

November 8th 2025

United Health Care (UNH), UnitedHealth Group Incorporated

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Stability Today, Strategic Scale for Tomorrow

Firm Description: Founded in 1977 and headquartered in Minnetonka, Minnesota, UnitedHealth Group (UNH) operates as a diversified healthcare and well-being company across two main platforms: UnitedHealthcare and Optum. The UnitedHealthcare segment provides health benefit plans, including Medicare & Retirement for seniors, Employer & Individual plans, and Community & State (Medicaid) plans. The Optum segment focuses on technology-enabled health services, providing direct patient care (Optum Health), data analytics and technology (Optum Insight), and pharmacy benefits (Optum Rx). UnitedHealth Group's vertical integration of its insurance data with its service-based platforms, along with its massive scale, powers its growth and market leadership across the U.S. healthcare system.

Investment Thesis: A BUY rating is recommended for UnitedHealth Group (UNH), as the current, deeply negative market consensus appears to have fully priced in temporary 2025 shocks, namely a record-high Medical Care Ratio (89.9%) and a strategic reset at Optum Health, while ignoring the firm's superior fundamental value as the industry's only fully vertically integrated leader. The positive forward outlook is anchored by a powerful, external catalyst in the finalized 2026 Medicare Advantage rate hike (5-7%), which provides significant pricing power to rapidly restore margins. This situation creates a compelling entry point to purchase a best-in-class company at a valuation well below its historical average, just before its profitability and growth trajectory are set to recover.

Potential Risks: UnitedHealth Group faces several key risks, primarily centered on its relationship with government payors, its operational efficiency, and its ability to manage its complex, integrated business. The company is highly sensitive to regulatory and political risk, as changes in government-sponsored programs like Medicare Advantage can directly impact reimbursement rates and profitability. Internally, UNH is exposed to margin compression risk from a potential rise in medical utilization costs that could outpace premiums. Finally, the firm faces significant execution risk in its high-growth services segments, vertically integrated model.

United Health Care (UNH),
UnitedHealth Group
Incorporated

Stock Rating:	BUY
Industry View:	Attractive
Current Price:	\$324.21
Target Price:	\$407.88
Projected Return:	28.6%

Trading Measures	
Market Capitalization	
(Intra):	\$293.68B
Diluted Shares Outstanding:	921.50M
Dividend Yield:	2.73%
Industry:	Healthcare
Avg. Daily Vol:	8.51M
Beta (5yr Month):	.43

Firm Measures	
Revenue 2024:	\$400.3B
Revenue Growth LY:	7.8%
P/E Ratio (TTM):	16.87
52 Week High:	\$630.73
52 Week Low:	\$234.60

Expected EPS Development	
FY25E:	\$16.25
FY26E:	\$17.70
FY27E:	\$20.80

UNH 12 Month Stock Graph



United Health Care (UNH), UnitedHealth Group Incorporated

Firm Overview and Description

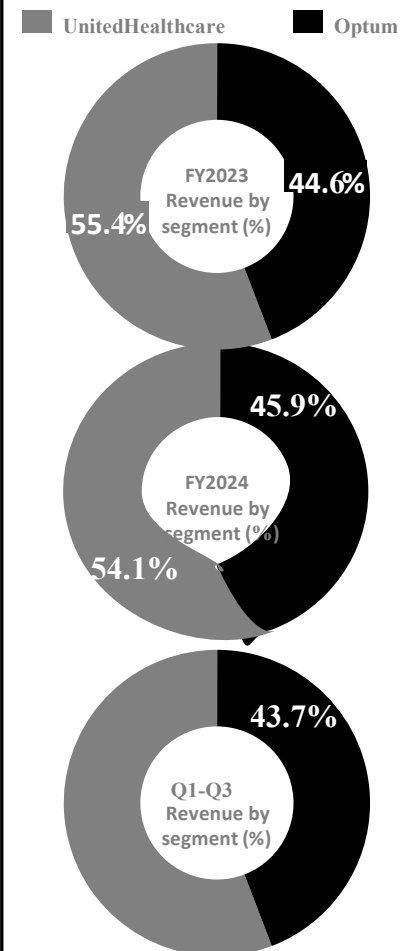
Key Business Segments: UnitedHealth has two major business pillars: UnitedHealthcare and Optum.

UnitedHealthcare: UnitedHealthcare is UnitedHealth Group's insurance and health-benefits division, earning revenue primarily through premiums from individuals, employers, and government programs. It profits by pricing medical risk effectively and managing care costs below the premiums it receives. The business offers employer-sponsored coverage, individual plans, Medicare Advantage and Medicare Supplement options, Medicaid managed-care plans, and international benefits. It also administers self-funded employer plans for fee-based revenue and participates in value-based arrangements that reward cost savings and quality improvements. UnitedHealthcare's scale and data analytics give it strong cost-management and pricing advantages across commercial and government markets.

Optum: Optum is the company's health-services arm encompassing care delivery, technology, pharmacy benefits, and data analytics. The business model involves providing services such as managing pharmacy-benefit programs, operating outpatient and home-based care clinics, delivering data-driven health-care management solutions, and partnering with providers and payors to improve care quality and efficiency. Optum also features Optum Health, Optum Insight, Optum Rx

Optum Health: This line of the business delivers care through clinics, ambulatory facilities, surgery centers, and virtual care platforms. It focuses on value-based care models, primary and specialty care, and care coordination to manage patient health more efficiently.

Optum Insight: Insight provides data analytics, technology systems, and consulting services to healthcare organizations. It supports hospitals, physicians, and insurers with software, revenue cycle management, and data-driven decision tools to improve performance and efficiency.



