



UnitedHealth Group

Earnings Call Insights Q2 2025



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UnitedHealth Group Results Q2 2025

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HealthWorksAI

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WHY THIS REPORT

As Medicare Advantage competition intensifies, staying informed isn't optional, it's a strategic advantage. That's why HealthworksAI is curating rapid-turn summaries of earnings calls from key MA players, started with Humana. In a matter of minutes, you'll get the key themes and what it all means for your 2026 plan design, provider alignment, and market positioning.

This is part of our CI (Competitive Intelligence) Beta Series—insightful, fast, and focused on helping MA leaders to strategize.

SUMMARY

UnitedHealth Group reported a challenging Q2 2025, with leadership acknowledging operational missteps, pricing inaccuracies, and a need for cultural and strategic reset. CEO Stephen Hemsley emphasized transparency, accountability, and a return to disciplined execution. The company is recalibrating operations in response to higher-than-expected medical costs and adverse trends across Medicare Advantage, Commercial, and Medicaid lines of business.

UnitedHealthcare reported \$6.5B in unplanned costs, primarily from underpriced Medicare Advantage and rising behavioral health utilization. Corrective actions include repricing for 2026, narrowing networks, exiting unprofitable products (impacting ~600K members), and scaling audit and AI tools. OptumHealth missed its earnings target by \$6.6B due to higher-risk patient mix, CMS V28 transition issues, and operational gaps in value-based care. Margins dropped to 1%, with recovery expected over the next two years.

Despite 13% YoY revenue growth to \$112B, adjusted EPS fell to \$4.08, and full-year EPS guidance was cut to **at least \$16**. OptumRx remained strong, though GLP-1 drug costs and portfolio headwinds muted margin growth. OptumInsight continues recovering from last year's cyberattack. Looking forward, UHG expects moderate improvement in 2026 and stronger gains in 2027, driven by operational discipline, pricing resets, and AI integration. The company is overhauling leadership, governance, and compliance structures, positioning itself for long-term sustainable growth and stakeholder trust recovery.

KEY EXECUTIVE QUOTES:

Margin Stabilization & Medicare Advantage (MA) Recovery

- **MA Margin Outlook:** Management confirmed that 2025 MA margins will be at the *low end of the new normal* (2—2.5%), improving to 2.5—3% in 2026 and reaching *midpoint* by 2027.
- **Drivers:** Improvement is expected through **benefit reductions, pricing adjustments, and trend mitigation efforts** including AI-driven cost management and tighter partnerships with payers.
- **Cohort Maturity:** Value-based care cohorts show increasing profitability with tenure. Members in their fifth year or longer generate 8%+ *margins*, while early-year cohorts remain a drag.
- Management further reaffirmed commitment to the historical **13—16% long-term EPS growth target**, though noted current performance doesn't yet reflect full enterprise potential.

Leadership Quotes:



“As we mature and remain stable in those cohorts, you have increased performance over time. So, as you pace into 2026, we believe we can maintain those margins at the 1% level.”

Patrick Conway, CEO of Optum, UnitedHealth Group

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“The framework for our long-term growth outlook remains very much intact... built on productivity, capital deployment, and business model evolution.”

Stephen Hemsley, Chairman and Chief Executive Officer

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Margin Targets Across Business Lines

- **UHC Commercial:** Target of 7—9% by 2027; below range in 2025 due to 100bps excess medical trend.
- **Medicaid:** Target remains ~2% on core business. 2026 could see **negative margins** (-1% to -1.7%) due to redetermination effects and lagging rate adjustments.
- **OptumHealth:** New **value-based care target margin is 5%**, down from prior assumptions, reflecting the impact of V28 and slower practice conversion.

Leadership Quotes:



“This year, which I think sets us up, better for next year. Those combinations, we think, mitigates, 50% of the headwind, of V28”

Patrick Conway, CEO of Optum, UnitedHealth Group

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Strategic Shift from Portfolio Sales to Operational Optimization

Management has halted planned **divestitures and portfolio reshuffling**. Focus has shifted to **unlocking internal performance potential** rather than selling non-core assets.

Leadership Quotes:



“We stopped that entire activity, and some of that was considered in the current year outlook and that has been withdrawn completely. Right now, our focus is on the portfolio that we have.”

Stephen Hemsley, Chairman and Chief Executive Officer

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Operating Discipline & Investment Priorities

- Leadership is driving **monthly deep reviews**, reshaping **OptumInsight and OptumFinancial**, and accelerating **AI-first strategies** for long-term differentiation.
- Key near-term investment focus includes:
 - a. **AI-infused care and financial solutions**
 - b. **Product modernization**
 - c. **End-to-end tech solutions over point tools**

Leadership Quotes:



“Pay more attention and make sure it has stable and deep leadership. We need to make the investments and updating the product offerings, which are largely a portfolio of point to point solutions.”

Stephen Hemsley, Chairman and Chief Executive Officer

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Underwriting & Forecasting Improvements

Processes are being reinforced with **broader actuarial oversight**, **AI-driven analytics**, and **judgment discipline** to enhance responsiveness to evolving trends.

