

UNITEDHEALTH GROUP

2015 Annual Review



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## On the Cover

A care provider and patients at one of the 160 MedExpress care centers operated by Optum, offering walk-in urgent care and a variety of other medical services. MedExpress is just one example of how Optum is helping improve access to high quality, convenient, affordable health care. Read more on page 9.

# Welcome

Thank you for your interest in UnitedHealth Group.

The health care system continues to evolve. Consumers want more transparency, higher quality and more personalization. Physicians and other care providers are taking on greater accountability, being paid for performance in an ever more demanding health care environment. The influence of advanced information technology is transforming care delivery and administration. Governments worldwide are trying to advance higher quality care, while bringing costs under control.

UnitedHealth Group, Optum and UnitedHealthcare are responding to change by offering practical innovations, strong support for clinical excellence and the actionable information and technological tools people and their care providers need for better decision-making.

In 2015, UnitedHealth Group continued to drive overall growth and solid shareholder returns. The enterprise moved steadily forward, grounded in strong fundamental execution, quality improvement and strategic investments. We are entering 2016 with better momentum and more opportunities than ever before. We expect growth to accelerate this year and remain strong in 2017, 2018 and throughout the next decade.

# Performance Highlights

UnitedHealth Group ended 2015 strongly and enters 2016 with greater capabilities and many more opportunities for growth. We understand that growth can only be realized if we offer high quality and consistently excellent execution in everything we do.

## Here are examples of the performance Optum and UnitedHealthcare delivered in 2015:

- Today, 25 million consumers are served through UnitedHealthcare's Advocate4Me service that provides people with a single point of contact to address their various health needs. People served by this approach are more engaged in their health and more effective in their health care decision-making – and are more satisfied.
- More than 23 million consumers have access to Rally, our online digital health portal. Users are steadily advancing in selecting primary care physicians, making better use of urgent care over emergency care and more readily adopting personal health and condition management programs.
- In Medicare we helped close 9 million gaps in care for the seniors we serve. And we expect our efforts to advance the quality of our Medicare offerings in 2015 will result in 80 percent or more of our seniors being served through a four-Star quality plan by 2018.

- In commercial benefits, we combine tiered networks, clinical strategies and innovative product designs to align with a wide array of price points for employers and consumers. Today, one-third of our commercial benefits customers are served through one of these more affordable plans.
- Optum continues to develop deeper, meaningful relationships with large customers facing complex challenges. For example, Optum360's revenue management relationship with Dignity Health improved their cash flows by one-half billion dollars, with accounts settled a full eight days faster. Documentation technology is helping Dignity Health physicians meet demanding ICD-10 requirements even as their billing staff is realizing a 50 percent gain in productivity.
- The OptumCare approach to care delivery respects local market norms and expectations, and our doctors deliver high quality results. We consistently outperform benchmarks around acute care readmissions and skilled

nursing facility stays. More than three-quarters of private Medicare patients we care for are in health plans rated four Stars or better, and a survey of our Medicare Advantage patients revealed 96 percent would recommend our local care provider office to others.

- Our HouseCalls services continue to deliver distinctive value for Medicare recipients and payers, with 98 percent patient satisfaction, more than 1 million visits to patients in their homes in 2015 and further growth expected in 2016.

The people of UnitedHealth Group are continuously increasing the quality and consistency of our products and services. Their efforts drive our solid financial results and the strong growth momentum set in motion in 2015. They are highly engaged in our mission and committed to serving our customers and consumers with innovation and compassion.

The people of UnitedHealth Group are committed to serving our customers and consumers with innovation and compassion.



## Performance Highlights

2014

2015

Revenues

\$130.5B ↗

**\$157.1B**

Earnings From Operations

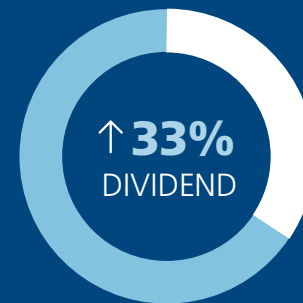
\$10.3B ↗

**\$11.0B**

Cash Flows From Operations

\$8.1B ↗

**\$9.7B**



\$2.00 per share  
UnitedHealth Group increased its annual dividend 33 percent to \$2.00 per share in 2015.

