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# UnitedHealth Group, Inc. (UNH)

Q3 2024 Earnings Call

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, and welcome to UnitedHealth Group Third Quarter 2024 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 US 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 and Earnings Reports section of the company's Investor Relations page at [www.unitedhealthgroup.com](http://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 15, 2024, 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, Andrew Witty.

### Andrew Philip Witty

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

Good morning, and thank you for joining us. As you saw in our release, the people of UnitedHealth Group continue to deliver on our growth pillars. Our teams are providing more people with more high quality healthcare services and benefits and restlessly looking for ways to simplify the health system and deliver more value for patients, employers, and providers alike. By the end of this year, we will have grown to serve more than 2 million new consumers with commercial offerings, fulfill more than 1.6 billion prescriptions through Optum Rx, and care for 4.7 million people in value-based arrangements.

Our people will have done all this and more in a challenging period, navigating the first year of the CMS Medicare rate cuts and its impact on member mix, the effects of the state-driven Medicaid member redeterminations, certain novel care patents, and the Change Healthcare cyberattack. While many of those factors could not have been anticipated, thanks to our people's efforts, we can affirm a full-year 2024 earnings outlook still within the range we first offered back in November 2023. It's a distinctive part of the culture of UnitedHealth Group that we continue to strive to deliver on our financial commitments to you through change in environments and unforeseen challenges.

As we look to 2025 and I will address this shortly, we remain in a dynamic period for the healthcare sector. Amid this, it's important that we continue to invest in the durable value-creating capabilities of this company that support our 13% to 16% long-term growth objectives. We will balance our commitments to investing in the promising future before us with managing the known and potential challenges. We remain highly optimistic for the future, even as we are respectful of the pressures the sector faces again next year.

Even within this environment, we're well-positioned to continue our growth in the years ahead. I want to highlight two important reasons for this optimism. First is our relentless focus on execution, quality, and innovation. In particular, we continue to work tirelessly to improve people's experiences with the health system. To that end, this

month we launched a first of its kind national Gold Card program, which will reduce the number of prior authorizations by 500,000 every year for qualified in-network providers. This can help improve both the quality and the affordability of care, while reducing friction in the system.

Artificial intelligence is starting to be an important tool in improving our work. Our advanced practice clinicians use AI to summarize lengthy patient histories, freeing up hundreds of hours that can be better spent caring for people. Our nurses use generative AI to review documentation more efficiently, saving time and improving patient service. AI is helping our consumer advocates powering tens of millions of consumer interactions and provider searches. This allows our advocates to spend more time with people on more complex inquiries, driving better efficiency while also improving the consumer experience, as reflected in higher NPS scores. And finally, using AI to help build software is enabling technology and engineering teams to enhance the speed and quality necessary to help drive our technology modernization.

Our focus on execution and quality is also evident in the Medicare Advantage plans we are offering for 2025. Once again, we focus on consumer value and as much as possible on benefit stability, even as we navigated the adverse Medicare funding environment. With annual enrollment beginning today, we believe we will continue to be a top choice for consumers.

A second element underpinning our growth is delivery on our commitment to the transition of the health system to value-based care. For over 20 years, there has been a bipartisan consensus among healthcare experts and policymakers that value-based care, that is integrated, patient centered, and outcome focused care, is superior to the often fragmented and unnecessarily expensive fee-for-service system.

Across four presidential administrations, CMS has called for private/public innovation in the development of value-based care models in Medicare and Medicaid. It provides better outcomes for patients, it saves money for the customers and taxpayers who fund care, and it empowers clinicians to focus on providing the most beneficial care. The rationale for this decades' long effort to develop value-based care is both simple and sound. It moves from incentives based solely on volume to incentives based on a patient's health outcomes and experience. And it helps ensure patient care is delivered not at the highest cost sites of service, but rather those that combine the highest quality and value.

The effectiveness of value-based care for patients is proven and powerful, and it's good for the system. At UnitedHealth Group, we're purposefully organized to support the transition to value-based care. It requires deep engagement with patients, setting the foundation to move to more coordinated care, connecting patients to primary care earlier, driving clinically accurate diagnoses, more effectively recognizing and managing chronic conditions, and slowing disease progression.

We're seeing the benefits of this work come to fruition. People served by Optum Health's value-based care models are more likely to receive cancer screenings and be in better control of their diabetes and hypertension than people in fee-for-service Medicare, and 10% less likely to visit the emergency room or be readmitted to hospital. One example of the impact of better care coordination is our emergency room safe discharge program, which helps patients who may be at risk for unnecessary and expensive ER use and readmissions.

We have learned that the specific ways in which a discharge is managed can have a substantial impact on readmissions, which are a problem for both patients and facilities. Our nurse care managers proactively engage the emergency teams to provide them relevant information from the outpatient medical record and to facilitate a safe discharge. This approach, currently in eight markets, is already helping to avoid hundreds of inpatient stays

each month, it preserves emergency resources for those who truly need them, saves money, and is a better experience for patients.

Our Medicare offerings now serve people in value-based care arrangements in dozens of service areas, integrating primary, surgical, behavioral, and home care. These patients come from many diverse payers and employers, a clear sign of confidence from the market that we're on the right track. This is the value proposition of UnitedHealth Group; committed to serving patients, providers, payers, and customers with quality, integrity, and innovation and joining with federal and state governments in the effort to help build a better health system that meets the needs of all stakeholders now and into the future.

Fundamentally, we continue to grow because more people and organizations are purchasing more of the products and services we offer. It's a simple statement to make, yet a hard thing to do year in and year out. But it's the enduring reason for our optimism about the long-term growth and future of this enterprise.

Now, I'll turn it over to John Rex, our President and Chief Financial Officer.

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## John Franklin Rex

*President & Chief Financial Officer, UnitedHealth Group, Inc.*

Thank you, Andrew. Strong growth across the company sets us up well to deliver upon our commitments to you. Amid all the puts and takes of this unusual year, we are seeing what we always look for; new products and innovations taking root among customers, more people being served through our services, and continued improvement in the experience people have. These are key to our long-term success.