Leadership Quotes:



“Building out and strengthening our analytics, taking advantage of new approaches on the AI front and pulling in signals earlier and being able to adapt to those more quickly.”

Dan Schumacher, Chief Strategy and Growth Officer

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Value-Based Care Strategy and Settlements Items:

Margin realization from value-based care will be **more gradual**, with continued investments over the next decade. The 6—8% OptumHealth margin range reflects this more realistic pacing.

Leadership Quotes:



“We are adjusting our outlook downward by \$1B. About half of this is due to more gradual recovery than initially expected in some of our volume-based businesses.”

Patrick Conway, CEO of Optum, UnitedHealth Group

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Additional Insights

UnitedHealth is executing a multi-year plan to rebuild margins, stabilize earnings, and refocus on high-impact investments. While near-term headwinds persist—particularly in Medicaid and early-stage VBC—the company’s tone reflected **deliberate discipline**, **strategic realignment**, and **measured optimism** for margin recovery and sustainable growth.

FINANCIAL RESULTS

Quarterly Financial Performance

	Three Months Ended		
	June 30, 2025	June 30, 2024	March 31, 2025
Revenues	\$111.6 billion	\$98.9 billion	\$109.6 billion
Earnings from Operations	\$5.2 billion	\$7.9 billion	\$9.1 billion
Net Margin	3.1%	4.3%	5.7%

UNITEDHEALTH GROUP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data; unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Premiums	\$87,905	\$76,897	\$174,439	\$154,885
Products	13,564	12,211	26,600	24,120
Services	9,039	8,750	18,011	17,638
Investment and other income	1,108	997	2,141	2,008
Total revenues	111,616	98,855	221,191	198,651
Operating costs				
Medical costs	78,585	65,458	151,996	131,193
Operating costs	13,778	13,162	27,372	27,239
Cost of products sold	13,019	11,340	25,409	22,396
Depreciation and amortization	1,084	1,020	2,145	2,017
Total operating costs	106,466	90,980	206,922	182,845
Earnings from operations	5,150	7,875	14,269	15,806
Interest expense	(1,027)	(985)	(2,025)	(1,829)
Loss on sale of subsidiary and subsidiaries held for sale	(41)	(1,225)	(56)	(8,311)
Earnings before income taxes	4,082	5,665	12,188	5,666
Provision for income taxes	(510)	(1,244)	(2,142)	(2,466)
Net earnings	3,572	4,421	10,046	3,200
Earnings attributable to noncontrolling interests	(166)	(205)	(348)	(393)
Net earnings attributable to UnitedHealth Group common shareholders	\$3,406	\$4,216	\$9,698	\$2,807
Diluted earnings per share attributable to UnitedHealth Group common shareholders	\$3.74	\$4.54	\$10.61	\$3.02
Adjusted earnings per share attributable to UnitedHealth Group common shareholders (a)	\$4.08	\$6.80	\$11.29	\$13.71
Diluted weighted-average common shares outstanding	910	928	914	929

CMS REBATE REALLOCATION: WHAT IT MEANS FOR MEDICARE ADVANTAGE PLANS

From Subsidy Shift to Strategic Reallocation

The recent CMS adjustment to Part D direct subsidies while presented as a technical update has become a strategic trigger for plan executives. Internally referred to by many clients as rebate reallocation, this refers to late-cycle shifts in rebate values (e.g., a \$10—\$20 delta from projected benchmarks) that can significantly impact final plan bids.

Plans must now respond with agility tweaking premiums, adjusting givebacks, and fine-tuning benefit configurations, all under high time pressure.

Rapid Response Requires Predictive Readiness

The organizations best prepared are those who've already run scenario simulations and can act on final rebate figures within hours, not days.

Where HealthworksAI's xAI-Powered Intelligence Delivers

This is where our Benefit Simulator, powered by HealthworksAI's xAI predictive analytics engine, creates true competitive advantage. With our platform, leading payers are able to:

- Pre-load likely subsidy ranges and simulate benefit trade-offs in advance.
- Quantify the enrollment and financial impact of each \$ rebate shift.
- Align decisions with Stars, market share, and benchmark positioning across counties.

Make It Annual. Make It Actionable.

As CMS continues to evolve its IRA-driven reimbursement strategy, plans must treat this as a recurring AEP ritual. HealthworksAI clients are operationalizing this now embedding it into their annual benefit design calendar. Those who simulate earlier, win earlier.

DON'T FALL BEHIND

- Your competitors already see what's next.
- These reports will plug directly into our **Benefit Strategy Simulator™** to test competitive scenarios by market, Stars, or subsidy impact.

REAL-TIME INTELLIGENCE. STRATEGIC ADVANTAGE

It's earnings season — and while others wait for industry roundups, our clients already have the insights.



Key executive quotes
flagged by theme (Stars,
ACA, Medicaid, MLR,
Compliance)



Market movements
decoded by enrollment,
benefit shifts & margin
levers



Used by top MA teams to
inform 2026 bid strategy
& pricing



Deep-dive earnings call
analysis within 24—48
hours

Schedule your Competitive Intelligence Demo

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