# UNITEDHEALTH GROUP

## Advancing quality in health benefits and health services

UnitedHealth Group is a highly diversified health and well-being company serving virtually every constituent of health care – patients, physicians and other care providers, hospitals, out-patient clinics and life sciences researchers, private and public sponsors of health benefits, state and federal government agencies, payers, regulators and others. Our enterprise has one mission: to help people live healthier lives, and help make the health system work better for everyone. The people of UnitedHealth Group are dedicated to continuously improving the quality of our performance for the individuals and customers we serve. Five key values guide our operations and every interaction: integrity, compassion, relationships, innovation and performance.

### Two Business Platforms

The enterprise is built on two business platforms: UnitedHealthcare, providing a broad range of affordable health benefits to serve the health care needs of people at every life stage; and Optum, for health services, analyzing data to create actionable information, improving consumer engagement and access and strengthening the performance of the care delivery system. Working autonomously and together, Optum and UnitedHealthcare are solving the fundamental challenges facing health systems in the midst

of significant change as health care worldwide evolves to become more integrated, effective and consumer-centric.

### Three Core Competencies

Our businesses are built around three enduring competencies – the things we do well to create value for both customers and shareholders:

- Data, analytics and health information – to inform and guide patients and physicians in their decision-making.
- Clinical experience and expertise – to deliver care at higher quality, with greater consistency, at lower costs to consumers and to the health care system as a whole.
- Advanced technology operating at scale – to help coordinate care, integrate care delivery and streamline administration and revenue management.

As a health advisor for UnitedHealthcare, Claire Meador says a big part of her job requires connecting with people on different levels, and exercising empathy and compassion.

## 500B

WE PROCESS MORE THAN 500 BILLION DIGITAL TRANSACTIONS ANNUALLY.

## \$2.5B

WE INVEST MORE THAN \$2.5 BILLION ANNUALLY IN TECHNOLOGY AND INNOVATION.



The extraordinary abilities of our employees, their ideas and energy are helping people live healthier lives and making the health system work better for everyone.

Carl Allen, senior medical director, OptumCare's Southwest Medical Associates, Las Vegas, is an advocate for patients, providers and his team. Carl says: "I really enjoy interacting with people and building and maintaining relationships."



## Our People

The more than 200,000 employees of UnitedHealth Group power this enterprise with their entrepreneurial spirit and commitment to quality, delivering value our customers and health care consumers understand and appreciate. They serve individuals in local communities in all 50 states of the United States and 125 other nations.

Globally, UnitedHealth Group has approximately 18,500 physicians and nurses on staff, thousands of experts in technology, health care administration, clinical services and disease management, health and wellness, actuarial services and customer and consumer relations among others, all dedicated to living our cultural values of integrity, compassion, innovation, relationships and performance.



**18,500**  
PHYSICIANS  
AND NURSES  
ON STAFF



## Helping people live healthier lives

### Better Health

The people of UnitedHealthcare engage individuals in their health and partner with physicians, nurses and other care providers to deliver better health and positive medical outcomes. UnitedHealthcare supports personal health by preventing illness and promoting wellness, managing chronic and complex conditions and closing gaps in care.

### Superior Health Care Experience

UnitedHealthcare is committed to giving consumers the personalized information they need to make better health care decisions, along with greater choice in health programs and benefits that fit their lifestyles and finances.

### Affordable Benefits Products

UnitedHealthcare is helping to manage the cost of care. The people of UnitedHealthcare give care providers the support and resources to deliver more efficient and effective care and help them expand the use of evidence-based care. UnitedHealthcare's value-based payment systems reward the quality of care, not the quantity of care.

### Actionable Information

Working with Optum, UnitedHealthcare leverages powerful insights gleaned from analyzing data on medical claims, patient and

physician demographics and clinical information to help customers and care providers make more informed decisions, align and coordinate care for each individual and achieve better health at lower costs.

### Positioned for Growth

Growth follows quality and value, and UnitedHealthcare is positioned to serve the health and wellness needs of more people in more meaningful ways than ever before. In 2015, this business grew by more than 1.7 million people domestically, bringing total organic growth in the United States to nearly 10 million people over the past six years. As UnitedHealthcare constantly improves quality and delivers value, it expects this growth trend to continue and accelerate in 2016 and beyond.

Wanisha Seals and Whitney Simon participate in fun, healthy exercises as part of a community baby shower hosted by UnitedHealthcare Community Plan of Louisiana and March of Dimes. Participants also were able to learn about UnitedHealthcare's Baby Blocks, an interactive incentive program designed to help them deliver healthy babies.

