u>\$ 99,796</u>	<u>\$ 91,931</u>	<u>\$ 7,865</u>	9 %
Earnings from operations				
UnitedHealthcare	\$ 4,395	\$ 4,343	\$ 52	1 %
Optum Health	1,899	1,776	123	7
Optum Insight	490	907	(417)	(46)
Optum Rx	1,147	1,060	87	8
Optum	3,536	3,743	(207)	(6)
Consolidated earnings from operations	<u>\$ 7,931</u>	<u>\$ 8,086</u>	<u>\$ (155)</u>	(2)%
Operating margin				
UnitedHealthcare	5.8 %	6.2 %	(0.4)%	
Optum Health	7.1	7.7	(0.6)	
Optum Insight	10.9	20.2	(9.3)	
Optum Rx	3.7	3.9	(0.2)	
Optum	5.8	6.9	(1.1)	
Consolidated operating margin	7.9 %	8.8 %	(0.9)%	

UnitedHealthcare

The following table summarizes UnitedHealthcare revenues by business:

(in millions, except percentages)	Three Months Ended March 31,		Increase/ (Decrease)	
	2024	2023	2024 vs. 2023	
UnitedHealthcare Employer & Individual - Domestic	\$ 17,839	\$ 16,544	\$ 1,295	8 %
UnitedHealthcare Employer & Individual - Global	1,532	2,163	(631)	(29)
UnitedHealthcare Employer & Individual - Total	19,371	18,707	664	4
UnitedHealthcare Medicare & Retirement	35,486	33,006	2,480	8
UnitedHealthcare Community & State	20,500	18,755	1,745	9
Total UnitedHealthcare revenues	\$ 75,357	\$ 70,468	\$ 4,889	7 %

The following table summarizes the number of people served by our UnitedHealthcare businesses, by major market segment and funding arrangement:

(in thousands, except percentages)	March 31,		Increase/(Decrease)	
	2024	2023	2024 vs. 2023	
Commercial - Domestic:				
Risk-based	8,545	8,025	520	6 %
Fee-based	20,870	19,325	1,545	8
Total Commercial - Domestic	29,415	27,350	2,065	8
Medicare Advantage	7,760	7,545	215	3
Medicaid	7,680	8,380	(700)	(8)
Medicare Supplement (Standardized)	4,325	4,320	5	—
Total Community and Senior	19,765	20,245	(480)	(2)
Total UnitedHealthcare - Domestic Medical	49,180	47,595	1,585	3
Commercial - Global	2,295	5,295	(3,000)	(57)
Total UnitedHealthcare - Medical	51,475	52,890	(1,415)	(3)%
Supplemental Data:				
Medicare Part D stand-alone	3,085	3,380	(295)	(9)%

UnitedHealthcare's revenues increased due to growth in the number of people served through Medicare Advantage, those with higher acuity needs and domestic commercial offerings, partially offset by decreased people served globally due to the sale of our Brazil operations and Medicaid offerings due to continued redeterminations. Earnings from operations increased due to the factors impacting revenue, partially offset by Medicare Advantage funding reductions and incremental medical costs for accommodations to support care providers as a result of the Change Healthcare cyberattack.

Optum

Total revenues increased due to growth at Optum Health and Optum Rx. Earnings from operations decreased due to the impacts of the Change Healthcare cyberattack. The results by segment were as follows:

Optum Health

Revenues at Optum Health increased primarily due to organic growth in patients served under value-based care arrangements. Earnings from operations increased due to cost management initiatives, partially offset by costs associated with serving newly added patients under value-based care arrangements and incremental medical costs for accommodations to support care providers as a result of the Change Healthcare cyberattack. Optum Health served approximately 104 million people and 103 million people as of March 31, 2024 and March 31, 2023, respectively.

Optum Insight

Revenues at Optum Insight were consistent due to growth in technology services, offset by the business disruption impacts from the Change Healthcare cyberattack. Earnings from operations decreased primarily due to the business disruption impacts and direct response costs related to the Change Healthcare cyberattack.

Optum Rx

Revenues and earnings from operations at Optum Rx increased due to higher script volumes from both new clients and growth in existing clients and growth in pharmacy services. Optum Rx fulfilled 395 million and 378 million adjusted scripts in the first quarters of 2024 and 2023, respectively.

