

UNITEDHEALTH GROUP®

First Quarter 2026 Results Teleconference Prepared Remarks April 21, 2026

Moderator:

Good morning, and welcome to the UnitedHealth Group First Quarter 2026 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 April 21, 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, Steve Hemsley.

Stephen Hemsley

Thank you and good morning. Good morning, and thank you for joining us today.

The first quarter unfolded largely as expected, reflecting actions taken in the past several months to drive consistent performance across each business. The quarter saw continued progress in advancing our organization's culture, better business practices, and approaches.

All of our major business segments exceeded plan for the quarter. At UnitedHealthcare, pricing is improving relative to elevated health care cost trends, and affordability initiatives are generating positive momentum. At Optum Health, operational improvements continue to take hold as we more deeply embed disciplined integrated value-based care practices, market by market. Optum Insight is seeing increased market interest with its AI-first enterprise approach. Tim Noel and Patrick Conway will discuss these efforts in more detail in a minute.

We're encouraged by the way the year has started. We remain grounded in the need for consistent execution in managed care fundamentals and on a strategy to help build an integrated, value-based health system that together make things better and simpler for care providers, patients and customers.

We are investing in AI-enabled modernization. While early, these capabilities are already improving experiences for consumers and care providers, increasing productivity and reducing administrative burden. The application of technology has long been foundational to how this enterprise operates, and how we can help others across the health system improve their operations through Optum Insight. We remain on track to invest nearly \$1.5 billion in AI-related initiatives in 2026.

I hope our conversation today gives you a sense of the momentum building at our company and the steps we have taken to strengthen the enterprise and position it for long-term success.

We have refocused the organization squarely on U.S. health care, exiting non-U.S. businesses. We have refreshed nearly half of our top 100 leadership roles. Our accelerated technology and AI investments are showing meaningful potential. And we are actively evolving business practices in areas such as data and processing interoperability and speed, pharmacy practices, prior authorization, product and reporting transparency, and management practices more broadly.

At the corporate level, we have strengthened governance by creating a Public Responsibility Committee of the Board, naming a new Lead Independent Director and new committee chairs, adding a new independent director and accelerating our board recruiting process.

And we have redoubled community engagement and support, with renewed focus and resources to the United Health Foundation and an expanding commitment to improving rural health care, expanding the health care workforce, strengthening maternal and children's health, addressing the challenges of behavioral health, and more.

We strive to be an organization people are proud to work for and with. These efforts and others will remain central to those goals.

With that, I'll turn it over to Tim and Patrick to provide insights on our quarter and goals for the remainder of the year. Tim?

Tim Noel

Thanks, Steve.

As Steve said, the actions initiated last year are driving early momentum in UnitedHealthcare, both in our business results and in the experiences members and care providers have when they engage with us.

Medicare & Retirement results reflect disciplined pricing strengthened by affordability initiatives in an elevated but stable medical trend environment. Community & State results continue to reflect the pressures in state-based rate environments but were within the overall expected range. Commercial and ACA results were consistent with pricing and trend assumptions, albeit still early in the year.

Our 2026 approach prioritized margin recovery and product stability, with a deliberate trade-off on membership growth, particularly in Medicare and

Commercial markets. Care utilization trends in the quarter remained consistent with our expectations for 2026.

The quarter's medical cost performance overall was driven primarily by net reserve development, better mix, and enrollment dynamics in government programs. As we monitor underlying utilization trends, they remain consistent with the high levels we saw in the prior year. At this distance, we anticipate trend to remain at the anticipated levels for 2026.

In Medicaid, we remain focused on improvements in high acuity care management and operating cost management. First quarter performance reflected a combination of favorable reserve development and early in-year medical cost experience. We continue to expect membership attrition and negative margins in 2026 in light of continuing high trend and insufficient funding, with modest margin improvements beginning in 2027.

Many state rate processes are still open for the remainder of 2026 and into 2027. Appropriately aligning state rates to elevated medical cost trends in these programs is essential to sustainably serving people who rely on them. We continue to advocate for this with state partners, alongside our own disciplined cost management and operational efficiencies. We are intensifying our work with states to address areas of potential fraud, waste, and abuse.

