UNITEDHEALTH GROUP®

Fourth Quarter and Full Year 2025 Results
Teleconference Prepared Remarks
January 27, 2026

Moderator:

Good morning, and welcome to the UnitedHealth Group Fourth Quarter and Full Year 2025 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 27, 2026, which may be accessed from the Investor Relations page of the Company's website. I will now turn the conference over to the chairman and chief executive officer of UnitedHealth Group, Stephen Hemsley.

Stephen Hemsley

Thank you and good morning. Thank you for joining us today.

This morning I'll provide updates on the progress our organization has made over the last six months and the momentum that is building in 2026. Tim Noel and Patrick Conway will dive more deeply into how UnitedHealthcare and Optum finished 2025 and our conviction for improved performance in 2026. Wayne DeVeydt will walk through the details of our full year 2025 financial performance and 2026 outlook before we turn to Q&A.

We continue to progress and strengthen as we enter 2026.

We have taken a critical look across all our products and our U.S. market positions, focusing on what is working, what needs more attention and what no longer makes sense for us. We are driving greater operational disciplines in all our business practices, leveraging the use of technology and artificial intelligence broadly, and renewing our commitment to innovation, agility and accountability. We have removed assets that are not aligned with our focus on serving the U.S. health system. We continue to strengthen our management team, leveraging both our internal depth and bringing fresh ideas and talent from outside the organization. These actions and others are intended to improve the value we offer to all those we serve and drive sustainable growth for many years to come.

Our people are rising to the challenges before them. We finished 2025 with adjusted earnings per share of $16.35, which was slightly ahead of our expectations. Full year 2025 results exclude a $1.6 billion net of tax and largely non-cash charge, very consistent with what we discussed on our third quarter earnings call. Addressing the elements of this charge was important in setting a solid foundation for returning to the historical earnings quality and growth you have come to expect from us. Wayne will provide further details on both these results and the charge.

Looking to 2026, we expect adjusted earnings per share of greater than $17.75 for growth of at least 8.6%. Our initial outlook reflects measured growth across all four of our reporting business segments, with double-digit improvements at UnitedHealthcare and low to high single-digit adjusted growth across our Optum segments. These overall results are tempered by the third year of Medicare funding reductions, ongoing funding shortfalls within our state Medicaid programs and our historical respect for rising medical cost trends.

As expected, improvement will be more evident within UnitedHealthcare in 2026, while at an earlier stage Optum will take more operational effort, and investment and time.

At UnitedHealthcare, we successfully repriced the insurance businesses, intentionally right-sizing them to refocus on membership we can best serve on a sustainable basis.

In Optum, new leaders are driving operational improvements that translate to more consistent results and better performance visibility. We have taken a critical look at our services and geographies, remaining in markets that are best aligned with our core integrated value-based care purpose. This analysis also led us now to align Optum Financial Services with Optum Insight, where our energies and talents for health care technology and financial technology innovation can be brought together to better address the opportunities and potential within these markets. We are clearly embarking on a new age of technology already transforming the way the world operates, and health care must participate carefully and fully. We plan to be a leader in that movement.

We expect 2026 to be a year of focus and execution, and an important one in the history of our company. We have emerged strongly from challenging periods in our past and are committed to that course today. Our team is showing great resilience and energy, and we believe strongly the steps we are taking will pay off.

With that, I'll turn it over to Tim.

Tim Noel

Thanks, Steve.

UnitedHealthcare finished 2025 having made progress to more effectively serve our members and network partners — another important element in building sustainable growth. We closed the year with medical care patterns in each business in line with our updated outlook — and ultimately supportive of our pricing decisions for 2026.

With that, I will briefly walk through each business:

Starting with Medicare, the 2025 medical cost trend was in line with our expectation of ~7.5% and supports our 2026 trend expectation of 10%. This reflects consistently elevated utilization in addition to increases in physician fee schedules and the continuation of higher service intensity per care encounter.

As part of our efforts to address elevated trend and funding cuts, we planned for some Medicare Advantage membership contraction in 2026. We now expect UHC Medicare Advantage contraction will be in the range of 1.3 million to 1.4 million members for the full year, including group, individual and Dual Special Needs Programs. These are greater losses than originally anticipated, as competitive market dynamics drove higher than expected plan shopping during the intensely competitive Annual Enrollment Period. Our 2026 approach favored margin recovery, and these membership trends are a result of these actions. We similarly positioned our Medicare Supplement and standalone Part D segments and, as a result of the totality of actions taken across UHC Medicare, we expect an improvement in Medicare margins of approximately 50 basis points from 2025.

