

UNITEDHEALTH GROUP INC
Form 10-Q
May 05, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010**

or

**.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO**

Commission file number: 1-10864

UnitedHealth Group Incorporated

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of)

41-1321939
(I.R.S. Employer)

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incorporation or organization)

Identification No.)

UnitedHealth Group Center

9900 Bren Road East

Minnetonka, Minnesota

(Address of principal executive offices)

55343

(Zip Code)

(952) 936-1300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2010, there were 1,136,680,308 shares of the registrant's Common Stock, \$.01 par value per share, issued and outstanding.

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(in millions, except per share data)	March 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,920	\$ 9,800
Short-term investments	1,155	1,239
Accounts receivable, net	2,309	1,954
Assets under management	2,401	2,383
Deferred income taxes	335	448
Other current receivables	1,664	1,838
Prepaid expenses and other current assets	595	538
Total current assets	18,379	18,200
Long-term investments	13,835	13,311
Property, equipment and capitalized software, net	2,070	2,140
Goodwill	20,830	20,727
Other intangible assets, net	2,297	2,381
Other assets	2,130	2,286
Total assets	\$ 59,541	\$ 59,045
Liabilities and shareholders equity		
Current liabilities:		
Medical costs payable	\$ 9,281	\$ 9,362
Accounts payable and accrued liabilities	6,385	6,283
Other policy liabilities	3,610	3,137
Commercial paper and current maturities of long-term debt	2,522	2,164
Unearned revenues	1,144	1,217
Total current liabilities	22,942	22,163
Long-term debt, less current maturities	8,001	9,009
Future policy benefits	2,323	2,325
Other liabilities	1,956	1,942
Total liabilities	35,222	35,439
Commitments and contingencies (Note 12)		
Shareholders equity:		
Preferred stock, \$0.001 par value 10 shares authorized; no shares issued or outstanding	0	0
Common stock, \$0.01 par value 3,000 shares authorized; 1,133 and 1,147 issued and outstanding	11	11
Retained earnings	24,056	23,342

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Accumulated other comprehensive income (loss):		
Net unrealized gains on investments, net of tax effects	280	277
Foreign currency translation losses	(28)	(24)
Total shareholders' equity	24,319	23,606
Total liabilities and shareholders' equity	\$ 59,541	\$ 59,045

See Notes to the Condensed Consolidated Financial Statements

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UnitedHealth Group
Condensed Consolidated Statements of Operations
(Unaudited)

(in millions, except per share data)	Three Months Ended March 31,	
	2010	2009
Revenues:		
Premiums	\$ 21,128	\$ 20,111
Services	1,364	1,296
Products	528	439
Investment and other income	173	158
Total revenues	23,193	22,004
Operating costs:		
Medical costs	17,170	16,570
Operating costs	3,276	3,128
Cost of products sold	483	404
Depreciation and amortization	248	234
Total operating costs	21,177	20,336
Earnings from operations	2,016	1,668
Interest expense	(125)	(131)
Earnings before income taxes	1,891	1,537
Provision for income taxes	(700)	(553)
Net earnings	\$ 1,191	\$ 984
Basic net earnings per common share	\$ 1.04	\$ 0.82
Diluted net earnings per common share	\$ 1.03	\$ 0.81
Basic weighted-average number of common shares outstanding	1,145	1,198
Dilutive effect of common stock equivalents	11	12
Diluted weighted-average number of common shares outstanding	1,156	1,210
Anti-dilutive shares excluded from the calculation of dilutive effect of common stock equivalents	82	121

See Notes to the Condensed Consolidated Financial Statements

Table of Contents**UnitedHealth Group****Condensed Consolidated Statements of Changes in Shareholders' Equity****(Unaudited)**

(in millions)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at January 1, 2010	1,147	\$ 11	\$ 0	\$ 23,342	\$ 253	\$ 23,606
Net earnings				1,191		1,191
Unrealized holding gains on investment securities during the period, net of tax expense of \$17					27	27
Reclassification adjustment for net realized gains included in net earnings, net of tax expense of \$14					(24)	(24)
Foreign currency translation loss					(4)	(4)
Comprehensive income						1,190
Issuances of common stock, and related tax benefits	5	0	47			47
Common stock repurchases	(19)	0	(149)	(477)		(626)
Share-based compensation, and related tax benefits			102			102
Balance at March 31, 2010	1,133	\$ 11	\$ 0	\$ 24,056	\$ 252	\$ 24,319
Balance at January 1, 2009	1,201	\$ 12	\$ 38	\$ 20,782	\$ (52)	\$ 20,780
Net earnings				984		984
Unrealized holding gains on investment securities during the period, net of tax expense of \$37					66	66
Reclassification adjustment for net realized gains included in net earnings, net of tax expense of \$1					(2)	(2)
Foreign currency translation loss					(6)	(6)
Comprehensive income						1,042
Issuances of common stock, and related tax benefits	12	0	128			128
Common stock repurchases	(32)	0	(280)	(409)		(689)
Share-based compensation, and related tax benefits			114			114
Balance at March 31, 2009	1,181	\$ 12	\$ 0	\$ 21,357	\$ 6	\$ 21,375

See Notes to the Condensed Consolidated Financial Statements

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UnitedHealth Group

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in millions)	Three Months Ended	
	2010	March 31, 2009
Operating activities		
Net earnings	\$ 1,191	\$ 984
Noncash items:		
Depreciation and amortization	248	234
Deferred income		