For our commercial business, membership levels, renewals, and trends were generally in line with the expectations we shared with you. The pricing actions we have previously discussed are materializing as intended, preserving margin while contributing to some moderation in growth. Self-funded offerings continue to perform well. We are approaching the 2027 selling season with a focus on appropriate pricing for the elevated cost environment and meeting employer needs for more modern tools to support consumer engagement and affordability.

As anticipated, the individual ACA business continues to contract. We still expect total membership to decline by approximately one-third in 2026. Our approach in the ACA market continues to be directed toward the bronze and gold tiered

products, where member mix and utilization rates are largely aligned with plan. As a reminder, we pledged to refund any 2026 profits from these plans, and our first quarter results reflect this pledge.

In Medicare, medical trends remain elevated but in line with our pricing assumptions. This reflects continued service intensity and higher provider billing patterns consistent with what we saw exiting last year. This is an issue that we are squarely addressing.

Turning to enrollment ... results from the Annual Enrollment Period were largely as expected, and OEP retention has remained stable. At this point in the year, we expect membership to contract consistent with previous guidance, but centering more around a drop of 1.3 million.

On the final Medicare Advantage rate notice for the 2027 plan year. We appreciate that the Trump Administration better aligned funding with increasing health care costs. It's an important step to preserving stability for the millions of seniors who rely on MA, and toward ensuring this vital program's long-term sustainability.

Turning now to our efforts to improve the patient and clinician experience when they engage with us ... starting with prior authorization.

Prior authorization remains a critically important tool for eliminating fraud, waste and abuse, and for helping ensure patient safety and quality care. We also recognize it is a source of frustration, and we are working to reduce that. Nearly 95% of prior authorization requests are now submitted electronically. About 50% of those are processed in real time, and more than 90% are approved on average in one business day.

We are working to enable more prior authorization submissions to be made directly within care provider workflows, in addition to the steps we are taking to further reduce the overall number of medical prior authorizations by 30% or more by the end of this year.

Member adoption of UHC AI-powered digital tools continues to grow. Almost half of all members are now registered for and using UHC digital access. We saw 73 million digital visits in Q1, up 42% over the last two years, reflecting sustained and growing engagement with our digital platform. Digital self-service is now the primary way members interact with us, with over 80% of consumer contacts through digital formats, and an NPS in the top quartile of the industry.

For care providers, digital channels continue to grow, with transaction volumes up 75% year-over-year, and about 75% of in-network providers using our portal or API tools. This improves real-time access to eligibility, benefits, and claims status while reducing manual outreach – enabling clinicians to spend more time on caring for patients.

We are intensifying our efforts to help independent rural health care providers. We will accelerate payments in all lines of business by 50% for rural hospitals and exempt rural health care providers from most medical prior authorization requirements. And we are building network partnerships between rural providers and leading regional health systems. Together, these initiatives will help lower costs and simplify processes for care providers, and greatly enhance access to quality care for people in rural communities.

All these efforts and others like them are part of our commitment to pursue and invest in new and innovative ways to fulfill our mission – to help people live healthier lives and help make the health system work better for everyone.

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

Patrick Conway

Thanks, Tim.

Across Optum, positive first quarter results reflect strengthened operations, continued investment in growth and changes that make engaging with us easier for patients and provider and clinician partners.

I'll start with Optum Health. Adjusted earnings of \$1.3 billion reflect pricing and operational improvements that began in the back half of 2025, as well as actions taken to improve contracts and reshape our value-based care portfolio to better align with the original purpose and risk profile for that strategy. As we have shared over the past three quarters, our efforts are focused on management and process improvements that steadily improve margins at Optum Health for 2026 and accelerate into 2027.

A key part of the progress is Optum Health's return to a disciplined, integrated value-based care model. With increasing prices from health systems, rising patient acuity and higher consumer expectations, integrated value-based care is the most effective way to improve outcomes and manage total cost of care over time. We are privileged to serve over 20 million patients in our Optum Health care models across the country, including over 4 million in fully value-based arrangements.

Both patients and care providers do better when incentives are aligned toward care outcomes and not the quantity of services provided. For example, new research published in the *American Journal of Managed Care* showed that among nearly two million dual-eligible patients, those in value-based care arrangements had 24% fewer acute inpatient hospital admissions and 29% fewer emergency room visits than patients in traditional Medicare.