I'll start today by offering some observations on care activity patterns, as we note that is most likely top of mind for many of you. Certain care patterns persisted at higher levels than we expected in the period for three specific and we believe primarily, transitory reasons, two of which we noted last quarter.

First, the still pronounced upshift in coding intensity by hospitals, which we flagged last quarter. In some cases, the coding actions are extreme. Certain entities have been notably and persistently aggressive, having upshifted their coding intensity factors by more than 20%. We are actively addressing this unnecessary additional cost burden to the health system.

The second item, also noted last quarter, is the continued timing mismatch between the current health status of Medicaid members and state rate updates. States often use care activity data that is well over a year old in setting their rates. That typically has minimal impact when member mix levels are relatively stable. But with eligibility redetermination significantly shifting, both the number and average acuity of people covered has changed. As a result of the lagging care activity data, as well as the annual rate cycle timing, updates remain well short of current care activity, a factor that for us was more pronounced through the period than anticipated.

A third item that emerged more substantially in the period was a rather rapid acceleration in the prescribing of certain high-cost specialty medications, primarily those used to treat cardiovascular disease, autoimmune disorders, and cancer. We believe a contributing factor to the acceleration was the Inflation Reduction Act, which eliminated the individual co-insurance requirement during the catastrophic coverage phase. As many of you know, more people entered this phase in the second half of the year. While we anticipated this would become a more meaningful factor in 2025, drug manufacture campaigns pulled some of this activity into this year, more sharply than anticipated.

With that, let's turn to our third quarter results. Revenues of \$101 billion grew more than 9% over the prior year, with strong growth again at both Optum and UnitedHealthcare. Optum Health revenues grew by over \$2 billion and are approaching \$26 billion. This was driven by an increase in both the number and type of care services we offer and the patients we serve, especially in the home and among those with complex needs. Optum Rx revenues grew by over \$5 billion to more than \$34 billion, driven by strength in our pharmacy care offerings as well as growth in pharmacy benefits management from new customers and expanding specialty services. Optum Insight revenues in the quarter were stable, approaching \$5 billion, and the nearly \$33 billion revenue backlog increased by more than \$1 billion from last year.

Turning to UnitedHealthcare, our domestic commercial business has added more than 2.4 million people through the third quarter. Selling season indications are tracking favorably as we head into 2025, reflecting strong uptake of UnitedHealthcare's innovative offerings. Our Medicare Advantage plans on offer this fall balance providing as much benefit stability as possible for seniors, while contending with the CMS funding cuts, IRA changes, and expected care patterns. The initial Stars ratings for plan year 2026 for consumers in four star or better rated plans is largely consistent with what we saw in our initial results last year. As has been the case in recent years, we expect these percentages to increase.

In Medicaid, our new state customer expansion and retention performance remains strong, including recent awards in Massachusetts, Colorado, Rhode Island, Florida, and Michigan. We hope to continue to support people and families in the post-redeterminations period and are advocating with states to ensure adequate funding and resources for these often underserved people.

Our capital capacities remain strong and continue to underpin our long-term growth objective. In the quarter, cash flows from operations were \$14 billion or 2.2 times net income and year-to-date were nearly \$22 billion. So far this year, we have returned \$9.6 billion to shareholders via dividends and share repurchase. Additionally, we have invested more than \$11 billion in a wide range of strategic opportunities, including updating and extending our longstanding and productive relationship with AARP to better serve older Americans. As highlighted last quarter, after the cyberattack, we prioritized devoting resources to support care providers over some activities such as share repurchase. Payments and claim flows for most care providers have normalized and repayment of these capital advances is underway.

Regarding Change Healthcare, for full-year 2024, we now estimate the business disruption cost will be about \$0.75 per share, an increase of \$0.10 from the former midpoint. As you may recall, business disruption largely encompasses the loss of revenues combined with the cost of keeping these capabilities fully ready to serve. These effects are not excluded from adjusted earnings. We continue to work with customers to bring transaction volumes back to pre-event levels and to win new business with our now more modern, secure, and capable offerings. We expect to continue to build back the business to pre-attack levels over the course of 2025 and estimate next year's full-year impact will be roughly half of the 2024 level.

As we enter the final quarter of the year, we are narrowing our 2024 adjusted earnings outlook to a range of \$27.50 to \$27.75 to reflect business disruption impacts and the care patterns we discussed. Our company's ability to deliver within the range of the commitments established nearly a year ago, even in a challenging circumstances, is another example of the discipline and innovation of the enterprise and the confidence we have in delivering diverse growth for the long term.

Now, I'll turn it back to Andrew.

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## Andrew Philip Witty

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

Thanks, John. Before we turn to your questions, I want to provide some preliminary observations about next year, which we'll review in more depth at our upcoming Investor Conference. Perhaps, the most important element is that our businesses are operating well and our growth potential remains strong. We see continued momentum in the selling season performance of UnitedHealthcare's commercial business and Optum Rx, which both offer best-in-class innovation and performance for customers.

The consumer value proposition in Medicare Advantage continues to be highly compelling, and we see strong growth potentially in this market for many years to come. The Optum Health value-based care businesses that we've been building for well over a decade are beginning to approach the very early stages of their potential and will be a key differentiating growth factor in the years ahead. At the same time and as we build for the future and contemplate our 2025 outlook, we're taking into account several unique dynamics.

First, the concurrent timing of the second year of the CMS Medicare rate cuts and the most significant Inflation Reduction Act impacts into a single year and the negative effects of that on the people we serve. Second, within Medicaid, the timing mismatch of state customer rate actions, which do not yet reflect the higher acuity of remaining consumers. And third, a respectful view of the care activity that John noted. We're actively addressing and managing for these and continuing to believe our 2025 planning assumptions appropriately capture these components, though we will be prudent in an initial early view.

The majority of those 2025 factors are expected to be most impactful to the UnitedHealthcare businesses. As a result, we anticipate stepping out for 2025 more conservatively than is typical. At this distance, we expect the upper end of the likely range we'll offer in December has been around \$30 per share. As always, we will seek to advance beyond this initial view as the year progresses, and we remain committed to and focused on our long-term 13% to 16% earnings per share growth objective.

