

**Earnings Conference Call  
First Quarter 2021 Remarks  
04.15.2021**

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This transcript also references 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](http://www.unitedhealthgroup.com).

Information presented in this transcript is contained in the Earnings Release we issued on April 15, 2021, and in our Form 8-K dated April 15, 2021, which may be accessed from the Investor Relations page of the Company’s website.

**Andrew Witty**

Good morning and thank you for joining us to discuss our first quarter results and positive outlook as we continue to execute on UnitedHealth Group’s long-standing mission and strategies.

The exceptional dedication of the people of Optum and UnitedHealthcare again defined this period. They have adapted swiftly and creatively to demanding and rapidly changing circumstances, implemented new ideas and, importantly, remained focused on serving people exceptionally well.

As a result, adjusted earnings per share were \$5.31, reflecting strong execution at both UnitedHealthcare and Optum.

In light of our strong start to the year, balanced with continued respect for the potential pandemic-related effects we have previously described, we are increasing our full year adjusted earnings outlook to a range of \$18.10 to \$18.60 per share.

I'll touch briefly on two highlights among many in the quarter that illustrate the increased momentum our colleagues at UnitedHealth Group are driving:

- People served with our employer and individual offerings grew nearly 100,000 in the quarter, even within the context of a challenged U.S. employment environment, and this underscores the growing consumer orientation, affordability and breadth of our products.
- OptumInsight revenues increased 14% and operating income increased 45% compared to the year ago period as more normal activity levels among health care system customers returned, leading to expansion in how we help them advance clinical and operational excellence. Significant innovation and automation in the OptumInsight businesses drove strong productivity gains.

We have the right capabilities, assets and strategies in place, and we remain restless to innovate, evolve and further integrate our offerings to serve more people, more effectively, both directly and with our many external partners throughout the health care environment.

To achieve this, we have been sharpening our focus in three key areas:

- First: delivering even greater value to those we serve throughout the health care system by better harnessing the collaborative capabilities of Optum and UnitedHealthcare. We believe we can develop new products and services which support people more effectively by bringing to bear greater application and adoption of the combined offerings of these two distinct and complementary organizations.

Optum Care's work supporting Medicare Advantage patients illustrates this well, and I'll speak more to this shortly.

- The second area of focus: increasing the application of our technology and related resources to improve care for people and the operation of health systems. There are benefits for everyone in helping to make the health care system work more like an *actual* system. Improving the natural flow, accessibility and use of information is essential to that goal – all within a secure and protected framework. We can help care providers and payers better serve patients by more effectively simplifying key administrative processes, and by providing timely access to relevant information.
- The third focus is making health care work better for consumers. We're ambitious to meet the rising expectations of health care consumers and we will continue to improve our offerings, including in such critical zones as greatly simplified, intuitive and satisfying consumer digital experiences and advanced health care banking and payments services that enable people to find, price and pay for care digitally.

You will hear more from us about these approaches in the months ahead, but today I would like to focus on the first – unlocking greater value for customers at the intersection of Optum and UnitedHealthcare including through our ability to develop new, useful service offerings.

One of the most effective ways of doing so is through stronger alignment of the high-quality clinical services of Optum Care to address the needs of patients we serve for our nearly 90 health plan customers. A key foundation is increasing the clinical outcome accountability of our Optum Care practices. Of the 4 million patients who Optum Care serves in some form of accountable arrangement today, 2 million are being served under fully capitated arrangements, and this demonstrates strong growth and progress, but Optum Care serves 20 million patients in total, which is one reason why we view the potential of Optum Care as only beginning to be harnessed.

These accountable arrangements drive measurably better patient outcomes and experiences, all at lower cost. For example, seniors served by Optum Care physicians under such arrangements spend on average one-third fewer days in the hospital and have 40% fewer days in skilled nursing facilities than seniors in traditional Medicare. We expect the growth in the number of Optum Care patients served under accountable arrangements to accelerate.

A further example of using our combined expertise to advance more beneficial service offerings is the recent opening of a first of its kind Optum integrated care facility in Riverside County, California. While we have long offered and continue to actively develop our senior-focused clinics, this new clinic and community center offers a comprehensive range of primary care-led services, including a pharmacy, all under a single roof ... and importantly ... it is especially oriented around supporting Medicaid, Medicare, commercial and individual members of all ages.

This comprehensive health center provides improved care access with modern, on-site services including:

- annual wellness visits;
- chronic disease management support;
- coordinated care with trusted specialists; and
- laboratory, imaging and pharmacy services.

The adjacent community center includes a full-service gym and meeting rooms for health education. We see Optum and our payer partners as uniquely positioned to be able to offer these types of impactful venues and look forward to learning from the community and expanding these services.

To sum up: We continue to organize and apply the unique capabilities of this organization in ways that enable us to execute on the goals we established for 2021 and beyond and to continue to deliver on our 13% to 16% long-term earnings growth objective.

Now I'll turn it over to President and Chief Operating Officer Dirk McMahon to give more color on initiatives to drive greater performance across the organization.

**Dirk McMahon**

Thanks, Andrew.

As Andrew noted, we continue to drive growth by supporting more affordable, simpler, quality care across Optum and UnitedHealthcare. These are themes you've heard us cover before and we continue to see the benefits of this approach for the people we serve. Let me turn those themes into some specific examples across Optum and UnitedHealthcare that illustrate how our approach is working.