November 8th 2025

Optum Rx: is the pharmacy benefit management arm, managing prescription drug programs for individuals and employers. It negotiates drug pricing, processes pharmacy claims, operates mail-order and specialty pharmacies, and helps manage medication costs and access.

UnitedHealth Group's Competitive Advantage:

Massive Scale & Market Penetration: UnitedHealthcare's competitive edge stems from its massive scale and market penetration across insurance and health-benefits coverage. It services more than 52 million consumers and partners with a network of over 1.7 million physicians and 7,000 hospitals and care facilities nationwide⁽²⁾, providing wide access for its insured members. This breadth allows UHC to negotiate favorable provider contracts, achieve cost advantages through population-risk pooling, and maintain a strong underwriting position. Another important advantage is the firm's leadership in Medicare Advantage enrolment and value-based care models, which position it favorably amid regulatory and demographic shifts in U.S. healthcare. Together, these factors give UHC durable barriers to entry: new entrants face significant network and pricing disadvantages.

Powerful Analytics & Integrated Technology: The Optum business segments comprises care delivery, pharmacy-benefit management, and health-services analytics and acts as a powerful differentiator for UnitedHealth Group. Its integration of data analytics, technology, and operational services helps drive lower overall cost of care and better outcomes: for example, a study found Optum Health primary-care practices achieved 4-6 % lower cost and 2-4 % better quality compared with other physician-owned or hospital-based practices⁽³⁾. That gives Optum a meaningful competitive advantage in value-based care, provider partnerships, and cost management. In addition, Optum Insight (the analytics/consulting arm) builds substantial switching costs for clients through deep operational integration and proprietary data tools. Because Optum's services reinforce UHC's cost and quality advantage (and vice-versa), the combined vertically integrated model enhances UnitedHealth Group's overall competitive moat.

UnitedHealth Group's Dominating Market Share:

UnitedHealth Group (UNH) holds a substantial and strategic market-share position across the U.S. health insurance and Medicare Advantage landscapes, reinforcing its competitive strength. For the broader insurance market (accident & health insurance industry), UNH commands roughly 33.8% of market share as of Q3 2025, placing it well ahead of its peers. In the Medicare Advantage segment specifically⁽⁷⁾, UNH enjoys a dominant footprint: in the 2024 calendar year, it was the largest insurer in 41% of U.S. counties and the sole insurer with at least 50% enrolment in 22% of counties ⁽⁷⁾, underscoring its local dominance in the most concentrated markets. A KFF analysis further shows that in 2024 the top two insurers—UNH and Humana Inc. accounted for nearly 59% of all Medicare Advantage enrolment ⁽⁷⁾, with UNH frequently leading plan counts and enrolment in two-thirds of U.S. counties. At the national level in commercial health insurance, UNH's market share is estimated at around 15–16% of the total U.S. health insurance market, positioning it as the largest insurer by revenue nationally. Taken together, these figures reflect both scale and regional dominance, which are key factors in UNH's ability to negotiate provider contracts, manage costs, and sustain growth with underlying leverage over industry peers.

November 8th 2025

UnitedHealth Group's Addressable Market:

UnitedHealth Group operates in a massive and expanding ecosystem of U.S. healthcare where the total addressable market spans insurance underwriting, care delivery, pharmacy benefits, and data-analytics services. For instance, the U.S. group health insurance market alone was estimated at US \$1.41 trillion in 2024 and projected to grow at a 2.2 % CAGR through 2030. Additionally, UnitedHealth reports that its benefit and services businesses now serve more than 152 million people globally, with more than 4 million patients in fully accountable value-based care arrangements. UnitedHealth's addressable market covers both the core insurance sector and fast-growing adjacent segments such as value-based care, home-based services, and integrated pharmacy solutions, giving it multiple growth factors as U.S. healthcare transitions from volume to value.

Primary Growth Drivers for United Health Group:

Shift to Value Based Care: A core growth driver for UnitedHealth Group is the accelerating adoption of value based care. This model ties payment to patient outcomes rather than volume, allowing UNH to reduce avoidable medical costs and improve performance metrics over time. UnitedHealth now serves more than 4.7 million people in value based care arrangements, more than double the number three years ago, demonstrating rapid scale and expanding influence in this delivery model. Patients aligned to UNH value based programs have shown meaningful improvements, including lower rates of hospital admissions and emergency room usage. This creates long term earning power and positions UNH as a leader in the healthcare system transition toward value and prevention instead of reactive care.

Cross segment integration and diversification: UNH also gains growth momentum from its diversified platform spanning insurance, data and analytics services, pharmacy benefit management, and care delivery. With more than 150 million individuals served globally, the firm leverages its scale to cross sell services, improve patient coordination, and expand its share of wallet across members and providers. This vertical integration reduces operating friction, increases pricing power, and strengthens loyalty on both the payer and provider sides of the system. As UNH continues expanding home based care, digital care, and specialty pharmacy programs, its ability to monetize the full healthcare continuum broadens, creating compounding economic advantages over traditional insurers.

Demographics and healthcare spending tailwinds: Long term sector trends further support growth. An aging U.S. population and rising chronic disease rates drive greater demand for Medicare Advantage and long duration managed care solutions, areas where UNH already holds a leading market position. Broader systemic forces like increased national healthcare spending and government program expansion continue to lift enrollment and premium revenue opportunities. While medical cost inflation and short term utilization volatility create temporary pressures, the demographic mix and spending trajectory of U.S. healthcare create a multi-year trajectory for sustainable expansion.