We see 2025 as a year of opportunity in building to that commitment. So, you will see us investing in our growth pillars aggressively, modernizing our company with AI and other technologies, and always exercising discipline in our operating performance. We look forward to discussing this with you in much greater detail at our Investor Conference on December 4 in New York.

Now, operator, we'll take some questions.



## QUESTION AND ANSWER SECTION

**Operator:** Thank you. The floor is now open for questions. And we'll go first to Lisa Gill with JPMorgan.

**Lisa C. Gill**

*Analyst, JPMorgan Securities LLC*

Q

Thanks very much, and thank you for the comments. John, I want to go back to where you talked about your observations here in the fourth quarter. Can you talk about some of those that you expect to impact 2025? And I really want to focus on the third one, which you talked about the rapid acceleration in Rx, but you also talked about the positive impact that you're seeing within your Optum Rx business on the specialty side. How do we think about that playing into 2025?

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Hey, Lisa. Thanks so much for the question. Let me ask John to start, then I'm going to ask Brian, UHC to make a couple of comments and then we'll come back to Patrick, Optum Rx, as it's a wide ranging of impacts you're alluding to. So, let me start with John.

**John Franklin Rex**

*President & Chief Financial Officer, UnitedHealth Group, Inc.*

A

Good morning, Lisa. Thank you. So, just have a few comments here and maybe kind of shape some of these messages here. So, first of all, in terms of what we would expect to persist, what we expect to subside here. So, I'd start with our planning assumptions as Andrew noted. We're looking for some of these elements here. What was different for us in the quarter than the thoughts we would have had at the end of last quarter is most notably what we saw in terms of the rapid increase in the specialty drugs, and we'll get a little bit more to that.

There really was a mid-year issue we think really tied into the IRA and the components that shifted for that. And as you look at some of the prescribing patterns that are out there, those shifted sharply in the second half of the year. And we would have planned on some of that happening really more next year, the pull-forward this in year was one of those elements that was a bit unexpected.

I think the other elements are probably more understood out there, the timing mismatch in Medicaid has been in the conversation what we've been seeing in the providing coding intensity also more understood. So, maybe we'll go around a little bit to Brian Thompson, let him address some of those elements.

**Brian Thompson**

*Chief Executive Officer-UnitedHealthcare, UnitedHealth Group, Inc.*

A

Sure, John. Hi, Lisa. As John mentioned, specialty Rx again largely contained to our Medicare Advantage book, and let me start with I feel very adequately priced for how this will play out in 2025 despite the surprise here in the second half and you might ask you how that's possible. What we had done is planned for the IRA to drive a greater induced utilization as it continued to roll out with the biggest elements being in 2025. Obviously, there's a lower out-of-pocket maximum for consumers in 2024. We expected that to play out more in 2025. We're seeing that accelerate into 2024, but not at levels that would suggest we're not covered for it in 2025.



Again, thought it would be a little more gradual. We've seen certainly seen some manufacturers doing some promotion. I believe that's also contributing, but certainly feel good about how we've priced for it in 2025 because we did anticipate these step-ups particularly with the large-scale changes and more richness in benefits for consumers that will come to play out in 2025.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

And Patrick, maybe just reflect on it from an Optum Rx position.

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**Patrick Conway**

*Chief Executive Officer-Optum Rx, UnitedHealth Group, Inc.*

A

Yeah. So, in terms of Optum Rx, first, would call out volume where we had a record PBM selling season last year that plays into this year and renewal rates in the high 90s. The growth in mix including in specialty drives significant revenue growth for us. I'd call out pharmacy services, which, as you know, Lisa, and our specialty arena significant growth, but also infusion, hospital health system, and our community pharmacy platforms and then in new products and services, including around specialty, whether it's Savings IQ, which has saved consumers over \$1 billion this year or Price Edge where we have over 9 million members and save consumers \$125 million [indiscernible] (00:23:58). We've got a number of new products and services around the specialty arena that continue to deliver value to our customers, and we're reel really purpose built to help our customers manage specialty spend.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Great. Thanks, Patrick, and thanks, Lisa, for the question. Next question.

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**Operator:** We'll go next to A.J. Rice with UBS.

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**A.J. Rice**

*Analyst, UBS Securities LLC*

Q

Hi, thanks. So, I appreciate the early comments on 2025. I wonder if relative to sort of a normal year 13% to 16% growth, is there any way to sort of size some of the different headwinds and tailwinds you're looking at to formulate what looks like at \$30 about a 8% growth?

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

A.J., thanks so much for the question. Let me just context this a little bit. First off, as you would see in a typical year, we'd always start the year with a plan to obviously deliver, but ideally beat and that will continue to be the culture of the organization. We are clearly in a unusual situation right now in terms of the various pressures that we've seen coming externally from particularly government funded reductions and to some extent the continued strength of Med-X cost. Probably, net-net all still somewhat hangover effects of the COVID pandemic still playing through the system, both in terms of volume and also some pressure on unit costs that we've seen, all of which you see in the kind of pressure that we see this year.

Now, as we think about 2025, it's – what we're trying to set out here, A.J., is something really important for the long-term future of the company. So, those external pressures, which we've described I think clearly both in the press release and in the commentary this morning, we're being clear about what they are. At the same time, what

we mustn't do is pull away from investing in what's growing to drive the future of this organization over the next decade. What does that mean? That means really making sure investing in filling out and continue to build out our value-based care platforms. It means really leaning in to taking advantage of the technology opportunities, which now exist in reality.

So, the chance to really modernize our full stack across our organization, transform the way in which we develop new products, give us opportunity to bring forth a new look Optum Insight based on much newer technologies give us the opportunity to transform consumer experience, something which is sadly lacking across US healthcare. All of those things are opportunities we sit right now. They sit in the same year as we have these various headwinds that we've been talking about. So, what we're doing for 2025 is we're putting in place what we believe is a really responsible plan really focused on making sure we don't pull back from investment in the long term, right, not shortchanging the next decade. And that's what we're leaning into in terms of making sure our 2025 plan is responsible for longer-term value creation of the organization.