We are improving patient experience and outcomes through efforts to stabilize staffing, increase productivity, improve scheduling and standardize workflows in both our value-based and fee for service models. It is this kind of operational focus that improves clinical outcomes by better focus and deployment of clinical resources to the right care, time and setting – and that gives us a clear path to long-term, sustainable margin levels of 6% to 8%.

One example: Our West region where, in response to rising patient acuity, we deployed more data-driven, clinically-led navigation in areas such as hospital admission and discharge, skilled nursing facility transitions and emergency

department encounters. Since last quarter, clinical reviews have increased by more than 50%, with earlier patient intervention and more consistent care coordination. We're already seeing inpatient and skilled nursing admissions trending sharply below historical levels, including an approximately 35% reduction in skilled nursing admissions in the first month compared to last year. These efforts are expanding to additional markets and reflect how using real-time data, strong clinical leadership and coordinated care to improve outcomes can drive more predictable performance.

Within our fee for service businesses, we've brought more managed structure and accountability – starting with clearer scheduling guidelines, stronger regional leadership and better data and analytics to match supply and demand. These new standards are now in place across nearly 70% of our settings and are on track to reach nearly 80% by the end of the second quarter. They have already driven a 12% year-over-year increase in patient-facing hours – which is better for both clinicians and patients.

We are rapidly scaling self-service digital scheduling, including AI-enabled tools that guide patients to the right appointment, in the right setting, at the right time for them. That's improving access, reducing friction and expanding capacity without adding incremental clinical burden.

Moving to Optum Rx, we started the year by onboarding more than 800 new clients while reducing contact call center volume 25% through enhanced digital and AI-enabled self-service, with member satisfaction over 95%.

Our unique PreCheck Prior Authorization capability reduces prescription approval time from over 8 hours to under 30 seconds and provides a 68% reduction in denials due to missing information and an 88% reduction in appeals, easing interactions for clients, members and providers.

First quarter utilization and drug cost trends were as expected, with scripts down slightly year over year reflecting some membership mix and attrition.

As manufacturers continue to implement significant drug price increases and with more complex specialty drugs representing over 50% of drug spend, the role of pharmacy care is more important than ever in helping patients access affordable drugs.

At Optum Insight, new AI-first products continue to gain traction. Optum Real is helping payers and care providers deal more efficiently with administrative functions such as claim adjudication and coverage validation and can reduce manual contact costs by 76%. Other AI initiatives help automate provider, payer, and internal workflows, improving accuracy, reducing administrative burden, and strengthening our role as a technology partner for the health system.

Within Optum Insight, Optum Financial Services continues to perform well and has agreed to acquire Alegeus Technologies – a leading health financial services business. This is an important step in providing more flexible, consumer-centered solutions for the people we serve. This transaction is expected to be accretive in 2027.

Our AI-enhanced performance gives just a flavor of what Optum can do to help physicians and clinical care teams, payers and patients.

Wayne, I'll turn it over to you.

Wayne DeVeydt

Thank you, Patrick, and good morning.

Our first quarter results reflect improving fundamentals and a strengthening of operations across our businesses. As Steve mentioned, all our operating segments exceeded our plan for the quarter with particular strength in Medicare and Optum Health.

For the first quarter, we reported adjusted earnings per share of \$7.23, well ahead of our expectations and backed by strong quality metrics, including cash

flows and reserves. We continue to balance near-term performance with disciplined investment in longer term strategic priorities.

Total revenues in the quarter were \$111.7 billion, reflecting 2% growth year over year, driven by disciplined pricing actions and member mix. We now serve 49.1 million total members domestically, compared to 49.8 million at the end of 2025.

Turning to medical costs, our reported medical care ratio of 83.9% compares to 84.8% in the first quarter of 2025 and is a result of pricing discipline, strong medical cost management and favorable reserve development. The first quarter benefited modestly from seasonal dynamics, including lower than expected respiratory activity. Consistent with our guidance, we expect some of these dynamics to moderate as we move further into the second quarter, particularly given the impact of IRA-related changes to Part D seasonality, which meaningfully shifted the earnings profile beginning in 2025.

Importantly, underlying utilization trends remain broadly consistent with our expectations, and we are seeing early signs of improved alignment between pricing and medical cost trends.