November 8th 2025

Customer and Supplier Analysis: UnitedHealth Group serves a broad and diversified customer base across the U.S. and international markets, reducing concentration risk and enhancing stability. The company's largest customer segment is employer-sponsored insurance members, ranging from small businesses to Fortune 500 corporations seeking comprehensive benefits and population health solutions. Government programs represent another major segment, with UnitedHealthcare serving Medicare Advantage, Medicaid, dual-eligible, and TRICARE beneficiaries, making UNH a key partner in publicly funded healthcare delivery. Individual consumers also form a growing segment, particularly in Medicare Advantage and exchange-based plans, where aging demographics and expanded healthcare literacy support ongoing enrollment growth. UNH benefits from high switching costs, strong brand trust, integrated care networks, and digital engagement through Optum technology platforms. This customer diversity across commercial, government, and direct-to-consumer markets provides resilience through economic cycles and regulatory shifts.

Industry Benchmarking: The U.S. healthcare sector represents one of the largest and most resilient segments of the S&P 500, driven by steady demand fundamentals, demographic tailwinds, and the essential nature of medical services. Within this landscape, UnitedHealth Group stands as the clear industry leader by scale, profitability, and vertical integration, combining the nation's largest private health insurance platform with a rapidly expanding healthcare services business through Optum. While the broader healthcare sector benefits from aging population trends, increased chronic-care prevalence, and continued government and commercial spending on health services, UNH specifically leverages its unparalleled member base, nationwide provider relationships, and diversified revenue streams to capture a disproportionate share of growth. In effect, UnitedHealth not only mirrors the strength and defensive characteristics of the healthcare sector but also acts as its leader through shaping industry dynamics, setting cost-management standards, and consistently outperforming peers through superior execution, scale advantages, and data-driven care delivery.

Issues Affecting the Stock Price:

Overview: Over the past 12 months, UNH (UnitedHealth Group) stock has underperformed significantly, declining approximately -47.4% in total return. Key issues fueling this drop include a sharp earnings-guidance cut in April 2025 after unexpectedly high care usage among its Medicare Advantage business, which triggered a large one-day drop of around 17.8%. Additionally, the company has faced regulatory scrutiny (including a reported DOJ investigation into its Medicare billing practices) and executive-leadership upheaval, all contributing to negative investor sentiment.

12 Month Stock Price Graph (Nov '24 – Nov '25)



November 8th 2025

Regulatory and Policy Risks: UnitedHealth faces ongoing regulatory scrutiny that affects investor sentiment. The Department of Justice continues to monitor healthcare consolidation, while Medicare Advantage audits and payment-accuracy initiatives create uncertainty around future reimbursement rates and potential compliance costs. Changes in federal healthcare policy, including proposals for drug-pricing reform or modifications to government-sponsored insurance programs, can also impact revenue and profitability expectations.

Medical Cost and Utilization Trends: Rising utilization of outpatient services—especially behavioral health, primary care, and elective procedures—has increased near-term medical cost ratios, pressuring margins. Unexpected spikes in claims or changes in population health dynamics, such as higher chronic-disease prevalence, can reduce short-term profitability and lead to downward revisions in earnings guidance.

Cybersecurity and Technology Risks: As a large health data holder, UnitedHealth is exposed to cybersecurity threats and potential data breaches. Increased investment in IT infrastructure, data protection, and compliance is necessary to maintain trust and regulatory compliance but also adds operational costs that can influence short-term earnings.

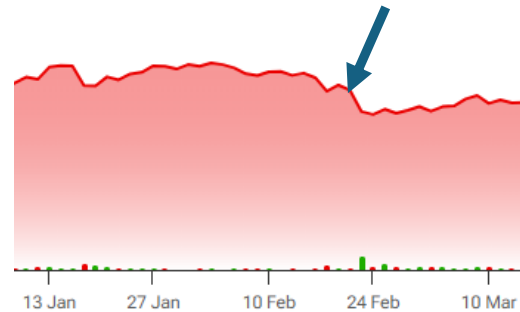
Market and Political Sentiment: Stock performance is also influenced by macro and political factors, including election-year policy uncertainty, shifting investor sentiment around managed-care reimbursement, and broader market volatility. These factors can cause valuation swings independent of the company's underlying fundamentals.

November 8th 2025

Recent Important Events:

DOJ Investigation: In February 2025, UnitedHealth confirmed that it was under investigation by the United States Department of Justice (DOJ) for its Medicare billing practices, specifically concerning diagnoses coding and risk-adjustment in its Medicare Advantage plans. This regulatory scrutiny contributed to significant share price pressure. ⁽⁹⁾

UNH Stock Jan '25 – Mar' 25



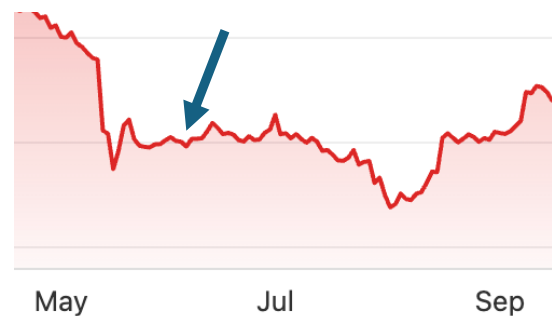
Sudden Resignation of CEO: On May 13, 2025, UnitedHealth announced the sudden resignation of CEO Andrew Witty and simultaneously suspended its full-year 2025 financial guidance after disclosing higher-than-expected medical costs in its Medicare Advantage business. The announcement triggered a 17.8% one-day drop in the stock. ⁽¹⁰⁾