Now, as I said at the beginning of the response to your good question, A.J., we're always going to go into every cycle aiming to do better than we lay out at the beginning. But I think it's appropriate for us to make sure that we build a plan for 2025, which acknowledges the external pressures and makes sure that we retain the capabilities to continue to build what we think is a really distinctive set of capabilities, which will play out very powerfully for the next 10 years.

Thank you for your question. Next question, please.

**Operator:** We'll go next to Stephen Baxter with Wells Fargo.

### Stephen Baxter

*Analyst, Wells Fargo Securities LLC*

Q

Hi, thanks for the question. Thanks for the color on the MLR factors that you called out. When you think about the Q3 MLR unfavorably developing in the quarter, is it fair to think that all three of those factors are about the same or would you call out one of them as maybe being larger? And when we think about the coding and utilization management, I guess, operationally what needs to happen for you to make progress on this front? I don't think you've attributed much of this to midnight rule to-date. Can you update us on whether that changed at all in the quarter and maybe if not where the pressure is manifesting on the coding side? Thank you.

### Andrew Philip Witty

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Yeah. Thanks very much for the question. I'm going to ask John to start and then ask Brian to give you a little bit more perspective on that also.

### John Franklin Rex

*President & Chief Financial Officer, UnitedHealth Group, Inc.*

A

Stephen, yeah, good morning, here. And yes, I would say in the quarter versus our initial expectations that we shared with you a quarter ago, it was really they were all roughly in the same zone in terms of impact in the quarter, those elements that we called out kind of give or take. But they're roughly in the same zone as we look at them. Brian?

### Brian Thompson

*Chief Executive Officer-UnitedHealthcare, UnitedHealth Group, Inc.*

A

Yeah, thanks for the question. As it relates to upcoding to inpatient stays versus what we feel is more appropriately billed as outpatient, we did expect that behavior to somewhat subside here in the third quarter. Last quarter we had talked about the timing of that spike being largely related to our own utilization management waivers during the cyberattack, but it certainly has persisted. As John mentioned at the outset, this is a few large systems driving it, and we certainly do remain focused on evaluation of this practice. It's the key part of our utilization management. The difference between an inpatient and outpatient stay is largely borne by our consumers on an already too expensive cost of care in a hospital setting. So, we remain vigilant on focusing on this hoping to see it abate to levels that we're more used to seeing in the past, and we'll continue to review this as we move forward.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Great. Brian, thanks so much. Next question, please.

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**Operator:** We'll go next to Josh Raskin with Nephron Research.

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**Joshua Raskin**

*Analyst, Nephron Research LLC*

Q

Hi, thanks. Good morning. There seems to be more moving pieces to the Medicare Advantage landscape than usual entering 2025. So, maybe can you just take a step back and speak to our strategy over the next few years and specifically how important is growth in Medicare Advantage to UnitedHealth's overall enterprise strategy and then, maybe if potential weakness from competitors changes how you think about coming to market?

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Josh, thanks very much for the question. Let me just make a couple of comments and then ask Tim Noel, who leads our M&R business to go little deeper for you and obviously very timely given that today is the first day of the selling season for the new MA year going into 2025.

So, as you look across the whole of UnitedHealth Group, Medicare Advantage, of course, is a very important part of the business. But it is one of several different pieces of what is really a very diversified group of healthcare businesses. There are obviously linkages from Medicare Advantage to Optum in particular, obviously through Optum Health and elsewhere. But I would say over time what you're seeing is as important as MA is, you'll see many other elements of the business continue to grow and that's critical for the long-term sustainability of the company, of course.

And that's why we've laid out the five growth pillars of the business over the last two or three years, Josh, as really signposts of where you should expect us to deploy capital. It's where we put our mind share. It's where we look for opportunities to improve the healthcare system. So, whether that be in benefit design, whether that be in building our value-based care, bringing new technologies to the marketplace, transforming and modernizing pharmacy, or bringing forward what ought to be a state-of-the-art financial services capability into a part of the economy, which represents 20% of GDP. Those are the five growth areas of the company. MA is an important element within all of that, but it is one of several key opportunities for us to drive forward.

Now, having said all of that as we come into this cycle, I think what we're seeing is the benefits of some very thoughtful, calm, not overreactive planning last year, and I think the way in which the team led us through 2024 in terms of benefit design has proven out to be on balance right given the very, very many moving parts that you

correctly allude to. I think that sets us up in a good place in terms of how we enter this year. We'll see how this cycle goes. I'll ask Tim to give more comments.

But most importantly, it really gives us confidence as we look out over the next four, five years that we don't feel like we're having to fix significant problems that were avoided, if you will, that we didn't make those step mistakes a year ago, which was always a thing to worry about in this situation. When you have a lot of moving parts, it's critical not to be overreactive. It's critical to be very much consumer/patient centric and that's really been the guidepost that we followed. And I think it served us well, and Tim, I think is going to serve as well this year.

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**Timothy John Noel**

*Chief Executive Officer-UnitedHealthcare Medicare & Retirement, UnitedHealth Group*

A

Good. Thanks, Josh, for the question. Yeah, and I would underscore some of the pieces that Andrew mentioned and also, yes, it is a very dynamic period right now in the Medicare marketplace. But our strategy and our vision here for the business really doesn't change a lot. So, I'll just underscore a couple of those that are key to this environment today.

One is that we've always had a long-term planning view and that's never more important than it is today and right now that includes a very rational response in any particular year to the revenue pressures that the program is facing and you saw that play out for us in 2024, you'll see that continue to play out as Andrew alluded to, that ensures that we don't have any deferred maintenance and pricing carryover into a subsequent year given the environment that we're in.

Along with that, we always strive to provide as much stability as possible to consumers in any one year. And in this year in 2025, that has meant preserving PCP co-pays of \$0 for our consumers and trying to do what we can to make sure that co-pays are near zero for the most commonly prescribed medication as well. And also to preserve as much choice as possible that we have for consumers, that's really important for Medicare beneficiary that we design products and plans that meet their needs and listening to what consumers want will also be a core element as well.

And lastly, and this is really important, this environment is continuing to create more value and the headline there is around our partnership with our value-based care providers. That's the best opportunity for us to continue to create value in light of some of the pressures that the program is facing, and we continue to see great opportunities there and that's what we're leaning into right now.

