

UnitedHealth is America's largest health insurance and health care services company, providing care for around 148 million people, through Medicare, Medicaid, personal insurance programs and corporate insurances. It is organized into two complementary business families: UnitedHealthcare, which provides health care coverage and benefits administration for individuals, employers, and government programs; and Optum, which delivers data-driven health services across care delivery, pharmacy benefit management, and technology-enabled consulting. The company's revenue is generated primarily through insurance premiums and care administration fees in UnitedHealthcare, which represented approximately two-thirds of total revenue in 2024. Optum contributes the remainder via three lines: OptumHealth (care delivery and financial services), OptumInsight (technology and data analytics), and OptumRx (pharmacy benefit management). Their total healthcare conglomerate generated about 109 billion dollars in revenue in Q1 2025 alone.

I had a larger position in UNH a few weeks ago but choose to trim it down as earnings season came, preferring to wait and see how the company was going to perform in Q2 after seeing the results of the new CEO and having a better idea of where the company is heading. Right now I have about 1% of my portfolio in UNH, compared to about 6%-8% I expected to have before. The decision to reallocate capital to more safe investments was a great one as stocks like Valaris rallied recently and ASML presented a great buying opportunity after their earnings.

But anyway, back to UNH.

Even though the company is huge, with a stable portfolio of clients and one of the biggest revenue generators in the country, they are struggling as of late.

282,12 USD

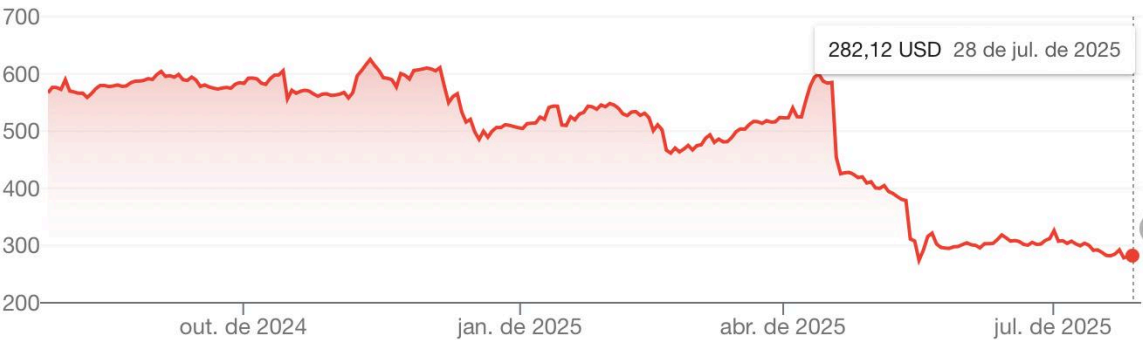
+ Seguir

-284,63 (-50,22%) ↓ último ano

Fechado: 28 de jul., 19:59 GMT-4 • Exoneração de responsabilidade

Após o horário comercial 284,15 +2,03 (0,72%)