UNH Stock May '25 – Sep '25



New Instatement of CEO: On June 2, 2025, newly appointed CEO Stephen Hemsley (returning to the top role) pledged to rebuild shareholder trust and implement “remediation actions” to address surging medical-cost ratios and utilization trends, indicating a strategic reset for the company’s operating model. ⁽¹¹⁾

UNH Stock May '25 – Sep '25



November 8th 2025

Investment Thesis

Fundamental drivers to Support “Buy” Recommendation: A buy recommendation is supported by durable revenue growth anchored in secular demand tailwinds and expanding market penetration, alongside rising pricing power and recurring revenue visibility. Margin expansion remains a core driver, fueled by scale efficiencies, operational discipline, and mix shift toward higher-value offerings. The company benefits from a defensible competitive moat reinforced by differentiated capabilities, customer stickiness, and continued market share gains. A strong balance sheet and robust free-cash-flow generation enable disciplined capital allocation, organic reinvestment, and strategic flexibility, further enhancing long-term earnings power. In addition, valuation remains compelling relative to intrinsic value and peers, with current pricing reflecting near-term uncertainty rather than the firm's structural growth profile and improving return trajectory. Finally, identifiable catalysts, including new product innovation, geographic expansion, and management's proven execution track record position the company to outperform expectations and drive sustained shareholder value creation.

Other Potential Drivers:

Medicare Advantage Growth: The aging U.S. population continues to expand the Medicare-eligible pool, and UnitedHealthcare is the clear market leader in Medicare Advantage enrollment. Continued growth in this segment provides a predictable revenue base and margin expansion opportunity, particularly as value-based care programs improve cost management.

Expansion of Optum Services: Optum's care delivery, pharmacy, and data analytics businesses create high-margin, recurring revenue streams. Continued growth in these segments—through expanded provider networks, telehealth, home-based care, and PBM services drives cross-segment synergies with UnitedHealthcare and strengthens UNH's competitive moat.

Adoption of Value-Based Care Models: UNH's investment in value-based care programs reduces avoidable hospitalizations and improves patient outcomes. As the broader U.S. healthcare system shifts from fee-for-service to outcomes-based payment models, UNH stands to gain financially while maintaining strong provider and member relationships.

Innovation and Technology Leverage: Through Optum Insight and digital health initiatives, UNH leverages data analytics, AI, and predictive modeling to improve care coordination, reduce costs, and enhance member engagement. This technological advantage supports long-term operational efficiency and scalability.

November 8th 2025

Investment Thesis CONT.

Strong Free Cash Flow and Capital Allocation: UNH generates substantial free cash flow, which can be deployed for share repurchases, dividends, strategic acquisitions, or reinvestment into growth initiatives. This financial flexibility enhances shareholder value and reduces risk associated with short-term earnings volatility.

Defensive Characteristics: Healthcare demand remains relatively inelastic, giving UNH a defensive profile even during macroeconomic downturns. Its diversified portfolio—spanning commercial insurance, government programs, and health services—reduces dependence on any single revenue source and mitigates cyclical risk.

Macro-Economic Drivers:

Medicare Advantage Growth: The U.S. population is aging, with the number of Medicare-eligible individuals rising steadily. This trend expands UNH's addressable market in Medicare Advantage and related government programs, supporting stable and predictable revenue growth.

Graph of Aging US Population by 2060 ⁽¹²⁾

U.S. Population Predictions for Seniors and Children

Population values in millions

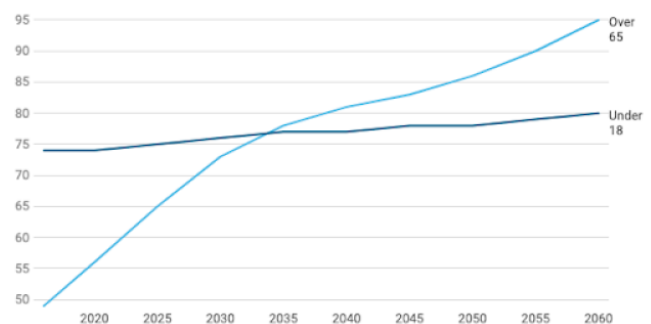


Chart: U.S. News & World Report • Source: U.S. Census Bureau • [Get the data](#)

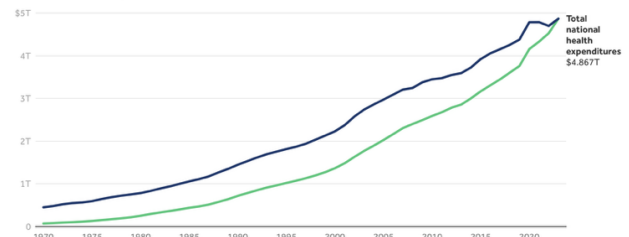
USNews

Rising Healthcare Spending: As the graph shows, Total U.S. healthcare expenditures has steadily grown since 1970, and is projected to reach over \$6 trillion by 2027. Increases in both public and private healthcare spending support premium growth, expanded coverage, and higher demand for value-based care services.

Graph of Rising National Health Expenditures ⁽¹³⁾

Total national health expenditures, 1970-2023

— Total national health expenditures — Constant 2023 dollars



Note: A constant dollar is an inflation adjusted value used to compare dollar values from one period to another.