And finally, the newest technologies that are emerging around AI and ML are giving us some really nice opportunities to provide more efficiencies in our operation and be able to pass those efficiencies along to beneficiaries [indiscernible] (00:34:41) be another considerable way that we offset some of the headwinds of the program. So, yeah, very dynamic environment, but really our strategy and some of the core principles and foundations of our Medicare Advantage programs don't change.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Thanks, Tim. And I just want to thank Tim and his team for – if you just step back, Josh, and you're super well aware of this and you just look at the amount of regulatory change, change in funding dynamics, IRA coming into the marketplace, insufficient growth coefficient in terms of future MA funding on top of V28 cuts. What Tim's team has done is basically tried to neutralize a lot of that volatility and noise in terms of how it flows through to touch patients and members. It's really important that stability, never more important to have that than in this cycle we're

in right now because otherwise you would see tremendous amount of, I think, disturbing volatility flow-through into the market and we're not going to do that. We are going to put our patients and our members first.

We're going to strive to do everything we possibly can to give them a fantastic experience. By working with Optum, we believe for many of those patients we can introduce them to an unparalleled set of quality outcomes, both in terms of care and cost and experience. And that work has never been more valuable than when you see the kind of volatility that we've seen last year and we're going to see again next year because of the things that have already been announced. And what you're seeing us plan for is how to work through that. We're not going to sacrifice the long-term potential of all of what we build in this short period of volatility. What we're going to do is work to insulate members, make sure that members have great experience. And today is the first selling day and hopefully, lots of folks are going to be picking up the line to UHC today.

Next question, please.

**Operator:** We'll go next to Justin Lake with Wolfe Research.

**Justin Lake**

*Analyst, Wolfe Research LLC*

Q

Thanks, good morning. Given all the volatility we've seen in the sector, was hoping you could share with us some incremental color on how your Medicaid business ex-duals and your Medicare Advantage business, including duals are performing in the third quarter and for the full year of 2024 relative to target margins. And maybe also give us some color on the exacted pace of potential improvement that's implied within 2025 guidance, if there is any improvement expected.

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Yeah. Justin, thanks so much for the question. Let me ask Brian to respond.

**Brian Thompson**

*Chief Executive Officer-UnitedHealthcare, UnitedHealth Group, Inc.*

A

Hey, Justin. Let me start with duals, and I would say we remain very encouraged about the outlook for our duals business, certainly about the position of those products as we approach 2025, I think that will be a growth element for us. Inside 2024, obviously, we talked about it in our prepared remarks last quarter as well as this quarter. One of the three items contributing is the pressure we see from redeterminations and that's obviously impacting our Medicaid book. I'd like to say that we probably weathered the storm on the volume impact of redeterminations and that's now behind us. What we're looking at now is how do these rates catch up to where our current cost trends are. And I think we've seen strong momentum with our state partners, but it's not yet responsive to the trends that we're seeing real time. And we're hopeful that through our partnership and our advocacy that we'll close this gap on funding at a faster rate than maybe normal rating cycles would suggest.

But the key items in the quarter again were just higher volumes of disenrollment. And if I was to point to one element beyond just a traditional acuity of those that left and those that stayed we had planned for, I'd point to behavioral care. Many of our states have looked to us to expand access to behavioral care, and I think many of us that partner with our states have done so that does have some cost implications. So, we're really hopeful that these states will be more responsive than traditional rating cycles would suggest and that we'll see these tailwinds soon as we pace through this big year again of largely the volume being the driver of the implications in year and now hopeful that we'll see these rating cycles catch up to our cost trends that we're seeing emerge.

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

Great. Brian, thanks so much. Next question, please.

A

**Operator:** We'll go next to Scott Fidel with Stephens.

**Scott J. Fidel**

*Analyst, Stephens, Inc.*

Hi, thanks. Good morning. Was hoping just to toggle over to the commercial business and how some of those – I guess, those three elements obviously excluding the Medicaid, one, but the other two elements that you talked about that were costs were coming in higher than expected. Just if you could maybe sort of bifurcate that between commercial group and then commercial individual and I guess sort of how you're seeing those flow through into both of those markets. And then, just on the individual side, just how that informs your view on how you've priced your exchange products for 2025 and sort of comfort with the margin trajectory there. Thanks.

Q

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

Yeah. Scott, thanks so much. Let me ask Brian to give you kind of an overarching view and then maybe pass to Dan Kueter to give you a little deeper on the commercial business.

A

**Brian Thompson**

*Chief Executive Officer-UnitedHealthcare, UnitedHealth Group, Inc.*

Yeah. Scott, thanks for the question, and it provides me an opportunity to clarify. The three items that we mentioned at the outset and throughout really aren't a part of our commercial business. What we've talked about obviously redeterminations in the Medicaid space and the other pressure points around inpatient stays and largely around Medicare Advantage, I feel really good about not only our performance, but our cost management inside our commercial business. And I'll hand it to Dan Kueter, our CEO of that business.

A

**Daniel R. Kueter**

*Chief Executive Officer-UnitedHealthcare Employer & Individual, UnitedHealthCare Group, Inc*

Yeah. Thanks, Brian, and Scott, thanks for the question. I can offer that in the exchange business as you ask about. Our pricing is respectful of the trend and the other market dynamics in that space, which include our product offering, our geographic footprint, and the competitive environment. For 2025, we have priced with a forward view of our cost and full respect for trend. As Brian and John have noted, those impacts that are driving some trend in the government programs are not applicable to the commercial business, whether that be on the individual side or the group side.

A

So, our outlook on trend for 2025 is consistent with our view for 2024, and the drivers in the commercial business remain the things that we have discussed for some time now; provider unit cost, pharmacy cost, and enabling expanded access to behavioral health services. So, those have been the drivers in 2024. We expect those to continue into 2025, and we have priced both the individual business and the group business with full respect and awareness of those trend items.

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A



Dan, thank you so much. And really the two elements that Dan just raised there, the pharmacy unit cost and utilization and of course, the hospital unit costs are two kind of strategic areas that we really want to lean into, and we've been very outspoken for years about the need bring down list price of drugs. We continue to advocate very strongly for that. Until that happens, we continue to utilize all of the tools at our disposal through Optum Rx to try and bring down those costs on behalf of our members and on behalf of the companies who we serve within the commercial books of business.