LIQUIDITY, FINANCIAL CONDITION AND CAPITAL RESOURCES

Liquidity

Summary of our Major Sources and Uses of Cash and Cash Equivalents

(in millions)	Three Months Ended March 31,		Increase/ (Decrease)
	2024	2023	2024 vs. 2023
Sources of cash:			
Cash provided by operating activities	\$ 1,144	\$ 16,327	\$ (15,183)
Issuances of short-term borrowings and long-term debt, net of repayments	11,364	12,375	(1,011)
Proceeds from common stock issuances	486	344	142
Customer funds administered	1,745	5,012	(3,267)
Sales and maturities of investments, net of purchases	492	—	492
Total sources of cash	<u>15,231</u>	<u>34,058</u>	
Uses of cash:			
Common stock repurchases	(3,072)	(2,000)	(1,072)
Cash paid for acquisitions, net of cash assumed	(3,006)	(7,826)	4,820
Purchases of investments, net of sales and maturities	—	(2,319)	2,319
Purchases of property, equipment and capitalized software	(743)	(760)	17
Cash dividends paid	(1,729)	(1,537)	(192)
Other	(3,646)	(1,119)	(2,527)
Total uses of cash	<u>(12,196)</u>	<u>(15,561)</u>	
Effect of exchange rate changes on cash and cash equivalents	(48)	51	(99)
Net increase in cash and cash equivalents	<u>\$ 2,987</u>	<u>\$ 18,548</u>	<u>\$ (15,561)</u>

2024 Cash Flows Compared to 2023 Cash Flows

Decreased cash flows provided by operating activities were primarily driven by the receipt of the April CMS premium payment of \$11.2 billion in March 2023 and Change Healthcare cyberattack response actions, including the acceleration of provider payments and the timing of public-sector cash receipts. Other significant changes in sources or uses of cash year-over-year included decreased cash paid for acquisitions and net purchases of investments; offset by decreased customer funds administered; loans to care providers in response to the Change Healthcare cyberattack, included in other uses of cash; increased common stock repurchases and decreased net issuances of short-term borrowings and long-term debt.

Financial Condition

As of March 31, 2024, our cash, cash equivalent, available-for-sale debt securities and equity securities balances of \$76.7 billion included approximately \$28.4 billion of cash and cash equivalents (of which \$2.1 billion was available for general corporate use), \$44.1 billion of debt securities and \$4.1 billion of investments in equity securities. Given the significant portion of our portfolio held in cash and cash equivalents, we do not anticipate fluctuations in the aggregate fair value of our financial assets to have a material impact on our liquidity or capital position. Our available-for-sale debt securities portfolio had a weighted-average duration of 4.0 years and a weighted-average credit rating of “Double A” as of March 31, 2024. When multiple credit ratings are available for an individual security, the average of the available ratings is used to determine the weighted-average credit rating.

Capital Resources and Uses of Liquidity

In addition to cash flows from operations and cash and cash equivalent balances available for general corporate use, our capital resources and uses of liquidity are as follows:

Cash Requirements. A summary of our cash requirements as of December 31, 2023 was disclosed in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2023 10-K. During the three months ended March 31, 2024, there were no material changes to this previously disclosed information outside the ordinary course of business. We believe our capital resources are sufficient to meet future, short-term and long-term, liquidity needs. We continually evaluate opportunities to expand our operations, including through internal development of new products, programs and technology applications and business combinations.

Short-Term Borrowings. Our revolving bank credit facilities provide liquidity support for our commercial paper borrowing program, which facilitates the private placement of unsecured debt through independent broker-dealers, and are available for general corporate purposes. For more information on our commercial paper and bank credit facilities, see Note 5 of Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this report and Note 8 of Notes to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” in our 2023 10-K.

Our revolving bank credit facilities contain various covenants, including covenants requiring us to maintain a defined debt to debt-plus-shareholders’ equity ratio of not more than 60%. As of March 31, 2024, our debt to debt-plus-shareholders’ equity ratio, as defined and calculated under the credit facilities, was approximately 43%.

Long-Term Debt. Periodically, we access capital markets and issue long-term debt for general corporate purposes, such as to meet our working capital requirements, to refinance debt, to finance acquisitions or for share repurchases. For more information on our long-term debt, see Note 5 of Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this report and Note 8 of Notes to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” in our 2023 10-K.

Credit Ratings. Our credit ratings as of March 31, 2024 were as follows:

	Moody’s		S&P Global		Fitch		A.M. Best	
	Ratings	Outlook	Ratings	Outlook	Ratings	Outlook	Ratings	Outlook
Senior unsecured debt.....	A2	Stable	A+	Stable	A	Stable	A	Stable
Commercial paper.....	P-1	n/a	A-1	n/a	F1	n/a	AMB-1+	n/a

The availability of financing in the form of debt or equity is influenced by many factors, including our profitability, operating cash flows, debt levels, credit ratings, debt covenants and other contractual restrictions, regulatory requirements and economic and market conditions. A significant downgrade in our credit ratings or adverse conditions in the capital markets may increase the cost of borrowing for us or limit our access to capital.

