

UnitedHealth Group raked in billions during Q2 —but it's not immune to the effects of inflation

Article

The news: UnitedHealth Group (UHG) brought in a whopping **\$10.1 billion** profit and **\$160.5 billion** in revenues over the first six months of 2022. That's up from **\$9.1 billion** profit and

\$141.5 billion in revenues during the same time period last year, according to UHG's latest earnings call.

Optum brought in billions for UHG: Optum (Optum Health, OptumRx, and OptumInsight) collectively delivered **\$45.1 billion** in Q2 revenues alone. That growth was driven by Optum Health (its care delivery business) which grew by over **\$4 billion** in Q2 (32%), according to the earnings call.

The bigger picture: There's no slowing down Optum's growth as it becomes a care behemoth.

- In March, Optum announced plans to **purchase** the largest in-home health organizations (**LHC Group**) for **\$5.4 billion**. That means Optum will gain access to LHC Group's **30,000** healthcare workers and **12 million annual patient interactions**.
- In early April, Optum finalized a deal to acquire Houston-based **Kelsey-Seybold Clinic**. The practice offers **55 medical specialties** and employs more than 500 physicians.
- And in late April, Optum inked a deal to purchase Massachusetts-based **Atrius Health**. It has **30 practice locations** and 645 physicians.

What's next? More physician groups and health systems could succumb to Optum's threat as it continues its M&A tear.

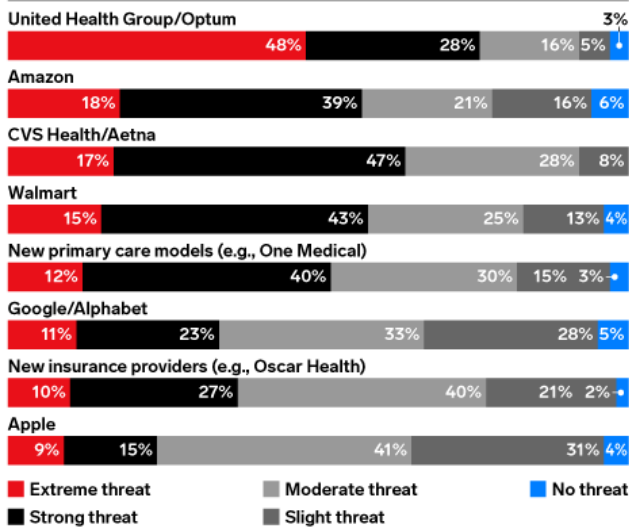
- About **48% of health system executives** view Optum as an "extreme threat" and 28% view it as a "moderate threat," **per** a 2021 Kaufman Hall report.
- That's far more than the **18%** of execs who view **Amazon** as an extreme threat, for instance.

Zooming out: Legacy insurers like UHG will need to address the effects of inflation and economic downturn. That could mean higher costs for customers or in-network providers.

During UHG's Q2 call, **Brian Thompson**, CEO of UHG's **UnitedHealthcare**, said the company's "forward view of cost includes inflation." Thompson also noted that the company is "certainly respectful of what we're seeing in terms of labor cost with our provider partners. And as you might expect, obviously, with long-term agreements, there will be more impact in 2023 than 2022."

Degree of Competitive Threat Posed by Select Companies to US Hospitals and Health Systems According to US Health Executives, Summer 2021

% of respondents



Note: over the next five years

Source: Kaufman Hall, "State of Consumerism in Healthcare 2021: Regaining Momentum," Sep 8, 2021

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Editor's note: We updated this article on July 19, 2022 to correct UHG's revenue figures to billions versus millions.