We're also exploiting as much as we possibly can opportunities to be leaders in how we think of biosimilar adoption and how we create wraparound programs on important areas like weight loss, all of which are designed to try and bring down essentially the ever kind of increasing inflationary pressure that we see from the drug bill, and it's an important one.

The second one Dan referred to is hospital unit costs, and we've seen really some unusually aggressive and high unit cost asks. We are very much – we fully recognize the critical role of the hospital systems and hospitals obviously within the care delivery environment. But we want to continue to work to try and find new compact and new way of working with hospitals. We want to see less abrasion in the marketplace. We believe that ought to come with more competitive rates in the marketplace. We see a critical role for hospitals as acuity needs rise and rise, but at the same time we see great opportunity for us to partner with the right health systems to create much better value for money for the overall system.

So, two areas, we really want to be a willing partner to innovate and whether that be with drug companies who are interested in new ways of working to bring down costs or whether that's with hospital systems who want to work with us to reimagine what the patient experience, the doctor experiences, and all part bringing down the unit costs. Those are areas that are super important for the long run, and it's going to be space where you're going to see us continue to be very active in terms of putting forward ideas, trying – piloting new approaches. The national Gold Card program I mentioned 30 minutes ago is just one example, and we're going to continue to look for those sorts of opportunities.

Next question.

.....  
**Operator:** We'll go next to Lance Wilkes with Bernstein.

**Lance Wilkes**

*Analyst, Sanford C. Bernstein & Co. LLC*

Q

Great, thanks. Could you talk a little bit about Optum Health? And I had three points there. If you could talk a little about sort of the drivers of margin improvement in the quarter; if you could talk about the outlook for 2025 for risk contracting, in particular what things might be driving that as far as adoption in MA; and if you're seeing adoption in other segments like employer. And then, maybe sort of a related question, are you seeing any other responses in the employer segment to the high premium inflation environment that's out there like [ph] PBC adoption, but also things like binder (00:44:11) or whatever?

.....  
**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Yeah. Thanks so much, Lance. Let me ask John just to comment on margin, and I'd like to go to Dr. Desai who looks after Optum Health on your second two points if that's okay.



**John Franklin Rex**

*President & Chief Financial Officer, UnitedHealth Group, Inc.*

A

Lance, good morning, it's John. Yeah, a few things benefiting Optum here as it continues to progress. I'd start with – now this is roughly \$100 billion a year business that we've been building over the past decade or so advancing strongly along the way and able to make refinements in the businesses we look ahead and such. So, that is you should expect us to see us continue to refine the portfolio that we are in, the types of businesses that we're in.

What is Optum Health? It is mostly a care delivery system at this point versus kind of what it was maybe even five years ago. And so, you continue to see us focus the portfolio strongly on that. So, we'll focus the portfolio on those businesses that make a lot of sense for us, and we will not be in businesses that don't hang as tightly with the theme we have in valued-based care and where we're heading with this business for the next decade.

In addition, the legacy elements in there such as maybe contracts and such that needed refinements that have been in there for a while and so moving those along also getting them in a better zone. So, really the company performing very strongly fundamentally in here, the type of engagement they're having with the people that they serve at Optum Health. And Dr. Desai and his team and how they've advanced that with the engagement with the most complex patients, those are fundamental drivers of how that business has performed. And then, our job is to make sure that we refine the portfolio, refine the elements here as we look ahead for the next decade and build.

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Right. Thanks, John. And Amar?

**Amar Desai**

*Chief Executive Officer-Optum Health, UnitedHealth Group, Inc.*

A

Hey, thanks for the question, Lance. So, first of all, we feel very good about the overall performance of Optum Health. We are continuing to execute against our three-year plan that we put in place in 2023 focused on medical cost management and affordability initiatives, clinical engagement, our operating cost management activities and then accelerated diversified growth in some of our services businesses.

On that point and in particular as it relates to services, we're pleased with the growth in our Optum Serve business, where we've had new product launches and the areas of medical disability exams that have resonated very well in the marketplace and have contributed to a leading position as a clinical provider for the largest government and federal agencies in the country.

As it relates to our broader question around growth across payers, we have strong relationships with over 100 plan partners and are poised to execute on a broad, diverse growth agenda. In fact, in this dynamic rate environment and benefit environment we've discussed here, we're actually seeing increased outreach from payers who are looking for really an enduring partner who can operate in [indiscernible] (00:47:09) arrangements. In particular, number of productive discussions ongoing around funding and market-level planning as we plan for [ph] AEP (00:47:18), but also in other lines of business.

And foundational to all of these conversations is really, first and foremost, the quality of our providers anchored in the community, particularly our ability to achieve clinical outcomes, including closing gaps in care for Stars programs and HEDIS measures. The strength of that network in the geographies that plan partners are looking to grow and then continued focus around our clinical engagement. In fact, year-to-date, we've engaged over 80% of our members, 90% year-to-date for our highest risk members. So, when I take that together, great momentum

and strength to not only grow, but grow in a broad and diverse way across multiple lines of business. Thanks for the question.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Right. Amar, thank you very much. And I'm going to ask Heather in a second just to give a little bit perspective from her see as the Head of Optum in terms of the value-based care, ambition, and where we're looking to take that particularly as it differentiates. But both Heather and I have recently been out with some of our key commercial clients, and it's been striking to me the rising interest and it's the beginning I think, but the rising interest for some commercial employers to start to explore moving to value based as an alternative. And I do think that we're going to see that start to move forward now.

It's one of the reasons we've been investing heavily in some new groups, I call out particularly Kelsey-Seybold that joined Optum just a couple years ago. They're really good at the leading edge of that kind of model, and I do think that we're going to see, Lance, to your good question, I think we're going to see that start to evolve over the next few years. And we're certainly starting to see the beginnings of important employers begin to ask those questions, and there are obviously some who already do it. And I would expect to see that trend accelerate as we go forward.

But, Heather, it would be good just to share a little bit how you're viewing the overall value-based care kind of point of differentiation maybe from a member perspective and the like.