(Photo: Lee Celano)

### UnitedHealthcare provides health benefits to individuals at every stage of life.

#### UnitedHealthcare Employer & Individual:

Employer sponsored and individual health benefits plans.

#### UnitedHealthcare Medicare & Retirement:

Health and well-being products and services for the growing senior market.

#### UnitedHealthcare Community & State:

State Medicaid and community programs.

#### UnitedHealthcare Military & Veterans:


Access to cost-effective, quality care for U.S. military service members, retirees and their family members.

#### UnitedHealthcare Global:

Employer sponsored and individual medical benefits, principally in Brazil.







UnitedHealthcare's award winning mobile app, Baby Blocks<sup>®</sup>, is helping new mothers and their infants receive access to the best care possible.

## Baby Blocks<sup>®</sup>

UnitedHealthcare's Baby Blocks is an online, interactive incentive program that encourages pregnant women and new moms to visit their doctors regularly and learn about infant development, and offers rewards for seeking preventive care during pregnancy and the first two years of their babies' lives.

According to the Centers for Disease Control and Prevention, the high percentage of preterm births in the United States contributes to a higher infant mortality rate. Costs of preterm births are also considerable: Medical costs for a preterm baby are 12 times higher (\$54K) than for a full-term baby without complications (\$4.4K).

Baby Blocks helps improve maternity health, control medical costs and ensure newborns are given the best possible start in life.

BABY BLOCKS RECEIVED A

97%

SATISFACTION RATING

From Medicaid beneficiaries surveyed by UnitedHealthcare in 16 states



## Helping make the health system work better for everyone

### Advancing Care

Optum has deep experience in enabling care provider collaboration and engaging patients more directly in their care. Optum's care management programs connect patients with the right care providers at the right time to improve health outcomes and reduce costs. This business also integrates pharmacy into the clinical care continuum and offers safe, convenient access to quality medications. Together, these capabilities deliver strong results across populations of patients.

### Empowering Consumers

Consumers have a growing responsibility for their health care choices. Optum delivers critical support, guidance and innovative tools and programs to engage consumers in managing their health. Unique distribution capabilities link consumers with coverage options that best match their health needs and budgets. And Optum provides a range of financial products that help people save and pay for health care expenses.

### Modernizing Health System Infrastructure

Optum continues to develop a more intelligent, connected, collaborative and efficient health care system. This business delivers targeted insight and information to care providers at the point of care where critical decisions

are made. Accurate clinical care documentation supports appropriate payment for services and compliance with regulatory and health reform mandates. And Optum's operational services and support solutions drive increased integration and efficiency in the administrative processes at the core of the health system.

### Positioned for Growth

Since 2011, Optum has compounded revenues at 23 percent per year and operating earnings at 34 percent per year. In 2015, Optum grew its revenue by 42 percent (including the acquisition of Catamaran in July) and its contract backlog by more than 20 percent. We expect Optum's businesses – OptumHealth, OptumInsight and OptumRx – to continue to produce strong, sustainable growth across the board in 2016 and beyond, as a leader in the U.S. and international health services markets estimated at \$1.0 trillion in the aggregate.

OptumRx, a leading, integrated pharmacy care services company, processes nearly 1 billion adjusted retail, mail and specialty drug prescriptions annually.

### Our Optum business serves:

- Nearly 115 million individuals
- More than 100,000 physicians, practices and other health care facilities
- 4 out of 5 U.S. hospitals
- A network of more than 67,000 pharmacies
- Approximately 300 health plans
- Government agencies in 31 states and D.C.





In 2015, Optum joined with MedExpress, a leader in high quality, affordable walk-in care, to expand access to lower-cost services in communities nationwide.

## MedExpress Urgent Care Centers

Optum's MedExpress urgent care centers operate at the convergence of health care and retail, measuring success one patient at a time. MedExpress can provide as much as

90 percent of the care patients receive in the ER for as little as 10 percent of the cost. This model mitigates cost for both payers and consumers, while providing high quality, convenient care. MedExpress currently operates more than 160 neighborhood care centers, with the goal of operating multiples of that number five years from now, including opening 35 in 2016.

