UNITEDHEALTH GROUP®

Third Quarter 2020 Remarks
October 14, 2020

Moderator:

Good morning, and welcome to the UnitedHealth Group Third Quarter 2020 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 October 14, 2020, which may be accessed from the Investor Relations page of the Company's website. I will now turn the conference over to the chief executive officer of UnitedHealth Group, David Wichmann.

David Wichmann

Good morning and thank you for joining us today.

The past nine months have hopefully provided you a window into both the values and capabilities of this organization, and how they enable us to serve our customers, patients, care providers, team members and their families … and you, our investors … in a period of unprecedented challenge.

I am fortunate to witness up close, the exceptional work of our team … every day. An innovative, growing and highly adaptable enterprise driven by the compassion, expertise, and restless spirit of our 325,000 people … over 120,000 of them providing care on the front lines. Our collective experiences over this year have made us an even more deeply committed and energized organization about our potential to help advance the next-generation health system. One which is fair, affordable, simpler and effective.

Our team combines this vision with a sharp focus on day-to-day execution, delivering strong, well-balanced results across the enterprise. Third quarter adjusted earnings were $3.51 per share, with the decline from the year ago quarter reflecting the swift customer and consumer support actions we committed to from the very beginning of the COVID-19 pandemic.

Based upon this performance and forward estimate of pandemic impacts, we are updating our full year 2020 adjusted earnings outlook to a range of $16.50 to $16.75 per share.

In this, we remain committed to ensuring any financial imbalances arising from the pandemic are addressed proactively and fairly for those we serve. We have done this consistently over this period, even as the ultimate outcomes remain unclear, as the timeliness of relief to our stakeholders is critical. Service, fairness and performance … with a long-term view … this is what you can continue to expect from us.

You should also expect this enterprise will apply its innovative spirit to contribute in new and different ways as our capabilities expand and circumstances require.

- We have partnered on and led clinical trials, helping resolve the nation's critical PPE and PCR supply chain issues and enabling more rapid testing at considerable scale, while keeping the health workforce safe.

- We are supporting state testing operations in California, New Jersey, North Carolina and Indiana and contact tracing in New York City.

- We are supporting the Mayo Clinic's development of convalescent plasma and some of the most promising vaccine and antibody trials.

- We have helped enable workforce safety through the development of ProtectWell, a protocol, process and technology to enable the safety of the health workforce as well as the safe opening of businesses, schools and nursing homes.

- We're working to assist with employees' health coverage transitions through our GetCovered campaign, now being offered by employers to assist people who have lost their jobs.

- We provided $2 billion in liquidity relief for the health system and our customers and consumers will realize over $3 billion in premium and cost sharing relief, including $1 billion in estimated rebates.

- We have contributed more than $100 million of financial support and 6 million pounds of meals for communities suffering from food insecurity, homelessness and health disparities.

These efforts are possible because we operate a capable set of businesses and capacities that are leading the development of the next-generation health system and expanding our opportunities to serve. Today, I'd like to give you a brief sense of this work.

Early in the pandemic we quickly enabled Optum physicians and the physicians of UnitedHealthcare's most vulnerable patients to adapt and expand rapidly to meet the needs of millions of patients for care of chronic and emerging conditions.

This included advancing telehealth by creating direct connections between patients and their own physicians, a critical element to highly effective digital health, ensuring adoption will extend well beyond this crisis. So far this year, OptumCare physicians have facilitated 1 million digital clinical visits directly with their patients. And we are rapidly developing a proprietary set of distinctive tools and aligning our clinical practices to further develop and amplify this capability. I'm sure you can see how advancing modern telehealth fits into our overall strategy to build high performing systems of care.

Our growing therapeutics capacities are positively impacting the management of chronic diseases. With the introduction of Level2, a digital therapy developed to improve the lives of the 30 million people with Type 2 diabetes, we are helping patients move toward remission of the disease. Level2 uniquely measures signals and applies artificial intelligence, engaging people and producing better health outcomes. You can expect more digital therapeutics from us in the coming months and years.

Our growing capacities are especially apparent within our OptumCare platform, where 53,000 physicians across 1,500 local, patient-centered facilities serve nearly 20 million patients – over 3.5 million of these in some form of risk arrangements, with 1.3 million Medicare Advantage or dually eligible members under global capitation.

OptumCare creates substantial value by building a deeper clinician-patient relationship and by leveraging data and artificial intelligence to enable our clinical model to intercept and treat disease early and proactively ... leading to better health outcomes, value and industry-leading patient experiences.

Our patients experience safer, healthier, more fulfilling lifestyles, spending one-third fewer days per year on average in a hospital bed and 40% fewer days in a skilled nursing facility than patients supported by traditional Medicare fee-for-service. Moreover, our most advanced care delivery practices deliver this high-quality care at upwards of a 40% lower cost than the equivalent traditional Medicare benefit, with the

value fully reflected in improved benefits and lower costs for seniors – all at world-class NPS scores in the mid-70s.