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**Heather Rachelle Cianfrocco**

*Chief Executive Officer-Optum, UnitedHealth Group, Inc.*

A

Yeah. Thanks, Andrew, and just maybe, Lance, thanks for the opportunity. I think you're right, you're seeing in this dynamic environment and a complex funding environment you're seeing the value proposition of the value-based care in the sense that Amar described it not just for those plan sponsors that predominantly take risk for Medicare Advantage, but we're seeing it from employers as well, direct to employer.

And I think the principles of it, as Andrew said, it's, one – they're looking for alternatives that give clear predictability. They're looking for a better member holistic experience and that means integrating their wellness programs. It means better answers and closer proximity to the wraparound services they need, including behavioral health and at times home-based services. And it means, again, more predictability and the ability to invest dollars in other areas of wellbeing and health for our employers.

The other thing I would point out is not only to Amar's point are we beginning to invest in value-based care and with every month we see more you aligned physicians with better tools, with better platforms, with increased signals and incentives to ensure that they're focused on the outcomes and the affordability of our members and you're seeing that show through in Optum Health's performance. But don't forget that the other services across Optum also help our payers and our employers, including our risk and quality services that we offer through Optum Insight. Those are the administrative and clinical services. They're more high powered. They're more universal. We're using AI to bring down the cost of those and increase the universes.

And in Optum Rx – Optum Rx PBM services if the employer or the plan wants it, is a value-based accountable construct. They can do a pass-through where they manage the costs or they can do an accountable construct. When we talk about our clear guarantee program, we take the risk for all of those services, including the specialty services. It's really important to note I think this is incredibly important that with guarantee or accountability our

clients don't lose transparency. Optum Rx stands for transparency. But we're trying to make it simpler, and we're trying to take accountability.

So, I would point to the value-based services across Optum and say, yes, they're resonating with payers, we're seeing that, and that's why we're so optimistic about our long-term value proposition. But every other service that Optum offers through Insight, through the Bank, and through Optum Rx contributes to that value-based mission and helps all of our clients, payers, state customers, federal customers, employers, and should benefit our consumers with better outcomes and with a better experience.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Heather, thanks so much, and Lance, thanks again for the question. Next question.

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**Operator:** We'll go next to Joanna Gajuk with Bank of America.

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**Joanna Gajuk**

*Analyst, BofA Securities, Inc.*

Q

Hi, good morning. Thanks so much. So, I guess a follow-up question on the Optum Health. This question – so, I guess, the question was about margins, but I want to ask about revenues in the quarter, the revenues actually did decline sequentially quarter-over-quarter from second quarter about 4%. So – and I know there was a comment there around streamlining this portfolio and some contracts. So, is that sequential decline in the friction that you – there was something that actually did already take place in third quarter in terms of exiting maybe some underperforming contracts or business lines. So, can you comment on that? And I guess, where margins also benefiting from investment income and to what degree. And then, I guess the real question is about trying to ask again, would you assume for margins in Optum Health next year? Thank you.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Thanks so much, Joanna. Let me – I think actually the sequential is a pretty straightforward explanation. Let me just ask John to give you a little detail on that.

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**John Franklin Rex**

*President & Chief Financial Officer, UnitedHealth Group, Inc.*

A

Joanna, good morning. Yes, so the refinements that I was discussing would be the primary impact in terms of the sequential and what you're seeing sequentially in terms of revenues. And as we continue to refine the portfolio, refine contracts, legacy contracts that might be out there and work ahead on that, that would be the really prime component that we see in there.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Great. Thanks so much. Next question.

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**Operator:** We'll go next to Sarah James with Cantor Fitzgerald.

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**Sarah E. James**

*Analyst, Cantor Fitzgerald & Co.*

Q

Thank you. I was hoping you could give us a little bit more color on Optum Insight. So, excluding Change, how's the sales pipeline and margins going versus your expectations on the non-Change business? And then, on Change specifically, as we think about its transition into 2025, is that business an earnings drag and how should we think about the revenue being a headwind or a tailwind compared to 2024?

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

Sarah, thanks so much. I'm going to ask Roger Connor who leads Optum Insight to give you a little deeper on this. I just want to thank and acknowledge the tech team and the Optum Insight team more broadly for the extraordinary response to the Change attack, and Roger will share with you in a second the great progress we've made in recovering that business. Continues to be work to do obviously and bringing back all the clients who we asked to go work with other folks during the attack. We did the right thing in terms of protecting the system and encouraging people to find alternatives. We're now bringing them back. We've made huge step forward in that.

That work will continue as we roll into the new year as you heard in the introductory comments, but great progress on that. And the speed at which we were able to rebuild a modern platform has been just extraordinary, and I think actually bodes very well for us in the future in terms of how we think about our speed of technical modernization as an organization. More broadly, I think it's also given us the stimulus to really reimagine what the future of Optum Insight is going to be.

And I'll pass now to Roger to give you a little more detail on just where we are on the recovery and more importantly on the non-Change modernization aspect.

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**Roger Connor**

*Chief Executive Officer-Optum Insight & Executive Vice President-Enterprise Operations & Services-Optum, UnitedHealth Group, Inc.*

A

Thanks, Andrew, and thanks very much for the question. I think, hopefully you're going to get sense of the confidence we feel in Optum Insight going into 2025 as we move through the Change event. Maybe if I just start, first of all, with the cyber recovery in terms of the progress, that's been going well. From a Q3 perspective, you'll see that the business disruption reduced quarter on quarter.

I suppose where we are focused through the first half of the year has really been on the restoration of the system, and we've made very good progress. Now, really it's all about reconnecting our customers and as John shared, we are seeing slightly higher business disruption trend going into the end of the year and some of that will carry over. Maybe just a couple of reasons a bit deeper as to why that's happening.

From a reconnections perspective, customers are coming back. We are actually making good progress there. What we're seeing is the volume that's coming back isn't coming back to the pre-attack levels and customers are really looking for vendor redundancy. What they're looking for is another one or two sources of their software systems for example. Now, we understand that. We think that's a good thing for the health system that's having an impact on us this year. But that also creates an opportunity for us. We've got an opportunity to go out and get new customers ourselves and become an additional supplier for them. So, again, that's a focus. That's going to take a little bit longer. That's a slightly more complex implementation time. So, when you add those two factors together, that's why you see that carryover impact into 2025.