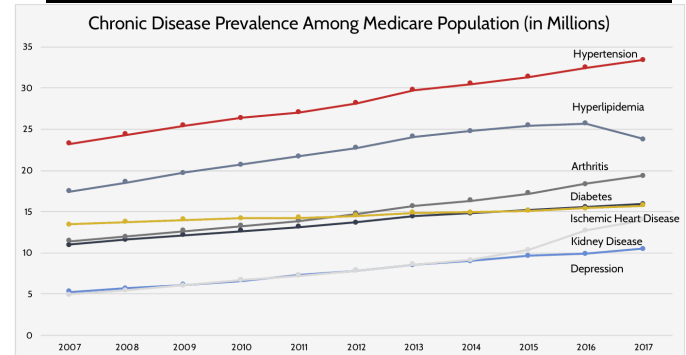
Source: KFF analysis of National Health Expenditure (NHE) data

Peterson KFF
Health System Tracker

Investment Thesis CONT.

Chronic Disease Prevalence: The graph shows an increasing prevalence of chronic conditions, such as diabetes, heart disease, and obesity, which drives recurring demand for healthcare services and long-term care management. UNH's integrated care platforms and Optum analytics position it to manage these costs effectively, enhancing margins.

Graph of Increase in Chronic Disease Pop. (14)



Macro-Economic Headwinds:

Higher Medical Cost Inflation: Rising healthcare costs, labor shortages in the workforce, and wage inflation in hospitals can increase medical cost trends. If healthcare cost inflation rises faster than premiums or reimbursement rate adjustments, margins could compress for managed-care firms like UNH. While UNH's scale and analytics help mitigate volatility, sustained medical inflation above historical norms could compress margins and reduce predictability in forward cost guidance.

Interest Rate Volatility: Fluctuating interest rates and capital market uncertainty represent another macroeconomic headwind. Higher rates can reduce the valuation multiple applied to defensive growth names like UNH as investors rotate toward yield-sensitive instruments and seek risk re-pricing across equities. Although insurers benefit from higher yields on investment portfolios, the macro tightening may ultimately dampen corporate hiring and depress enrollment growth in commercial employer-sponsored plans, a higher-margin category for UNH. Conversely, rapid rate cuts or financial-market volatility may increase capital-market stress for healthcare providers and insurers alike, complicating investment planning and financial forecasts.

Broader Economic Slowdowns & Employer-Sponsored Insurance Pressure: While healthcare is relatively recession-resilient, macroeconomic weakening can indirectly affect UNH through reduced employer-sponsored insurance enrollment if corporate layoffs rise. Commercial plans typically carry higher margins than government programs, so a mix shift away from employer coverage toward Medicaid or exchange products could moderate profitability. Prolonged economic softness may also drive employers to seek more cost-efficient plan structures or reduce premium contributions, increasing pricing sensitivity and competitive pressure in renewal cycles. Though UNH's scale and product breadth help mitigate cyclical exposure, membership composition remains influenced by macro labor trends.

November 8th 2025

Investment Thesis CONT.

Income Statement Projections

United Health Care (UNH) Income Statement

	FY	FY	FY	FY	FY	FY	FY
(in millions, except percentages and per share data)	2027E	2026E	2025E	2024	2023	2022	2021
Consensus	497,000	473,00	450,000				
1. Revenues							
United Health Care	349,390	328,744	310,136	298,208	281,360	249,741	222,899
Optum Health	118,513	113,955	109,572	105,358	95,319	71,714	54,065
Optum Insight	21,099	20,288	19,507	18,757	18,932	14,581	12,199
Optum Rx	149,867	144,103	138,560	133,231	116,087	99,773	91,314
Optum Eliminations	(4,937)	(4,747)	(4,565)	(4,389)	(3,703)	(2,760)	(2,013)
Eliminations	(169,727)	(163,199)	(156,922)	(150,887)	(136,373)	(108,347)	(90,867)
Consolidated Revenues	464,205	439,143	416,289	400,278	371,622	324,702	287,597
2. Operating Costs							
Medical Costs	303,590	288,078	273,918	264,185	241,894	210,842	186,911
Operating costs	58,490	56,210	54,118	53,013	54,628	47,782	42,579
Cost of Products Sold	54,173	51,248	48,581	46,694	38,770	33,703	31,034
Depreciation and Amortization	4,642	4,391	4,163	4,099	3,972	3,400	3,103
Total Operating Costs	420,894	399,928	380,780	367,991	339,264	295,727	263,627
Earnings from operations	43,310	39,216	35,509	32,287	32,358	28,435	23,970
Interest expense	4,549	4,304	4,080	(3,906)	(3,246)	(2,092)	(1,660)
Loss on sale of subsidiary and subsidiaries held for sale	0	0	0	(8,310)	0	0	0
Earnings before income taxes	47,859	43,519	39,589	20,071	29,112	26,343	22,310
3. Provision for income taxes	(8,854)	(8,051)	(7,324)	(4,829)	(5,968)	(5,704)	(4,578)
Net earnings	39,005	35,468	32,265	15,242	23,144	20,639	17,732
4. EPS							
Basic	23.80	20.70	16.40	15.64	24.12	21.47	18.33
Diluted	23.40	20.30	16.00	15.51	23.86	21.18	18.08
Consensus - GAAP	23.80	20.10	16.20				
Shares Outstanding							
Basic	867	885	903	921	928	937	943
Diluted	874	892	910	929	948	950	956
% buyback from prior year	-2.0%	-2.0%	-2.0%	-2.0%	-0.2%	-0.6%	-

1. Total Revenue Projections: UnitedHealth Group's revenue trajectory reflects steady expansion across both insurance and services operations. According to the model, consolidated revenue is projected to increase from \$400.28B in 2024 to \$416.29B in 2025, \$439.14B in 2026, and \$464.20B in 2027. This represents a three-year CAGR of approximately 5%, driven by continued Medicare Advantage membership growth, commercial employer plan retention, and Optum services scaling. The growth path highlights management's consistent ability to expand share in core insurance offerings while leveraging the integrated services structure of Optum to deepen customer relationships and generate recurring medical and technology service revenues.