Looking briefly to 2027, the Advance Notice published yesterday simply doesn't reflect the reality of medical utilization and cost trends. We will continue to work with CMS to ensure an appropriate final growth rate calculation to avoid a profoundly negative impact on seniors' benefits and access to care. That would be a deeply unfortunate result for a program that already is underfunding pressure from the previous administration despite its track record of success serving seniors and taxpayers.

Turning to Medicaid, we continue to expect this business to see incremental pressure in 2026, largely driven by state funding shortfalls. We have received some rate relief but still anticipate the mismatch between rate and acuity to pressure performance in 2026, while we hope for further improvement in 2027.

We expect Medicaid membership contraction of approximately 565,000 to 715,000 people, which includes D-SNP members, due to reduced Medicaid eligibility combined with the exit from one state.

We took important steps in our commercial pricing and cost management efforts during the second half of this year. Nearly all of our employer Group and fully insured pricing align with continued increases in care activity for 2026.
In the Individual ACA market, we repriced nearly all states in response to higher medical trends and the elevated needs of ACA beneficiaries in 2025. These actions were necessary to ensure a sustainable foundation in these plans, and enabled us to maintain our participation in all the states we served in 2025. We are working with CMS on solutions to address the consumer affordability challenge given the unfolding dynamics in the ACA marketplace. As we announced last week, we have voluntarily pledged to rebate ACA market profits back to our ACA customers this year as policymakers work to determine how to improve affordability in this marketplace.

We expect both fully insured group and individual enrollment to contract and be partially offset by continued momentum in our group self-funded offerings.

For 2026 overall, our strategic focus on margin recovery through product repositioning and repricing efforts enables us to estimate approximately 13% adjusted operating earnings growth across all of UHC, principally from improvement in serving Commercial and Medicare market needs. These actions should expand operating earnings margins for UnitedHealthcare by 40 basis points, and are expected to result in membership contraction of 2.3 to 2.8 million.

The expected contraction in Commercial membership is in line with our plans. While this will drive margin expansion in 2026, we still anticipate operating just slightly below our historical margin range until 2027.

Our UHC recovery effort is being supported by steady efficiency gains as we advance AI and machine learning capabilities across our businesses. We anticipate operating cost reductions of nearly $1 billion in 2026 — many AI-enabled and, importantly, resulting in higher customer experience and satisfaction at a lower cost. Over 80% of calls from members leverage AI tools to help answer members' questions faster and more accurately. This enables our advocates to focus more time on a better service experience for individuals

Now, I'll turn it over to Patrick Conway, CEO of Optum.

Patrick Conway
Thanks, Tim, and good morning, everyone.

As we start 2026, Optum will be anchored around a relentless focus on improved and consistent execution in Optum Health and Optum Insight that will enable future margin expansion and top-line growth. Optum Rx will remain focused on maintaining its market position in providing a more comprehensive suite of pharmacy benefits and services, and continuing to pursue success in winning new customers for 2027 and 2028 — all in highly competitive markets.

Our 2026 performance outlook reflects adjusted earnings growth in all three segments of our business, ranging from low to high single digit year-over-year performance, and margin expansion ranging from 20 to 90 basis points across the portfolio. Growth rates will remain somewhat tempered in 2026, but strategic refocus and investment in modern, next-generation services should lead to growing momentum in the back half of the year that will carry into 2027 and beyond.

Some details on each of our segments, starting with Optum Rx.

At Optum Rx, we expect operating earnings growth from expanding margins by approximately 20 basis points on an adjusted basis. This growth is driven by a strong external selling season that will impact 2026 and 2027 as we implement and expand over 800 new customer relationships. While new customer wins were offset by membership contraction at UnitedHealthcare, we are capitalizing on significant AI automation-enabled operating efficiencies to support our expanded margin outlook in 2026.

Entering 2026:

- We have implemented new pricing models that will deliver greater transparency to customers and cost-based reimbursement to pharmacies.

- We have removed reauthorization requirements for 180 drugs, benefitting millions of people, and we will continue to expand these efforts.

- And we continue to advance on our commitment to pass through 100 percent of the drug rebates we receive to our customers. Over 95% of our customers have elected to receive full rebate pass through in 2026, with all remaining customers expected to transition by the end of 2027.

Our customers recognize pharmacy benefits are an essential tool in helping employers, governments and patients afford and access medications. Optum Rx members save over $2,200 in annual prescription costs due to our efforts in moderating manufacturer drug price increases.