1 D 5 D 1 M 6 M YTD 1 A 5 A Máx

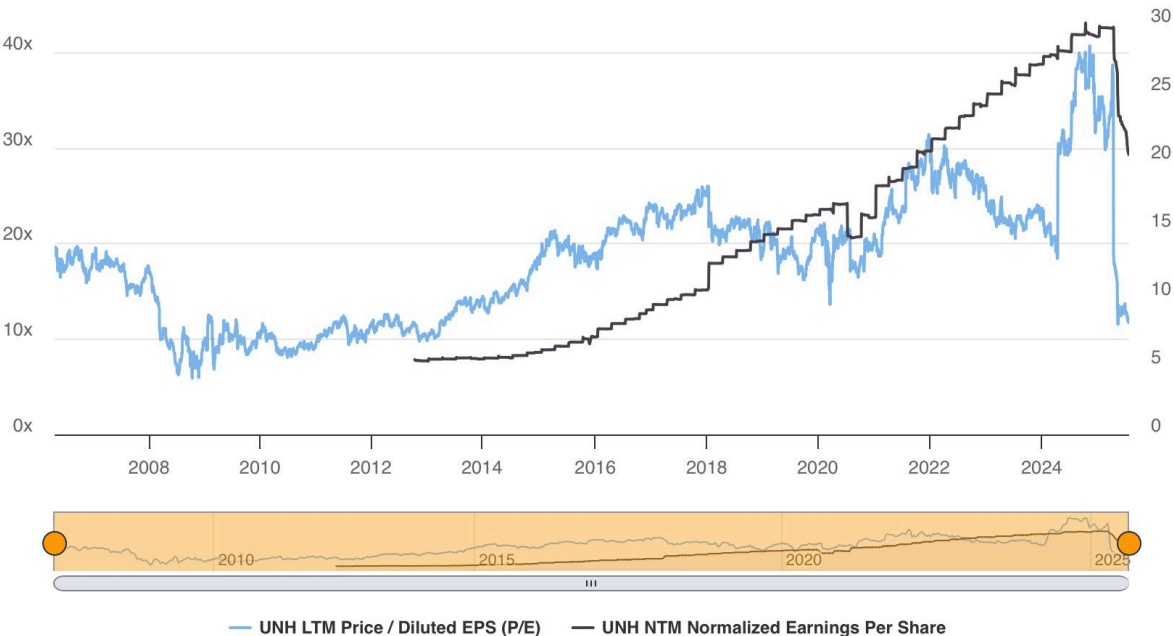


Abertura	283,50	Cap. merc.	255,92 bi	Alt 52 sem	630,73
Alta	285,00	Índice P/L	11,81	Bai 52 sem	248,88
Baixa	279,69	Rend. div.	3,13%	Div. trim.	2,21

UnitedHealth Group Incorporated (UNH)

- UNH LTM Price / Diluted EPS (P/E): Mean: 18,26x High: 40,64x Low: 5,88x Last: 11,84x
- UNH NTM Normalized Earnings Per Share: Mean: 15,75 High: 30,13 Low: 5,37 Last: 20,51

Zoom 3m 6m ytd 1yr 3y 5y 10y all



Over the past year, UNH stock has faced significant headwinds, declining roughly -44% YTD and about 50% over the last 12 months, driven by earnings misses, a management team that is changing constantly and regulatory subpoenas from the DOJ that claim malpractice by the part of the firm. What started with a complete surprise as an assassin murders their former CEO on the streets of New York quickly grew into more problems as they review their earnings guidance for the rest of the year after poor Q1 results and then proceed to pull their earnings guidance for the year. And on top of that their CEO leaves just as the DOJ comes knocking on their door. All this happening in the span of a few months spooked investors and caused the stock to crash, but now I start to realize if there's value that is being overlooked.

The questions on everyone's mind are a few, among them are: how will the company resolve their DOJ situation, will the company stabilize their earnings (especially with changes in Medicaid on the horizon), and will the new CEO Stephen Hemsley, who was also the CEO of the company from 2006 to 2017, be able to bring confidence back to the company and reassure investors of a bright future. As their earnings come out tomorrow morning (July 29th) before the market opens and I currently have a 1% exposure to UNH, awaiting to buy more in case of signs of a promising future, I will try to answer the third question, since I believe the first two will only be answered with time and with earnings record respectively.

The CEO :

As the first two questions are hard to answer hours before earnings reports are released, my exposure as of now is a bet on the CEO, Stephen Hemsley.



As mentioned before, Stephen has plenty of experience running United Health, leading the company as CEO from 2006 to 2017 and COO from 1999 to 2006, meaning that he has around 18 years of experience in the C-Suite of the company. During his tenure as CEO, UNH stock [rallied](#) 630%.

It's clear that he has the technical expertise and the know-how to clear the company around, but are his interests aligned?

The short answer is: Yes.

Hemsley's will get an annual base salary of \$1 million and a one-time \$60 million equity award as he returns to the top role at a tough time for the healthcare conglomerate. The 60 million will only be available after 3 years of his term as CEO, which will run out in May 2028. And the stock options have a striking price of around \$305 per share. This means that, if the team Hemsley steps down as CEO in 2028 UNH's share price is below \$305 per share his options are basically worthless and he will only walk away with his \$3 million dollar base over the next 3 years.

I would very much doubt that Hemsley, who is current in his 70s years old, left his retirement life to come back to the corporate life in order to make “only” \$1 million a year and give up the huge \$60 million dollar pot of gold at the end of the tunnel.

