

UnitedHealth's Q1 earnings reveal its booming business—but its big business is sounding alarm bells from regulators, competitors

Article

UnitedHealth released its [Q1'21 earnings report](#), and reported strong growth in members and financial performance:

- Its membership grew by more than 1 million, largely due to seniors signing up for privatized Medicare Advantage (MA) plans.
- Meanwhile, its profits soared over 40% annually to \$4.9 billion, and revenues ticked up 9% to \$70.2 billion—a little over half of which came from its health services arm, **Optum**.

While the pandemic put many healthcare organizations in a pinch, UnitedHealth and its health services subsidiary Optum ramped up their digital health strategy—which is what set the stage for strong Q1 performance:

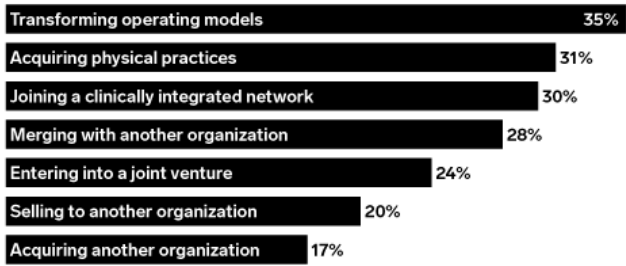
- **UnitedHealth and other insurers partly benefited from the impacts of the pandemic.** As millions of patients deferred care and elective procedures were put on the backburner in the first half of 2020, it [lowered](#) the insurer's healthcare spending.
- **And it's had a busy year extending across the healthcare gamut via M&As.** In the last year alone, it [acquired](#) prescription delivery startup **DivvyDose** for \$300 million in September 2020, [scooped up](#) acute care management platform **NaviHealth** for reportedly over \$1 billion in May 2020, and made its blockbuster \$13 billion [acquisition](#) of data analytics company **Change Healthcare** in January 2021.

However, with such aggressive growth comes pushback from competitors and regulatory bodies:

- **The Biden administration is gearing to implement [antitrust laws](#) to regulate consolidation in the healthcare industry—and UnitedHealth's acquisition of Change Healthcare is already facing scrutiny.** After the **American Hospital Association** lobbied US regulators to examine the deal, citing that it threatened healthy competition in the market, the DOJ began a [probe](#) into the transaction earlier this year.
- **UnitedHealth's vertical integration strategy makes it an all-seeing giant—meaning it could pose a massive threat to competitors across the healthcare ecosystem.** For example, by acquiring Change Healthcare (which processes [1 in 3](#) US patient health records), UnitedHealth would be able to decipher its competitors' business strategies.

Partnership Plans for 2021 According to US Healthcare CFOs, Sep 2020

% of respondents



Source: BDO, "2021 BDO Healthcare CFO Outlook Survey," Jan 12, 2021

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