The proven clinical success of the Optum senior care offerings supports our considerable growth goals for OptumCare and also demonstrates the longer-term potential to greatly benefit consumers in commercial offerings. We have been building this platform for over a decade now and expect it to continue to grow at strong double-digit rates for years to come.

Another aspect of a modern, next-generation health system is managing the specialized and costly medications of the future in a way which works for patients, clinicians, employers and payers. Our OptumRx Integrated Specialty solution brings a total approach to managing complex conditions across both the medical and pharmacy benefit, where we are able to generate up to $37,000 in annual savings per patient, by employing clinically appropriate care, at more convenient, lower-cost sites.

This approach is enabled by Optum's growing footprint of integrated community pharmacies, which will grow by over 60 centers in 2020. And the number of patients served with our infusion services will grow at double-digit rates. We expect this to be another durable growth trend given the much safer and clinically equivalent patient experience.

We see OptumRx as continuing to transform to be a leader in pharmacy care services. Put differently, we believe the value for people and the system from pharmacy care services resides in managing personal engagement in health … not just supply chain management. This plays to our strengths and will increasingly contribute to the growth of OptumRx in the years ahead.

UnitedHealthcare continues to focus on the varied needs of health care consumers. In the next-generation health system, we expect consumer benefits to become

increasingly customized to meet these needs, as people search for solutions which are simple, affordable and help enable quality outcomes.

UnitedHealthcare has seen strong reception to our expanding suite of highly tailored and affordable individual coverages. This year alone, the number of people we serve with individual health coverage has grown by 15%. Likewise, in employer-sponsored coverage, our growing set of consumer-centered, innovative and flexible offerings such as Bind, All Savers and physician aligned plans such as Harmony in Southern California are gaining traction, with membership in these offerings having grown over 50% this year.

We know many of you are interested in the annual Medicare Advantage enrollment period which opens tomorrow. The 2021 benefit year will be UnitedHealthcare's largest Medicare Advantage footprint expansion in five years, reaching an additional 3.2 million people in nearly 300 additional counties.

We are emphasizing what we know seniors are looking for this year, even more than ever: stability and value. Premiums for most people we serve will be flat or reduced, and nearly 2 and one-half million people will have no premium at all. We continue to innovate our product offerings, with all Medicare Advantage plans featuring zero copay primary care digital health visits and the expansion of our personal support services, such as an annual clinical health assessment delivered in a senior's home and for many, the assignment of a dedicated UnitedHealthcare navigator.

We expect strong growth in individual MA, and when combined with our group Medicare gains, 2021 is shaping up to be another year of market leading growth.

We also expect continued growth in Medicaid due to transitions in coverage and net new market gains and are looking forward to a record RFP season, as we seek to serve more people, in more geographies.

What I've described for you this morning is a sampling of the initiatives we are pursuing today to help lead in the development of the next-generation health system. A health system that works better for everyone. Those who experience care, those who provide care and those who pay for care.

Now I'll turn it over to Chief Financial Officer John Rex.

John Rex

Thank you, Dave. Broadly speaking, third quarter results continued to be impacted by disrupted care patterns, albeit to a much lesser extent than in the second quarter, as many regions of the country stabilized nearer to more normalized levels.

Within the quarter, care deferral impacts were more than offset by the proactive consumer and customer assistance measures we voluntarily undertook earlier this year, as well as COVID-19 care and testing costs and broader economic effects. These factors resulted in a 10% year-over-year decline in adjusted earnings per share.

As we discussed last quarter, the deepest period of care deferral which occurred in the second quarter and the timing of GAAP recognition of our assistance actions don't entirely line up, which makes for a more pronounced adverse impact to earnings in the second half of 2020. The measures we voluntarily undertook mostly impact our benefits businesses and contributed to UnitedHealthcare's third quarter operating earnings decline from a year ago.

In the quarter, we saw total care activity now exceeding 95% of seasonal baselines, with certain categories even more closely approaching normal. This compares to an overall measure of about two-thirds at the lowest point in the second quarter.

Each of the three Optum businesses continued to perform well, while affected in different ways by still recovering care patterns and economic effects.

OptumHealth's third quarter earnings increased 12% year-over-year, as fee-for-service practices and ambulatory surgery activity began to recover, while risk-bearing practices still experienced some modest continuing effect from deferral of care. Our SCA ambulatory surgery centers operated at about 95% of seasonal baseline in the third quarter, compared to 55% in the second quarter. Year-to-date, over 1,000 new surgeons have performed procedures at SCA, as they seek a safe, convenient and efficient clinical partner. New surgeon affiliations for the nine-month period rose nearly 25% over last year and we continue to expand the complexity of procedures performed in these settings, having added over 40 new service lines, nearly double last year. Patients increasingly prefer these free-standing centers, with NPS measured at 92. These durable, long-term trends will benefit our growth even more strongly in the future as elective care activity fully normalizes.