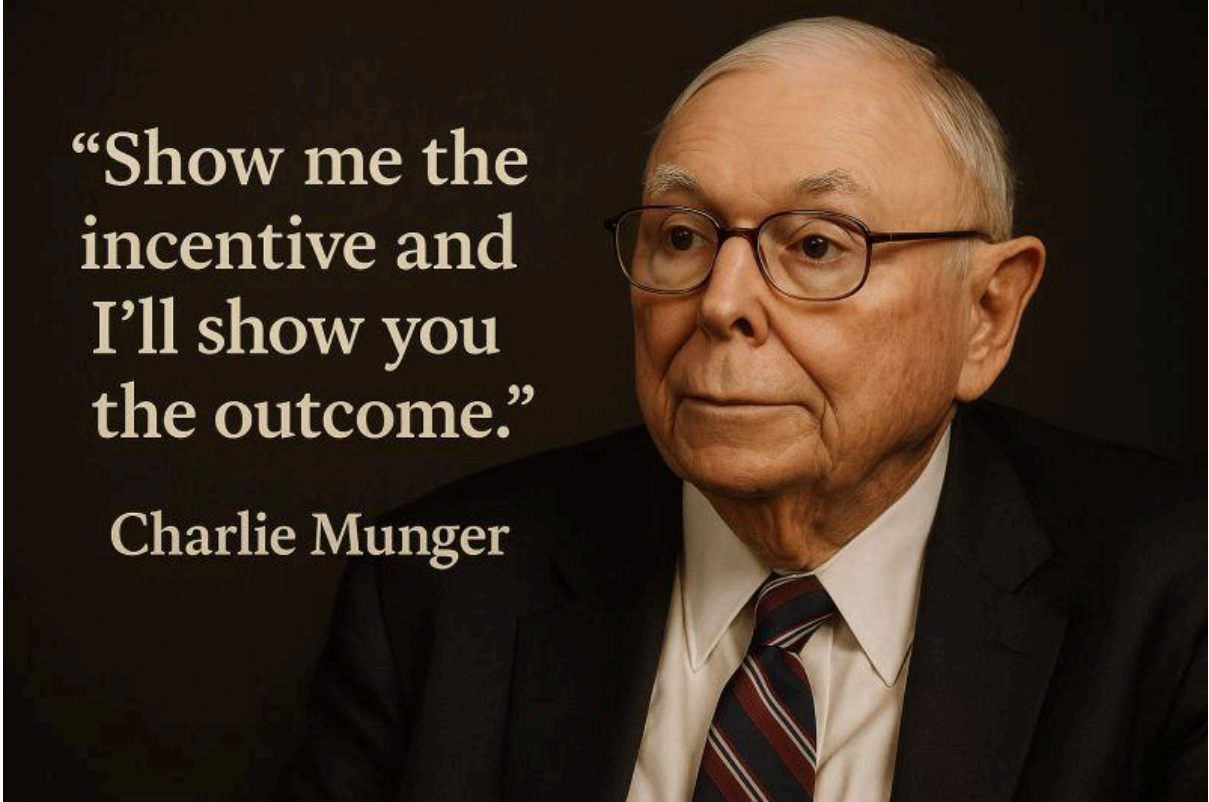
Additionally, much of his personal net worth, not only his future compensation, is tied to the stock performance.

Name of Beneficial Owner or Identity of Group	Ownership of Common Stock	Number of Shares Deemed Beneficially Owned as a Result of Equity Awards Exercisable or Vesting Within 60 Days of April 4, 2025		Percent of Common Stock Outstanding (%)
		Total ⁽¹⁾		
Charles Baker	971 ⁽²⁾	—	971	*
Timothy Flynn	13,623 ⁽²⁾⁽³⁾	—	13,623	*
Paul Garcia	4,716 ⁽²⁾⁽⁴⁾	—	4,716	*
Kristen Gil	1,661 ⁽²⁾⁽⁵⁾	—	1,661	*
Stephen Hemsley	1,251,137 ⁽²⁾⁽⁶⁾⁽⁷⁾	—	1,251,137	*
Michele Hooper	40,040 ⁽²⁾	—	40,040	*
F. William McNabb III	13,656 ⁽²⁾	—	13,656	*
Valerie Montgomery Rice, M.D.	6,256 ⁽²⁾	—	6,256	*
John Noseworthy, M.D.	5,763 ⁽²⁾	—	5,763	*
Andrew Witty	112,162 ⁽²⁾	237,489	349,651	*
John Rex	193,412 ⁽⁸⁾	321,371	514,783	*
Heather Cianfrocco	22,438	113,335	135,773	*
Erin McSweeney	11,206	35,560	46,766	*
Christopher Zaetta	10,308	17,610	27,918	*
All current directors, executive officers and director nominees as a group (16 individuals)	1,726,045 ⁽⁹⁾	820,783	2,546,828	0.28

Stephen Hemsley is the largest individual shareholder in the board of directors and executive leadership, meaning that he actually has much at stake and, if I were to guess, he has a real stake and interest in making his money, and reputation, be worthwhile after his 3 year tenure.

I am very bullish on the CEO, not only for his very successful past tenure as CEO of the company but especially because of his skin in the game.

I'll finish my CEO analysis with this quote:

A portrait of Charlie Munger, an elderly man with glasses, wearing a dark suit, white shirt, and a striped tie. He is looking slightly to the left of the camera with a serious expression. The background is dark and out of focus.

**“Show me the
incentive and
I’ll show you
the outcome.”**

Charlie Munger

Part of me wishes I had freed up more capital before the earnings report since this could be the moment of a great turnaround for the company. But as patience is my guide and I’ve been delivering great risk adjusted returns by investing in other stocks, right now I feel like I’ve made the right decision by having some exposure but largely waiting to see what he’s accomplished and what is the future for UNH tomorrow morning. Maybe I’ll be glad to have trimmed my position, maybe I’ll have lost my chance to invest and maybe I’ll still get great returns by adding more. But adjusting my portfolio to risk was ultimately the best decision.

Trying to model the financials of a company in such a crisis a few hours before the earnings report is released is next to impossible and trying to predict the outcomes of the DOJ lawsuits, as well as its impact on the financials of the company, can only be done in time. This is surely a company to watch and I’m excited to see what happens tomorrow.