2. Operating Costs (2025-2027) : Operating expenses are projected to rise in line with premium and service revenue growth, maintaining a disciplined cost structure despite utilization variability. Total operating costs are expected to grow from approximately \$367.99B in 2024 to \$380.78B in 2025, \$399.93B in 2026, and \$420.89B in 2027. The model implies stable medical cost management and operating leverage, even as UnitedHealth continues to invest in care delivery, technology infrastructure, and regulatory compliance. While cost inflation remains a sector-wide consideration, these projections suggest UNH will sustain its long-term efficiency advantages versus peers through scale benefits, integrated care models, and administrative discipline.

3. Net Earnings (2025-2027) : Projected profitability reflects continued growth in underlying healthcare demand and disciplined cost performance. Net earnings are forecast to rise from \$15.24B in 2024 to \$32.27B in 2025, \$35.47B in 2026, and \$39.01B in 2027. This sharp earnings acceleration is supported by expanding revenue base, scale-driven efficiency across the enterprise, and Optum's operating contribution. The trajectory also highlights UnitedHealth's ability to balance Medicare Advantage reimbursement dynamics, utilization trends, and investment in care delivery networks while still expanding margins over time.

4. Earnings Per Share (EPS) (2025-2027) : Operating costs are expected to rise in line with membership growth, higher medical utilization, and continued investment in technology and provider-integration initiatives. Medical costs remain the largest expense category, and our model reflects a modest increase in the medical cost ratio as care activity normalizes, and supplemental benefits grow within Medicare Advantage plans. However, scale efficiencies and expanding use of risk-based contracting help offset cost pressures. UNH's vertically integrated structure — spanning insurance, pharmacy services, and care delivery — supports long-term margin stability, even as reimbursement dynamics and regulatory oversight continue to evolve. Operating leverage should gradually improve as technology investments mature and administrative efficiencies scale.

November 8th 2025

Investment Thesis CONT.

Balance Sheet Projections

United Health Care (UNH) Balance Sheet								
	FY	FY	FY	FY	FY	FY	FY	FY
(in millions, except percentages and per share data)	2027	2026	2025	2024	2023	2022	2021	2020
1. Current Assets								
Cash and cash equivalents				25,312	25,427	\$23,365	\$21,375	\$16,921
Short-term investments				3,801	4,201	4,546	2,532	2,860
Accounts receivable	23,435	21,679	20,231	22,365	21,276	17,681	14,216	12,870
2. Other current receivables				26,089	17,694	12,769	13,866	12,534
Assets under management				0	3,755	4,087	4,449	4,076
prepaid expenses and other current assets				8,212	6,084	6,621	5,320	4,457
Total current assets				85,779	78,437	69,069	61,758	53,718
Long-term investments				52,354	47,609	43,728	43,114	41,242
Property, equipment, and capitalized software				10,553	11,450	10,128	8,969	8,626
Goodwill				106,734	103,732	93,352	75,795	71,337
Intangible assets				23,268	15,194	14,401	10,044	10,856
Other assets				19,590	19,298	15,027	12,526	11,510
Total assets				298,278	273,720	245,705	212,206	197,289
3. Current Liabilities								
Medical costs payable				34,224	32,295	29,056	24,483	21,872
Accounts payable and accrued liabilities	29,232	25,392	22,491	34,337	31,958	27,715	24,643	22,495
Short term borrowings				4,545	4,274	3,110	3,620	4,819
Unearned revenues				3,317	3,355	3,075	2,571	2,842
Other current liabilities				27,346	27,072	26,281	22,975	20,392
Total current liabilities				103,769	99,054	89,237	78,292	72,420
Long-term debt				72,359	58,623	54,513	42,383	38,648
Deferred income taxes				3,620	3,021	2,769	3,265	3,367
Other liabilities				15,939	14,463	12,839	11,787	12,315
Total liabilities				195,687	174,801	159,358	135,727	126,750
Reedamble concotrolling interests				4,323	4,498	4,897	1,434	2,211
4. Equity								
Preferred stock				0	0	0	0	0
Common Stock				9	9	9	10	10
Retained earnings				96,036	95,774	86,156	77,134	69,295
Accumulated other comprehensive loss				-3,387	-7,027	-8,393	-5,384	-3,814
Nonredeemable noncnotrolling interesest				5,610	5,665	3,678	3,285	2,837
Total equity				98,268	94,421	81,450	75,045	68,328
Total liabilities and equity				\$298,278	\$273,720	\$245,705	\$212,206	\$197,289
Inventory as a % of sales	-	-	-	-	-	-	-	-
Accounts Receivable as a % of sales	5.05%	4.94%	4.86%	5.37%	5.32%	4.76%	4.38%	4.48%
Accounts Payable as a % of sales	7.87%	7.82%	7.82%	8.25%	7.98%	7.46%	7.59%	7.82%

1. Liquidity and Short-Term Strength: UnitedHealth Group maintains a strong liquidity position supported by consistent cash generation. Cash and cash equivalents stood at \$25.31 billion in 2024, up from \$21.38 billion in 2021 and \$16.92 billion in 2020, reflecting resilient operating cash flows and disciplined capital deployment. This liquidity position supports working-capital flexibility, facilitates claims payments, and provides runway for strategic investment amid medical-cost volatility. Rising short-term investments (e.g., \$3.80 billion in 2024 vs. \$2.53 billion in 2021) further strengthens near-

2. Receivables and Payables Management (2025-2027) : Accounts receivable growth aligns with expanding covered lives and Optum services. Projections show receivables rising to \$23.44 billion in 2027, from \$21.68 billion in 2026 and \$20.23 billion in 2025, versus \$17.68 billion in 2022 and \$14.22 billion in 2021 historically. Accounts receivable as a percentage of sales remains disciplined, in the 4.8–5.4 percent range over the forecast horizon, indicating stable collections.