Turning to Optum Insight, we expect earnings growth of greater than 4% while expanding margins by approximately 90 basis points. This growth is driven by new sales, commercialization of new products, stringent cost management, and increased volumes within existing core businesses. Investments and execution on 2026 priorities will set the stage for more growth into 2027 and beyond, principally through broad-based, “AI-first” new product innovation, strengthening Optum’s care provider market offerings.

An important change starting in 2026 involves aligning Optum Insight and Optum Financial Services. These businesses have a much greater synergy today. For example, integrating Optum Real’s AI-driven revenue cycle solutions with Optum Financial Services’ payment and financing capabilities has the potential to transform health care transactions, moving the industry from post-service reconciliation to real-time, point-of-care approval and monetization – creating a more modern, closed-loop approach that is better for the health system. The impact is significant. It reduces areas of long-standing processing friction while enhancing Optum Insight’s growth and margin potential by expanding beyond transaction processing into higher-value services, focused on a more certain, simpler, faster experience for the patients and providers we serve, unlocking faster settlement, improved liquidity for providers, and creating new value pools for payers.

Turning to Optum Health, as you see in our results this morning, we made substantial changes through 2025, enabling our team to enter 2026 with a stronger foundation more aligned to the intent of our integrated value-based care approach. We expect operating earnings growth of approximately 9% while expanding margins by approximately 30 basis points. This growth is driven by a "back to basics" focus on integrated value-based care and execution. I'll touch on a few core areas in which we have taken action:

First, we are focusing on markets where we have strong presence and the complementary wrap-around services to succeed in our integrated, value-based care approach. We provide these services under an aligned incentive structure that improves outcomes, reduces costs, and improves patient satisfaction. Practices operating in this environment are driving down total cost of care by up to 30%, with patient satisfaction NPS near 90.

Second, we are making sure our integrated value-based care network is appropriate and optimized. We've narrowed our affiliated network by nearly 20% since this time last year, with the goal of having a more optimal alignment of physicians and services in place to best serve our patients. We have strengthened our value-based care network and management disciplines and will continue to reshape the network to ensure it is aligned with our strategy for higher quality and greater affordability.

Third, we have streamlined our risk membership by approximately 15%. This reflects dropping unaligned PPO contracts, repositioning certain markets, and payer de-delegation in instances where we were not able to reach a viable sponsor contract. Importantly, we have made strides in getting back to the original intent of our integrated VBC vision — removing ancillary services risk and focusing back on core medical care. The majority of this work was done for 2026, with a smaller amount still to address for 2027.

Finally, we have improved basic operational disciplines. We have exceptional care teams and proven approaches. In 2024 and 2025, inconsistencies in market-to-market execution hurt us. We are intensely focused on driving consistency, accountability, and performance. For example, we now have nearly 100% of our employed providers groups on one of three strategic electronic medical records. This is down from 18 EMRs in the past few years. This will enable us to more swiftly adopt enhanced workflow tools and AI, as well as have more timely and consistent data to guide our patient care efforts.

Optum Health has made significant progress in bringing the integrated value-based care approach back to original purpose. You should expect further progress from us throughout 2026 as we continue our journey back to strong, transparent, consistent results while driving higher quality care for patients and lowering overall costs in the health system.

Before I turn it over to Wayne, I want to take a brief moment to thank all the people of Optum, who continue to work every day to ensure our customers and our patients get the best experience and care we can offer.

Wayne?

Wayne DeVeydt

Thanks, Patrick and good morning everyone.

I'll start by diving right in to our 2025 results. Today, we reported adjusted earnings per share of $16.35, which was slightly ahead of our expectations. These results reflect continued solid execution across the enterprise that will carry into 2026.

As Steve noted, the quarter included a $1.6 billion net-of-tax charge, or $1.78 per-share, which was largely non-cash and primarily related to actions within Optum. This net charge has three primary components: First, a true-up for <u>all</u> remaining cyberattack related activities, including approximately $800 million for net collection expectations associated with provider loans and other customer balances. Second, a net gain of about $440 million related to portfolio optimization activities associated with assets we are exiting or plan to exit. And, third, a $2.5 billion related charge principally to broad restructuring and other actions, including contract reassessments, real estate rationalization and workforce reductions. Of note, approximately $625 million of this charge relates to a loss contract reserve for third party contractual relationships within the Optum portfolio that are structurally unprofitable and that we could not exit for 2026.

These actions are aligned with our broader efforts to improve focus and execution to drive more sustainable long-term earnings performance.