CAN PROVIDE  
AS MUCH AS  
**90%**  
OF THE CARE PATIENTS  
RECEIVE IN THE ER

FOR AS LITTLE AS  
**10%**  
OF THE COST

# Social Responsibility

## Building Healthier Communities

UnitedHealth Group supports and leverages the capabilities of our businesses, the talent, expertise and compassion of our people and the unique partnerships we have cultivated across the health care landscape to help build healthier communities where we work and live. Our social responsibility programs focus on developing a health care workforce that will meet the growing demand for quality care and helping drive initiatives to improve health care quality and medical outcomes.

## Our People

Across the enterprise, our people help individuals and strengthen local communities by participating in our year-round charitable giving program and volunteering their time, energy and skills on behalf of causes they care about. Supporting more than 12,300 charities and nonprofit organizations worldwide, they donate millions of dollars annually. In 2015, employees donated more than 1 million volunteer hours and 63 percent took part in company sponsored volunteer initiatives.

United Health Foundation is partnering with Blue Star Families (BSF) by providing a \$750,000 grant to train and support the more than 5.5 million military caregivers in the United States. Blue Star Families was founded by the spouses of military members to help connect military families with community groups and leaders to address the challenges of military life. The new initiative aims to increase caregiver knowledge, skills and confidence related to caring for wounded warriors, enhance their social support networks through a continuum

## Our Partners

Partnership and collaboration are critical to fulfilling our mission and goals as a socially responsible company. We offer scholarships for students pursuing careers in health care and support the training of primary care providers. We partner with local governments and organizations to improve community health and health care. And we work with organizations that share our mission to improve health and the quality of life for all people, like Sesame Street, Blue Star Families, Florida Department of Health in Alachua County, Columbus Public Health, and UNLV School of Medicine.

## The Environment

We are committed to conserving energy and natural resources, reducing our company's carbon emissions and raising employee awareness about improving the environment. In recognition of our continued accomplishments, UnitedHealth Group was ranked 11th out of the largest U.S. companies and 17th out of the largest global companies in *Newsweek's* 2015 Green Rankings. Additionally, for a third year in a row UnitedHealth Group was

of care and improve caregiver quality of life through new online training and interactive resources.

UnitedHealth Group participated in a Capitol Hill forum that highlighted unique military caregiver challenges. L to R: Sherrie Wilcox, caregiver and senior research advisor at BSF; Marine spouse and caregiver Callie Barr, BSF Operation Family Caregiver Program; Congressman Sanford Bishop, Jr.; and Tom Wiffler, COO of UnitedHealthcare Military & Veterans. (PHOTO: Barbara Salisbury)

recognized as a leader among S&P 500 companies by the environmental nonprofit CDP, earning a position on its Climate Disclosure Leadership Index.

## United Health Foundation

United Health Foundation is dedicated to building healthier communities. To date, the Foundation has committed more than \$315 million to programs and communities around the world.

## UnitedHealthcare Children's Foundation

The UnitedHealthcare Children's Foundation gives families somewhere to turn when they need medical assistance not covered by a commercial insurance plan. Contributions come from UnitedHealth Group employees and the generosity of others. Since 2007, the Children's Foundation has awarded more than 10,000 grants valued at more than \$29 million to children and their families across the United States.



# Our Culture

**The people of this company are aligned around basic values that inspire our behavior as individuals and as an institution:**

**Integrity.** We are dedicated to the highest levels of personal and institutional integrity. We make honest commitments and work to consistently honor those commitments. We do not compromise ethics. We strive to deliver on our promises and we have the courage to acknowledge mistakes and do whatever is needed to address them.

**Compassion.** We try to walk in the shoes of the people we serve and the people we work with across the health care community. Our job is to listen with empathy and then respond appropriately and quickly with service and advocacy for each individual, each group or community and for society as a whole. We celebrate our role in serving people and society in an area so vitally human as their health.

**Relationships.** We build trust through cultivating relationships and working in productive collaboration with government, employers, physicians, nurses and other health care professionals, hospitals and the individual consumers of health care. Trust is earned and preserved through truthfulness, integrity, active engagement and collaboration with our colleagues and clients. We encourage the variety of thoughts and perspectives that reflect the diversity of our markets, customers and workforce.

**Innovation.** We pursue a course of continuous, positive and practical innovation, using our deep experience in health care to be thoughtful advocates of change and to use the insights we gain to invent a better future that will make the health care environment work and serve everyone more fairly, productively and consistently.