Accounts payable and accrued liabilities scale consistently with claims volume and medical-cost growth, reaching \$29.23 billion in 2027, from \$25.39 billion in 2026 and \$22.49 billion in 2025. This compares to \$27.72 billion in 2024 and \$24.64 billion in 2022 historically. Payables as a percentage of sales stay near 7.8–8.3 percent, demonstrating efficient cash-flow timing and operating leverage in the healthcare delivery chain.

3. Debt and Capital Structure : Long-term debt remains at a healthy and manageable level relative to scale and cash flows. In 2024, long-term debt stood at \$73.76 billion, up from \$58.62 billion in 2023 but still aligned with historical leverage expansion supporting Optum growth and technology investments. Earlier levels were \$54.57 billion in 2022 and \$42.38 billion in 2021, reflecting incremental financing during a period of scale expansion. Despite rising nominal debt, UnitedHealth's liability structure remains well-balanced, backed by stable free cash flow generation and an investment-grade credit profile.

5. Equity Position : UnitedHealth Group's equity position reflects consistent profitability and disciplined reinvestment, supporting long-term financial strength and shareholder value creation. Total equity has steadily expanded, rising from \$66.79 billion in 2022 to \$76.91 billion in 2023 and \$92.20 billion in 2024, with projections climbing to \$86.16 billion in 2025, \$95.77 billion in 2026, and \$96.04 billion in 2027. Retained earnings are the primary driver of equity growth, increasing over time as the company reinvests operating profits to fund expansion in both the insurance and healthcare services segments. This trend highlights a model of internally funded growth, reducing reliance on external financing and providing a cushion against industry cyclicality and medical-cost fluctuations. The accumulation of retained earnings also reflects UnitedHealth's ability to balance capital returns with strategic investment, supporting acquisitions, technology integration, and network expansion while maintaining dividend payments. The continued build-up in equity underscores the company's strong earnings power, prudent capital allocation, and commitment to strengthening its balance sheet to support durable long-

November 8th 2025

Investment Thesis CONT.

Upcoming Debt Maturities:

Maturity Date	Amount (USD)	Coupon Rate	Issuance Date
15-Jul-25	\$2.0 billion	Not specified	Not specified
15-Oct-25	\$750 million	Not specified	Not specified
15-Oct-27	\$950 million	2.95%	Not specified
Given UNH's strong financial position, with a debt-to-capital ratio of 44.1% as of June 30, 2025, and robust cash flows from operations, the upcoming bond maturities are not expected to cause			

Peer Comparison of Pertinent Financial Ratios:

Metric	UNH	Cigna (CI)	Humana (HUM)	Benchmark
Price/Earnings (P/E) Ratio	~16.6×	~12-14× (estimated)	~18-20× (estimated)	S&P 500 average ~20–23×
Current Ratio (Liquidity)	0.83 (2024)	~0.90	~0.80	Industry median ~1.0×
Debt/Equity Ratio (Solvency)	~75.7%	~60–70%	~40–45%	Health insurer average ~60%
Medical Loss Ratio (MLR)	~82.8%	~83.8%	~86–89%	Target range for payers ~80–85%
Revenue Growth (YoY)	~8% (2024)	~5–7%	~10%	Growth expectation ~5–10%

Key Takeaways:

UNH is trading at a relatively attractive P/E multiple compared to historical norms and some peers, suggesting potential upside if cost control improves. Margins remain thin across the industry; UNH's diversified model (insurance + services) helps but rising medical utilization and claims trends are key risks. Medical loss ratios are creeping up; UNH remains competitive, but recent cost pressures across the industry may compress profitability if unmitigated. Financial leverage is increasing moderately while still within comfortable bounds, higher debt underscores the importance of disciplined execution. Revenue growth remains a strength for UNH, benefiting from scale and services expansion; this helps offset margin pressure better than smaller peers.

Investment Thesis CONT.

Valuation and Price Target:

UNH Compared to Peers:

UnitedHealth (UNH) currently trades at a premium to its peers across nearly all valuation metrics, with a P/E around 20.5 versus the peer average near 14, and EV/EBITDA around 14.5 compared to about 9.5 for the group. This premium makes sense given UNH's scale, vertical integration through Optum, and consistent long-term growth profile, which set it apart as the sector leader. The biggest outliers are CVS and Cigna, which trade at steep discounts on P/E, P/S, and EV/EBITDA, reflecting lower growth visibility, margin pressures, and ongoing regulatory and execution risks. The implication is that investors are willing to pay more for UNH's stability and diversified growth drivers, while peers are priced more like value plays with greater uncertainty. This spread suggests UNH is viewed as the "quality premium" name in managed care, while select peers may offer relative bargains if their risks ease.