The operating cost ratio was 13.8% in the quarter reflecting the timing of targeted investments across operations, technology and care delivery, as well as incremental investments in areas such as AI, customer experience, cybersecurity and community engagement. We also recorded \$900 million in incentive compensation for the quarter as compared to \$35 million in the first quarter of 2025, reflecting our performance. We continue to expect operating cost ratio trends to normalize over the course of the year as these investments scale and begin to deliver productivity benefits.

Our operating results were supported by solid operating cash flows of \$8.9 billion in the quarter, or 1.4 times net income. Our capital priorities remain consistent: invest in growth, strengthen our balance sheet and return value to shareholders. With our cash flow performance this quarter, we were able to bring the debt-to-total capital ratio down to 42.9%, on track to our year-end goal of 40%. We

initiated share repurchases earlier than anticipated and expect to deploy at least \$2 billion by the end of the second quarter. Based on our current share price and the deep intrinsic value discount at which our shares are currently trading, returning value through share repurchases will remain a priority. And we anticipate further capital allocated into strategic acquisitions that support long-term growth. We will be measured in pursuing such assets while prudently managing our balance sheet.

One other item of note for the quarter...

As previously discussed, as part of the restructuring actions taken in the fourth quarter of 2025, we will continue to remove from our 2026 adjusted results the residual impacts of those actions. The net negative impact of these items was about \$50 million for the quarter and was excluded from adjusted earnings per share. This impact includes, among other things, a \$525 million gain on the sale of our UK business, which we successfully closed in the first quarter. We used \$400 million of these net proceeds to provide additional funding to the United Health Foundation. Our intention is to improve the focus and discipline of our core operations while using proceeds from non-recurring gains to further advance our mission by helping build healthier communities and a robust health care workforce. In addition, at Optum Health we had the positive impact of the loss contract offset by the final true-up of losses related to assets which were held for sale as of December and divested during the first quarter.

While it is still early in the year, we have updated our full year outlook to greater than \$18.25 per share. This refreshed view balances the performance we saw in the first quarter with a prudent level of patience to see how the remaining months evolve.

Our earnings cadence for the year remains consistent with prior expectations. We continue to expect approximately two-thirds of earnings in the first half of the year and the remaining one-third in the second half.

That said, the earnings profile varies meaningfully across the portfolio. UnitedHealthcare earnings are over 75% weighted to the first half of the year. Similarly, for Optum Health we expect earnings to moderate throughout the year from Q1 levels, with the significant majority of full year reported earnings occurring in the first half. In contrast, Optum Insight and Optum Rx are more naturally weighted to the back half, with each generating approximately 60% of earnings in the second half.

This pattern also similarly influences the progression of our medical cost ratio, with first half levels more than 250 basis points below the midpoint of our full-year guidance, and second half levels more than 200 basis points above.

Overall, this has been a strong start to the year as we continue to improve our business performance and advance our mission.

Steve, back to you.

Stephen Hemsley

Thanks Wayne.

Before we turn to your questions, let me kind of summarize where I think our company stands today.

- This was a solid quarter across all segments, positioning us for similarly solid progress going forward.
- The historic disciplines and innovations at UnitedHealthcare are rounding back into place.
- Optum Health is clearly focusing on the right, basic elements and gaining traction.

- Optum Insight has untapped potential in an AI-centric world. They are starting to sell business and building broader service relationships around that reality. But to evolve more modern, scaled solutions and for users to be ready to embrace them will take more time – in my mind, later in 2026 and into 2027.
- Our enterprise-wide AI ambitions are meaningful and the agenda is in motion. We are getting after business units and functions alike and, importantly, critical processes that are core to several of our businesses. This is not just a matter of being more productive at what we already do, but a reimagining of how we organize, operate and work going forward. Few if any large organizations have ever done things like this at this scale, so we match our desire for speed with prudence and humility.
- We remain focused on advancing business and management processes and continue making progress in areas such as governance, transparency, stakeholder experience and more.
- Underpinning these steps, is the undertaking to deeply reenergize our mission and culture across this company, an effort in which our leaders and people are engaged avidly.

This management team believes we are a long way from performing to our full potential. And we are committed to getting to that potential, quarter after quarter, and reporting to you on our progress.

With that, operator, please open the line for questions.