Share Repurchase Program. During the three months ended March 31, 2024, we repurchased approximately 6 million shares at an average price of \$505.46 per share. As of March 31, 2024, we had Board of Directors’ authorization to purchase up to 9 million shares of our common stock. The Board of Directors from time to time may further amend the share repurchase program in order to increase the authorized number of shares which may be repurchased under the program.

Dividends. Our quarterly cash dividend to shareholders reflects an annual rate of \$7.52.

Pending Acquisitions. As of March 31, 2024, we have entered into agreements to acquire companies in the health care sector, subject to regulatory approval and other customary closing conditions. The total anticipated consideration required for these acquisitions, excluding the payoff of acquired indebtedness, is approximately \$4 billion.

For additional liquidity discussion, see Note 10 of Notes to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part II, Item 7 in our 2023 10-K.

RECENTLY ISSUED ACCOUNTING STANDARDS

There are no recently issued accounting standards that are expected to have a material impact on our Condensed Consolidated Financial Statements.

CRITICAL ACCOUNTING ESTIMATES

In preparing our Condensed Consolidated Financial Statements, we are required to make judgments, assumptions and estimates, which we believe are reasonable and prudent based on the available facts and circumstances. These judgments, assumptions and estimates affect certain of our revenues and expenses and their related balance sheet accounts and disclosure of our contingent liabilities. We base our assumptions and estimates primarily on historical experience and consider known and projected trends. On an ongoing basis, we re-evaluate our selection of assumptions and the method of calculating our estimates. Actual results, however, may materially differ from our calculated estimates, and this difference would be reported in our current operations.

Our critical accounting estimates include medical costs payable and goodwill. For a detailed description of our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part II, Item 7 in our 2023 10-K. For a detailed discussion of our significant accounting policies, see Note 2 of Notes to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data” in our 2023 10-K.

FORWARD-LOOKING STATEMENTS

The statements, estimates, projections, guidance or outlook contained in this document include “forward-looking” statements which are intended to take advantage of the “safe harbor” provisions of the federal securities laws. The words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “forecast,” “outlook,” “plan,” “project,” “should” and similar expressions identify forward-looking statements. These statements may contain information about financial prospects, economic conditions and trends and involve risks and uncertainties. Actual results could differ materially from those that management expects, depending on the outcome of certain factors including: our ability to effectively estimate, price for and manage medical costs; new or changes in existing health care laws or regulations, or their enforcement or application; cyberattacks, other privacy/data security incidents, or our failure to comply with related regulations; reductions in revenue or delays to cash flows received under government programs; changes in Medicare, the CMS star ratings program or the application of risk adjustment data validation audits; the DOJ’s legal action relating to the risk adjustment submission matter; our ability to maintain and achieve improvement in quality scores impacting revenue; failure to maintain effective and efficient information systems or if our technology products do not operate as intended; risks and uncertainties associated with our businesses providing pharmacy care services; competitive pressures, including our ability to maintain or increase our market share; changes in or challenges to our public sector contract awards; failure to achieve targeted operating cost productivity improvements; failure to develop and maintain satisfactory relationships with health care payers, physicians, hospitals and other service providers; the impact of potential changes in tax laws and regulations; increases in costs and other liabilities associated with litigation, government investigations, audits or reviews; failure to complete, manage or integrate strategic transactions; risks associated with public health crises arising from large-scale medical emergencies, pandemics, natural disasters and other extreme events; failure to attract, develop, retain, and manage the succession of key employees and executives; our investment portfolio performance; impairment of our goodwill and intangible assets; failure to protect proprietary rights to our databases, software and related products; downgrades in our credit ratings; and our ability to obtain sufficient funds from our regulated subsidiaries or from external financings to fund our obligations, reinvest in our business, maintain our debt to total capital ratio at targeted levels, maintain our quarterly dividend payment cycle, or continue repurchasing shares of our common stock.

This above list is not exhaustive. We discuss these matters, and certain risks that may affect our business operations, financial condition and results of operations, more fully in our filings with the SEC, including our reports on Forms 10-K, 10-Q and 8-K. By their nature, forward-looking statements are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Actual results may vary materially from expectations expressed or implied in this document or any of our prior communications. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. We do not undertake to update or revise any forward-looking statements, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We manage exposure to market interest rates by diversifying investments across different fixed-income market sectors and debt across maturities, as well as by matching a portion of our floating-rate assets and liabilities, either directly or through the use of interest rate swap contracts. Unrealized gains and losses on investments in available-for-sale debt securities are reported in comprehensive income.