OptumInsight third quarter earnings increased 24% year-over-year, while the revenue backlog grew by half a billion dollars in the quarter to nearly $20 billion. Payer services and state-government businesses performed strongly, while we continued to see lower activity in the provider-facing businesses due to procedural volumes. While still not fully normalized, business development activity has increased from the second quarter's much lower pacing.

OptumRx earnings declined 2% year-over-year in the third quarter, as script volumes were impacted by lower care activity and economic factors. First fill scripts, which are correlated to physician visit activity, greatly improved from the second quarter which was down by about 25%, while not yet fully back to prior year levels. Revenues in our expanding pharmacy services businesses have grown nearly 30% year-to-date.

Turning to UnitedHealthcare, third quarter operating results reflect a considerable moderation of the care deferral impact experienced in the second quarter, while still not at baseline levels. This was more than offset by our assistance measures, direct COVID-19 care costs and economic factors. The number of people served in commercial products declined primarily due to employer actions. Within this, for us

about 40% of the fee-based decline came from very large employers, primarily in the hospitality, transportation and energy sectors.

During the third quarter, growth in Medicaid membership accelerated, benefiting from the continued easing of state redetermination requirements. We have not yet seen material Medicaid enrollment activity due to job loss. Historically, these transitions lag loss of health care coverage by about six months. Our Medicaid business has seen strong year-to-date organic growth of over 500,000 people.

Sales activity in Medicare Advantage has continued to move toward more normalized patterns, after seeing some slowing in the second quarter due to the pandemic. Within this we have seen considerably less plan switching than typical for existing Medicare Advantage enrollees, while selection of MA over fee-for-service for people new to Medicare is tracking well. We continue to deepen our engagement with those seniors most in need, increasing the distribution of remote digital sensor kits to collect and monitor vital health data and address gaps in care generated by the pandemic. Seniors continue to highly value our HouseCalls program, with the number of home visits in the third quarter growing by nearly 30% over last year.

Our liquidity and financial position remains strong. Third quarter cash flows of $3.1 billion or 1-times net income reflect the extra federal tax payment in the quarter due to the deferral of payments typically paid in the second quarter. Year-to-date, cash flows from operations are $16.1 billion, or 1.2 times net earnings. And our debt-to-total capital ratio of 39.1% compares to 43.7% in the year ago quarter.

As noted earlier, we have updated our full year adjusted earnings outlook to a range of $16.50 to $16.75 per share. This reflects third quarter performance, while anticipating the fourth quarter will reflect continued customer assistance measures, normalization in care patterns and rising acuity, as a result of missed and deferred treatments. We will continue to work proactively to help people obtain the care they need.

Now I'll turn it back to Dave.

Dave Wichmann

Thank you, John.

With the third quarter earnings report we have at times provided some early soundings on our growth outlook. Even as the current environment is anything but routine, I'll still try to offer some useful perspectives.

We approach the future with continued conviction on our long-term 13% to 16% earnings growth objective. Some of the factors giving us confidence include:

- Our rapidly expanding care delivery services, now benefiting from over a decade of building and investing in local, value-based care systems and extension into market-leading post-acute, home and modern behavioral health intervention services.
- Our ability to support seniors across multiple channels and markets with increasingly innovative, high value offerings.
- The way we meet the growing needs of people with highly complex conditions, with comprehensive, personalized care, including people across commercial, federal and state-based programs.
- The innovative and consumer-responsive products now being offered through the employer and individual market channels.
- Our unmatched ability to support a more interoperable and intelligent health system, as a result of significant investments over many years to improve performance – integrating data, analytics and clinical information to provide essential insights to evidence-based next best care actions.
- And, our restless drive to allocate capital and align with other innovative companies as we lead in the development of the next-generation health system, in a socially conscious way.

These are just a few of the accelerating capabilities which will enable our enterprise to serve more people, much more deeply as we look to the years ahead.

As to early thoughts on 2021, we expect our underlying business performance to be strong and well supportive of our long-term growth objectives, including the tailwinds we have highlighted throughout this morning.

The pandemic and related economic impacts of course remain difficult to predict and, at this distance, likely represent a significant potential headwind. As a result, we envision stepping out initially with a more conservative all-in 2021 starting point, to accommodate these still developing and unknown COVID-related impacts … in particular, the pacing of a return to more normal levels of care services and the condition of the economy.

As the environment continues to evolve, we will also continue to evolve our thinking and perspectives. And as is our custom, we look forward to providing you further perspectives on all aspects of our business at our Investor Conference on Tuesday, December 1st, which will be held virtually this year.

Thank you.