**Performance.** We are committed to deliver and demonstrate excellence in everything we do. We will be accountable and responsible for consistently delivering high quality and superior results that make a difference in the lives of the people we touch. We continue to challenge ourselves to strive for even better outcomes in all key performance areas.

# Our Mission

Our mission is to help people live healthier lives and to help make the health system work better for everyone.

- We seek to enhance the performance of the health system and improve the overall health and well-being of the people we serve and their communities.
- We work with health care professionals and other key partners to expand access to quality health care so people get the care they need at an affordable price.
- We support the physician/patient relationship and empower people with the information, guidance and tools they need to make personal health choices and decisions.

# Commitment to Excellence

**Every company has an obligation to conduct its business responsibly. As a health care company, UnitedHealth Group must meet even higher expectations. We are intimately connected to the health and well-being of millions of individuals. We touch millions of physicians and other care providers and facilities across the spectrum of health care. We take this responsibility very seriously and strive daily to meet the needs of the people we serve and the communities where we live and work through our commitment to integrity, compassion, relationships, innovation and performance.**

We are honored to have been recognized in 2015 for our continuing commitment to excellence:

## **Business Performance**

UnitedHealth Group was the top ranking company in the insurance and managed care sector on *Fortune's* 2016 "World's Most Admired Companies" list. This is the sixth straight year UnitedHealth Group ranked No. 1 overall in its sector and the seventh consecutive year the company ranked No. 1 in its sector for innovation.

Optum ranked No. 1 on the 2015 Healthcare Informatics (HCI) 100, a listing of the top health care IT companies based on U.S. revenues.

Optum360, a leading provider of health care revenue management services, earned the No. 1 spot in the 2015 Black Book Rankings for revenue cycle and coding software and services.

Catamaran, which formally combined with OptumRx in July 2015, was named to the World's Most Innovative Companies 2015 list by *Forbes* magazine.

UnitedHealthcare's Baby Blocks mobile, interactive incentive program for expectant moms, new parents and their babies enrolled in UnitedHealthcare plans has received the following recognition:

- Business Intelligence Group 2015 BIG Innovation Award
- 2015 American Business Awards (Stevie Awards)
- 2015 Connecticut Quality Improvement Award
- *Minneapolis/St. Paul Business Journal* 2015 Eureka! Award

UnitedHealthcare's Advocate4Me service, which leverages innovative tools and technology to simplify and personalize care, received a Stevie Award in the Sales & Customer Service category at the 2015 American Business Awards.

## **Supporting the Community**

The American Bar Association recognized UnitedHealth Group with its 2015 Pro Bono Award for demonstrating an exceptional commitment to providing pro bono legal services.

Second Harvest Heartland, one of the nation's largest food banks, recognized Optum with a 2015 Hunger Hero Volunteer Award. The Hunger Hero Awards honor organizational partners who make a compassionate and transformational impact on those who are hungry in the heartland.

Brazil-based Amil received a Best Marketing Sustainability award in 2015 for "Say No to Childhood Obesity," its initiative to encourage physical activity and reeducate adults and children on dietary practices.

## **Supporting Our Employees**

In 2015, for the fifth consecutive year, the National Business Group on Health honored UnitedHealth Group with a "Best Employers for Healthy Lifestyles" Platinum award.

UnitedHealth Group was named to the list of the Best 100 Companies for Flexible *Fortune 500* Jobs (2015), which recognizes employers that hire for flexible working options such as telecommuting, part-time and flextime.

UnitedHealth Group was named a 2016 Top 100 Military Friendly Employer and a 2016 Top 50 Military Spouse Friendly Employer by Victory Media, the publisher of *G.I. Jobs and Military Spouse* magazines.

UnitedHealth Group was honored with the Above and Beyond Award from the Employer Support of the Guard and Reserve (2015). The award distinguishes employers who have gone above and beyond the requirements for granting leave and providing support for military duty for their employees.

## **Sustainability**

UnitedHealth Group has been named to the Dow Jones Sustainability World Index and Dow Jones North America Index annually since 1999.

You can find more information about UnitedHealth Group and its businesses by visiting our website:  
[www.unitedhealthgroup.com](http://www.unitedhealthgroup.com).

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This annual review is printed on recycled papers and uses reduced VOC (Volatile Organic Compounds) vegetable-based inks.

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