First is how we have been simplifying the consumer experience over the past year:

- We have driven greater engagement with seniors by increasing adoption of digital tools. Monthly active users of our digital offerings have risen double-digits, with similar increases in online transactions. This has led to greater adoption of our digital therapeutic offerings. In the first quarter, high-risk chronic disease patients in our home monitoring program logged over 1.5 million biometric measurements, such as glucose levels, enabling 99% medication compliance and an NPS of 84.
- We also made it easier for people to get and maintain behavioral health support by expanding traditional and virtual provider networks and combined them with modern digital therapeutic services. Behavioral health needs have increased significantly during the pandemic and as a result we have seen substantial adoption in our digital behavioral platforms that provide on-demand emotional support, logging a rise of over 100% in utilization.

Always accompanying our work to simplify health care is Optum and UnitedHealthcare's sharp focus on delivering high-quality care. We've talked to you before about the advances we are making to integrate patient-specific health data and plan information directly into the physician's workflow. Clinicians can see gaps in care and act to close them during the patient's visit, in addition to other steps that facilitate more efficient care and better outcomes. We now support over 8 million of these insight-enabled digital interactions each month, with rapidly expanding physician adoption.

Delivering high-quality care has been central in our response to the COVID pandemic. Our most recent effort to help members access vaccines is a prime example. We launched a vaccine locator tool, helping people find and sign up for a vaccination. And we've made millions of outbound contacts to engage members and help them get the information they need.

Lastly, making care more affordable remains central for the people we serve and the health system overall, and is essential for increasing access. For instance, through our medication sourcing program, high-cost providers now source drugs at a network specialty pharmacy, including OptumRx, or charge market rates only for the drugs. Early work on this has generated substantial savings for our customers.

Our work to make health care simpler, higher quality, and more affordable drives strong growth for our business. At the end of January, for example, UnitedHealthcare was awarded an Oklahoma SoonerCare Medicaid contract to serve nearly 200,000 people. Oklahoma previously operated under a fee-for-service program. The award affirms the value we bring to state partners and consumers and reflects our commitment to expand access to care for all Americans. We look forward to working with our new partners in Oklahoma and sharing with you on future calls new examples as our work on simplicity, quality and affordability continues to create improvements and new growth opportunities.

With that, now I'll turn in over to Chief Financial Officer John Rex.

**John Rex**

Thank you, Dirk.

Before I review the performance of our businesses, as in recent quarters I'd like to provide an update on the care patterns we are seeing as the pandemic continues to evolve.

Over the course of the first quarter, total care activity, including COVID-19 related care, ran marginally below seasonal baseline. Pacing of elective care activity through the quarter generally tracked – and in opposite directions – with the rise and decline of COVID incidence rates, which were much higher in the early part of the quarter than in the latter part. To put this in perspective, February and March showed COVID-related care at about half the level experienced in January. Since the quarter's end, we have again begun to see a rise in COVID-related care, while at this time not approaching the January levels.

Outpatient care activity was moderately below seasonal baselines for the full quarter, running in counterpoint to the COVID incidence patterns over the three months and reflecting a well-below average influenza and respiratory illness season. And total inpatient activity was modestly above seasonal baselines, with over 55,000 COVID-19 related admissions during the quarter compared to 65,000 in the fourth quarter 2020.

Moving to business unit performance, OptumHealth's first quarter revenue and earnings increased 35% year-over-year. Revenue per consumer served grew 31% over the year ago quarter. The growth in this metric continues to reflect the expanding number of people served under value-based care arrangements and the increasing acuity of the care services we offer.

OptumInsight's revenue grew 14% in the quarter and earnings 45%, due to growth in our services and technology offerings and improved productivity. The revenue backlog at \$20.8 billion grew \$1.6 billion over the first quarter 2020, as more normalized business activity started to return among our provider and payer customers.

OptumRx revenue and earnings were relatively consistent year-over-year and in line with our expectations. Adjusted scripts declined modestly from the year-ago quarter, a period during which we provided advance medications to the people we serve as the pandemic began. Pharmacy care and specialty services continue to grow strongly, in particular home infusion and our community behavioral health pharmacies.

Turning to UnitedHealthcare, first quarter operating results reflected strong execution and continued membership growth.

In addition to the growth in commercial and Medicare Advantage offerings noted earlier, people served in managed Medicaid programs grew by nearly 1.1 million over the year ago quarter.

Of the 900,000 new seniors we expect to serve within Medicare Advantage this year, about 775,000 are in Individual and Group and 125,000 in dual-special needs offerings.

Of importance to the senior customers we serve, our HouseCalls clinicians have been considerably more able, compared to this time last year, to provide their vital services. We conducted nearly 600,000 home visits in the quarter, as more seniors and care givers were vaccinated and comfortable having in-person visits. That's up by a third compared to first quarter 2020, and about four times higher than what was achieved in the second quarter 2020.

Our liquidity and capital positions remain strong with first quarter cash flows from operations at \$6 billion, or 1.2 times net income.



As we look toward the combination with Change Healthcare, we intend to maintain our long-standing capital policies. These include our approach to returning capital to shareholders via share repurchase and an advancing dividend, with ample capacities to continue building upon our strategic growth platforms.

We now expect adjusted earnings per share in the range of \$18.10 to \$18.60 an increase of 35 cents from the outlook we offered at our investor conference. This outlook continues to include an estimated \$1.80 per share of unfavorable COVID-19 related effects, the substantial majority of which we still expect to occur in the latter part of the year, largely as care is more freely able to be delivered to people.

Now I'll turn it back to Andrew.

**Andrew Witty**

Thank you, John. The story you heard about this quarter is the story you have heard for many years and will continue to do so about UnitedHealth Group: a focus on better serving people and organizations in health care; using the combined capabilities of Optum and UnitedHealthcare to improve care, costs and experience; and an unwavering attention to executional excellence in all that we do.