Some additional details for the full year 2025. We delivered revenues of nearly $448 billion, reflecting 12% growth from 2024, driven by domestic membership growth of over 415,000 people.

Our medical care ratio of 89.1% came in slightly better than our expectations. This includes approximately 20 basis points of negative charge-related impacts, primarily associated with the loss contract reserve I just discussed.

Our operating cost ratio of 13.3% demonstrates strong management discipline while balancing key investments in people and capabilities that support long-term performance improvements. The operating cost ratio was slightly higher than anticipated due to approximately 40 basis points of charge-related impacts, higher than originally contemplated because of approximately $800 million in broad-based employee incentives and funding to the UnitedHealth Foundation. Investing in our workforce and the communities we serve both are critically important to this enterprise.

Finally, earnings were supported by strong cash flows of $19.7 billion, or approximately 1.5 times net income.

Turning to our 2026 outlook, we expect revenues of approximately $440 billion, net earnings of at least $17.10 per share, and adjusted net earnings of greater than $17.75 per share. This reflects anticipated operational improvements and margin stabilization as we continue executing against our long-term strategy.

We expect slightly under two-thirds of full-year earnings to be generated in the first half of the year. This seasonal progression is largely consistent with 2025 and reflects the impact of Part D benefit changes under the Inflation Reduction Act as well as overall business mix.

Turning to cash flow, we expect to generate at least $18 billion from operations in 2026, or about 1.1 times net income.

Our medical care ratio is expected to be 88.8%, plus or minus 50 basis points, reflecting our view that medical care activity will likely remain at current trend levels through 2026. Consistent with prior years, we expect the first-half medical care ratio to be notably below the midpoint, with the second half notably above. The operating cost ratio is expected to be 12.8%, plus or minus 50 basis points. This reflects disciplined cost management, ongoing productivity initiatives, and the early benefits of our investments in artificial intelligence, while also incorporating required investments in people and technology.

Our 2026 outlook reflects the realignment of Optum Financial Services from Optum Health into Optum Insight. We believe this better optimizes the Optum portfolio and aligns with how we expect to engage the marketplace and grow through the Optum AI Network.

Finally, on capital and liquidity, for 2026, we expect our dividend to remain well supported by earnings and cash flow. As we look ahead, we expect leverage to continue improving through the year, supported by strong cash generation and a more stable operating environment, and to reach our long-term debt-to-capital target of approximately 40% before year-end. And as this progress continues, we expect to return to our historical capital deployment practices in the second half of the year.

Before closing, I want to echo what Steve, Tim, and Patrick have said about the people of UnitedHealth Group. 2025 was a year of challenges on multiple fronts. Our teams stepped up, embraced those challenges, and remained focused on delivering for the people we serve.

Now, I'll turn it back to Steve for some closing remarks.

Steve Hemsley
Thanks Wayne.

I hope everyone is getting the sense from today's comments that we are returning to the operating and executional focus and the quality financial disciplines that have served us well. Details matter in these businesses. These approaches are essential to enable us to better serve customers and consumers and the expectations of shareholders.

That commitment to serve is embodied in our mission: to help people live healthier lives and to help make the health system work better for everyone. And it is supported by a deliberate culture.

To that end I would call out three overarching themes we are pursuing:
The first is a refocus back to that mission and culture. We are re-energizing and retooling that sense of mission and culture throughout the company, which is already the core reason so many of our colleagues joined this enterprise.

The second is the urgent, thoughtful application of modern intelligent technologies. These efforts can help address long-standing needs in health care for simplicity, speed, certainty, insight, consumer empowerment and convenience. We are hoping to invest nearly $1.5 billion in 2026 and expect at least as much to follow in 2027. This work is making a difference within our organization today, and we expect it will serve as the foundation for external versions that can benefit the broad health system through Optum Insight.

Lastly, we are methodically taking steps to advance greater trust and transparency wherever we serve the public's health care interests. This began with the independent reviews of business practices in risk assessment, in pharmacy services and in care management. Those first independent reports were published in December, and the remediation recommendations will be completed and reported no later than March of this year. Further independent oversight reviews and reports are in process today and will continue. And in addition, in 2026, we will publish our results in areas of interest such as prior authorizations and claims approval rates, certain performance statistics, data and trends, rebate practices and prices for products and services, key business and core management practice policies.

From efforts such as these, and more as they evolve, we will become even more publicly accountable for our performance and strive every day to improve it.

We thank you for your time this morning. We'll now open it up for your questions.