I think it's important just to understand just the scope of Optum Insight overall though. Because if you look at our core business outside of Change, which is the vast majority of Optum Insight, that's where we're feeling confident around the opportunities that we've got through the end of this year and going into next year. And you can see that we're performing well, we've got momentum. You can see that in our operating earnings in terms of that

performance, in terms of our growth [ph] year-to-date (00:57:16) when you adjust for Change. That confidence comes really in a couple of areas.

One, the market needs us. The payer and provider markets are where we see real opportunity. There's significant cost pressure in that client base, and they really see our services and software as a bit of a sweet spot. That's where we can help and provide their solutions. And then, where I'm actually most excited is what we're going to do in innovation, what we're doing in innovation to accelerate currently because we're building off that modernized tech environment that we've built this year in Insight. And we're using AI to not only transform the functionality of our current products like payment integrity revenue cycle, but to create these differentiated products and creating this exciting portfolio of AI-driven innovation.

Now, the good news about Insight is that we can go and test those with our partners with UnitedHealthcare. We test them with Optum Health. We can go to our big health system partnerships. That allows us to test these things correctly and bring them to market fast, and you're going to see us doing that more as we go into next year. So, when I add that underlying market opportunity, I add that to this AI fueled acceleration of innovation. That's why I think that we've got – we're really setup well going into 2025 and for our performance next year.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

**A**

Great. Thanks, Roger. Next question.

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**Operator:** We'll go next to Andrew Mok with Barclays.

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**Andrew Mok**

*Analyst, Barclays Capital, Inc.*

**Q**

Hi, good morning. SG&A has been a strong contributor to earnings this year. Just curious how we should think about the permanency of some of those cost change as we look forward to 2025. Is there anything you would call out as being more temporary in nature? Thanks.

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**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

**A**

Thanks so much for the question. Listen, I think you should expect us to be very, very disciplined around cost management. And, again, I want to go back to first principles. I'll take you back to the Investor Conference last year in New York. I stood on the stage and I said look essentially what you're seeing from the CMS V28 rate change is a price cut. I mean, that's what it is. And a price cut requires us to respond accordingly and a key piece of that response if you want to protect members, which we do is we have to take costs down inside the organization, and we have to try and eliminate waste in the Med-X environment outside of the company.

So, we have been relentless around how can we find sustainable cost reductions for the organization and particularly in both businesses, you see this year, I would say Optum in particular, has been doing a remarkable job of taking cost out. I think there's more to go, and we will be very relentless about that. And as an organization, we recognize the payer has the right to change the price they want to pay, we have to respond. Cost reduction is a key piece of it and Med-X management is the other key piece and those are going to be two really important features of the future for the organization in terms of how we robustly respond to all of this. So, yeah, you should expect more of that, and it will be a key piece of the plan going forward.

We just have time for one last question. If we could take the last one, please?

**Operator:** Yes. We'll take our last question from Erin Wright with Morgan Stanley.

**Erin Wilson Wright**

*Analyst, Morgan Stanley & Co. LLC*

Q

Great, thanks. So, you mentioned some of the internal investments just around AI and other initiatives into 2025, but what about broader capital deployment. I guess, how should we be thinking about the priorities heading into 2025 in the context of everything going in MA and otherwise, but also just what's embedded in your expectation, share buybacks, or otherwise. Thanks.

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

A

And I'll ask John just to comment in a second. But broadly speaking, our capital deployment is going to be very much led by our five growth pillars of focus for the organization. So, as you think about that benefits business, obviously UnitedHealthcare value-based care, our technology-led opportunities, our pharmacy businesses, and of course, financial services. Those are going to be the areas in which we think about capital deployment. Value-based care is really the organizing principle, which binds all of that together. So, that's going to be a key kind of element to that also.

And then, I would add to that something we talked about over the last two years extensively is consumerization. You should expect us to continue to challenge and push on how we can constantly modernize the consumer experience that we're able to offer. Technology is a facilitator of that. But also, philosophy is a facilitator of that, right? The organization is changing its buyers to be much more consumerist in the way things operate. We want to continue to bring that to life. So, there's five growth pillars, the opportunities that technology of the 2020s gives us and then a shift in emphasis from the company towards a more consumerist experience. Those are really the guide points.

And then, John, maybe just more broadly summarize beyond that element if you could for capital.

**John Franklin Rex**

*President & Chief Financial Officer, UnitedHealth Group, Inc.*

A

Yeah, Erin. So, you should see expect our capital deployment agenda to remain very like it has in the past years. Focus on expanding the capabilities of the company, orienting how we look at that orienting around our five growth pillars, and where we need to be adding capabilities, clearly generating strong returns for shareholders as we deploy that capital. So, first and foremost, that's always been the first priority, how can we build new capabilities for the company that will deliver strong returns for shareholders for the next decade and where should we be putting that capital. That will continue very much the same. You shouldn't see any shift on that. That's always first priority. And then, we look at other elements there in share repurchase and dividends and those other elements where you can return capital to shareholders. So, you should see that be very, very steady as you look to the decade ahead in terms of how we've always approached this business.

**Andrew Philip Witty**

*Chief Executive Officer & Director, UnitedHealth Group, Inc.*

Great, and thank you for the question. And thank you, all for your questions this morning. As we look to concluding this year and further preparing for 2025, we're excited about the future of UnitedHealth Group. We believe we have the focus, the discipline, and the adaptability to continue to grow our 13% to 16% long-term target, and we remain as always committed to the people we serve.



Despite the challenges that we see in the environment externally, we believe at UnitedHealth Group we have the right mix of people, capabilities, passion, and compassion to allow us to not just navigate 2025, but actually in doing so set the foundation for continued differentiated performance for many years to come. We appreciate very much your attention this morning. Look forward to having the chance to see you in-person in New York, our Investor Conference. Thank you.

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**Operator:** This does conclude today's conference. We thank you for your participation.

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