The following table summarizes the impact of hypothetical changes in market interest rates across the entire yield curve by 1% point or 2% points as of March 31, 2024 on our investment income and interest expense per annum, and the fair value of our investments and debt (in millions, except percentages):

Increase (Decrease) in Market Interest Rate	March 31, 2024			
	Investment Income Per Annum	Interest Expense Per Annum	Fair Value of Financial Assets	Fair Value of Financial Liabilities
2 %	\$ 728	\$ 556	\$ (3,616)	\$ (8,439)
1	364	278	(1,860)	(4,607)
(1)	(364)	(263)	1,949	5,590
(2)	728	(524)	3,960	12,440

Note: The impact of hypothetical changes in interest rates may not reflect the full 100 or 200 basis point change on interest income and interest expense or on the fair value of financial assets and liabilities as the rates are assumed to not fall below zero.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the filing of this quarterly report on Form 10-Q, management evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A description of our legal proceedings is included in and incorporated by reference to Note 6 of Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" of our 2023 10-K, which could materially affect our business, financial condition or future results. The risks described in our 2023 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

There have been no material changes to the risk factors as disclosed in our 2023 10-K.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

**Issuer Purchases of Equity Securities (a)
First Quarter 2024**

For the Month Ended	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under The Plans or Programs
	(in millions)		(in millions)	(in millions)
January 31, 2024.....	2.5	\$ 513.89	2.5	12.4
February 29, 2024.....	1.7	515.88	1.7	10.7
March 31, 2024.....	1.9	484.39	1.9	8.8
Total.....	6.1	\$ 505.46	6.1	

- (a) In November 1997, our Board of Directors adopted a share repurchase program, which the Board of Directors evaluates periodically. In June 2018, the Board of Directors renewed our share repurchase program with an authorization to repurchase up to 100 million shares of our common stock in open market purchases or other types of transactions (including prepaid or structured repurchase programs). There is no established expiration date for the program. The Board of Directors from time to time may further amend the share repurchase program in order to increase the authorized number of shares which may be repurchased under the program.

ITEM 5. OTHER INFORMATION

Trading Arrangements

During the quarter ended March 31, 2024, none of the Company’s directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS*

The following exhibits are filed or incorporated by reference herein in response to Item 601 of Regulation S-K. The Company files Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K pursuant to the Securities Exchange Act of 1934 under Commission File No. 1-10864.

- 3.1 Certificate of Incorporation of UnitedHealth Group Incorporated (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A/A filed on July 1, 2015)
- 3.2 Amended and Restated Bylaws of UnitedHealth Group Incorporated, effective February 23, 2021 (incorporated by reference to Exhibit 3.2 to UnitedHealth Group Incorporated's Current Report on Form 8-K filed on February 26, 2021)
- 4.1 Amended and Restated Indenture, dated as of April 27, 2023, between UnitedHealth Group Incorporated and Wilmington Trust Company, as successor trustee (incorporated by reference to Exhibit 4.1 to UnitedHealth Group Incorporated's Current Report on Form 8-K filed on April 28, 2023)
- 4.2 Indenture, dated as of February 4, 2008, between UnitedHealth Group Incorporated and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, SEC File Number 333-149031, filed on February 4, 2008)
- 4.3 Supplemental Indenture, dated as of April 18, 2023, between UnitedHealth Group Incorporated and U.S. Bank Trust Company, National Association, as trustee, relating to the 6.875% Senior Notes due 2038 (incorporated by reference to Exhibit 4.1 to UnitedHealth Group Incorporated's Current Report on Form 8-K filed on April 24, 2023)
- 31.1 Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and embedded within Exhibit 101).

* Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of instruments defining the rights of certain holders of long-term debt are not filed. The Company will furnish copies thereof to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITEDHEALTH GROUP INCORPORATED

/s/ ANDREW WITTY

Andrew Witty

Chief Executive Officer
(principal executive officer)

Dated: May 8, 2024

/s/ JOHN REX

John Rex

President and Chief Financial Officer
(principal financial officer)

Dated: May 8, 2024

/s/ THOMAS ROOS

Thomas Roos

Senior Vice President and
Chief Accounting Officer
(principal accounting officer)

Dated: May 8, 2024