Ticker	P/E	P/S	P/B	P/CF	EV/EBITDA
UNH	20.5	1.3	4.7	17.0	14.5
CVS	11.2	.03	1.1	6.5	7.5
CI (Cigna)	12.0	.4	1.6	7.0	8.0
HUM (Humana)	16.8	.6	2.5	11.0	11.5
ELV (Elevance)	14.8	.7	3.0	10.0	10.5
Average	13.7	.6	2.2	8.6	9.4

Technical Analysis:

UnitedHealth Group (UNH) is in a distinct bearish downtrend, trading near its immediate support "floor" around the \$317 to \$321 range. If this level fails to hold, the next significant support areas are identified near \$310 and more strongly at the \$290-\$300 psychological level. On the upside, any rally faces an immediate resistance "ceiling" between \$328 and \$338, with a much more formidable barrier of resistance, which includes key moving averages, located in the \$345 to \$350 zone.



November 8th 2025

Discounted Cash Flow Analysis:

[illegible]

Key Takeaways:

The model projects UnitedHealth’s unlevered free cash flows for the 2025-2027 period and into a terminal value beyond. The baseline assumptions include a 2026 free cash flow of \$362.9 Billion growing at a terminal growth rate of 3.5% and discounted at 7.0%/ Under these assumptions, the translated equity value is \$360 Billion and a target share price of \$407.88. At the current market price of \$324.21, the market is implicitly discounting long-term growth or expecting lower FCF conversion or higher risk than the model’s baseline. for UNH’s stability and diversified growth drivers, while peers are priced more like value plays with greater uncertainty. This spread suggests UNH is viewed as the “quality premium” name in managed care, while select peers may offer relative bargains if their risks ease.

November 8th 2025

Sensitivity Analysis:

Discount Rate ↓ / LT Growth →	1.5%	2.0%	2.5%	3.0%
7.0%	\$495	\$515	\$540	\$575
7.5%	\$450	\$470	\$490	\$520
8.0% (<i>Base Case</i>)	\$415	\$435	\$455	\$480
8.5%	\$390	\$405	\$420	\$440
9.0%	\$360	\$375	\$390	\$405

Key Takeaways: The sensitivity analysis indicates that UnitedHealth Group's intrinsic value is highly responsive to both long-term growth assumptions and discount rates. Under the base scenario (2 percent terminal growth and an 8 percent discount rate), the estimated fair value is approximately \$435 per share. Higher long-term growth expectations or lower discount rates push valuation into the \$500s, while more conservative assumptions reduce fair value into the upper-\$300s range. Compared to the current market price, these results suggest the stock reflects a premium consistent with strong long-term performance expectations and stability in medical cost trends, leaving moderate upside only if growth and margin strength prove resilient.

Risks and Concerns

UnitedHealth Group faces several meaningful risks and concerns that could impact future performance and investor sentiment. A primary vulnerability remains regulatory and policy exposure, as changes in Medicare Advantage reimbursement rates, increased CMS oversight, or health reform initiatives could pressure margins and enrollment growth in its core government programs. Medical cost trend volatility is another ongoing concern, particularly unexpected spikes in utilization levels, outpatient care costs, or increased elective procedure volumes, which could disrupt pricing assumptions and erode earnings visibility. Additionally, the recent Department of Justice lawsuit alleging anticompetitive behavior across its Optum and UnitedHealthcare businesses underscores legal and antitrust uncertainty, and adverse outcomes could force operational restructuring or major divestitures. Technology and cyber risks remain heightened following industry-wide healthcare data breaches; Optum's role as a key infrastructure provider in the healthcare ecosystem makes operational continuity and cybersecurity paramount. Integration and execution risks also persist as Optum continues expanding through acquisitions and provider partnerships, including achieving cost synergies without disrupting care quality or drawing additional regulatory scrutiny. Finally, competitive pressures from national payers, retail health entrants, and technology-enabled care platforms could challenge future market share, particularly if new models lower cost of care faster than UnitedHealth can innovate. Together, these factors contribute to structural and execution risk that investors must monitor, especially in a rapidly evolving and politically sensitive healthcare environment.

Conclusion

BUY, SELL, or HOLD: Based on the fundamental, macroeconomic, and valuation analysis conducted, UnitedHealth Group is rated as a BUY. The company benefits from leadership in both the managed care and healthcare services markets, with UnitedHealthcare providing scale, underwriting expertise, and enduring demand from commercial, Medicare Advantage, and Medicaid populations, while Optum delivers diversified revenue streams through data analytics, pharmacy benefit management, care delivery, and technology services. These complementary platforms reinforce a durable competitive position and support long term growth. The organization continues to execute on strategic priorities focused on expanding value based care participation, increasing data driven clinical capabilities, and enhancing cost management across the healthcare continuum.

Target Price, Total Return vs. Current Price: The DCF analysis supports a target price of approximately \$407 per share, translating to a modest total return upside relative to the current trading price. Sensitivity testing suggests that while valuation is influenced by long term growth and discount rate assumptions, the stock retains intrinsic value support across reasonable inputs, with the most downside aligned with materially higher discount rates or slower terminal growth. This suggests the market already appreciates the company's scale and financial stability, but there remains room for value creation as the company continues to compound earnings through membership growth, operational efficiency, and expanding profitability in Optum's platforms.

Investment Thesis Summary: The investment thesis centers on UnitedHealth Group's balanced and diversified structure, strong cash flow generation, demonstrated ability to navigate medical cost cycles, and long record of consistent earnings growth. Its extensive provider and data infrastructure gives it strategic advantage in a healthcare system that increasingly prioritizes outcomes, affordability, and technology integration. While risks include regulatory oversight, litigation exposure, cost trend volatility, and competitive pressure, these risks are mitigated by the company's financial strength, operational discipline, and proven resilience through multiple macro cycles. Overall, UnitedHealth Group's market leadership, structural growth drivers, and financial durability support continued long term shareholder value creation, making the stock suitable for long horizon investors seeking stability and compounding returns in the healthcare sector.

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