

UNITEDHEALTH GROUP INC
Form DEF 14A
April 19, 2019

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

UnitedHealth Group Incorporated

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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9900 Bren Road East, Minnetonka, Minnesota 55343

April 19, 2019

Dear Shareholder:

We cordially invite you to attend our 2019 Annual Meeting of Shareholders. We will hold our meeting on Monday, June 3, 2019, at 10:00 a.m. Central Time in the lower level conference center at 300 North LaSalle, Chicago, Illinois 60654.

As a shareholder of UnitedHealth Group, you play an important role in our company by considering and taking action on the matters set forth in the attached proxy statement. We appreciate the time and attention you invest in making thoughtful decisions.

Attached you will find a notice of meeting and proxy statement containing further information about the items upon which you will be asked to vote and the meeting itself, including:

How to obtain admission to the meeting if you plan to attend; and

Different methods you can use to vote your proxy, including by Internet, telephone and mail.

Every shareholder vote is important, and we encourage you to vote as promptly as possible. If you cannot attend the meeting in person, you may listen to the meeting via webcast. Instructions on how to access the live webcast are included in the proxy statement.

Sincerely,

David S. Wichmann
Chief Executive Officer

Stephen J. Hemsley
Executive Chairman of the Board

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Notice of 2019 Annual Meeting of Shareholders

Date June 3, 2019

Time 10:00 a.m. Central Time

Location Lower Level Conference Center
300 North LaSalle
Chicago, Illinois 60654

Record Date April 9, 2019. Only shareholders of record of the Company's common stock at the close of business on the record date are entitled to receive notice of, and to vote at the Annual Meeting and any adjournments or postponements of the meeting.

Items of Business

Elect the eleven nominees set forth in the attached proxy statement to the Company's Board of Directors.

Conduct an advisory vote to approve the compensation paid to the Company's named executive officers as disclosed in the attached proxy statement (a "Say-on-Pay" vote).

Ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2019.

Consider a shareholder proposal set forth in the attached proxy statement, if properly presented at the Annual Meeting.

Transact other business that properly may come before the Annual Meeting or any adjournments or postponements of the meeting.

Admission to the Annual Meeting To attend the Annual Meeting in person, you will need to bring an admission ticket and valid photo identification. You may attend the Annual Meeting by following the procedures described under Question 7 of the "Questions and Answers About the Annual Meeting and Voting" section in the attached proxy statement.

Proxy Voting Important. Even if you plan to attend the Annual Meeting, we still encourage you to submit your proxy by Internet, telephone or mail prior to the meeting. If you later choose to revoke your proxy or change your vote, you may do so by following the procedures described under Question 13 of the "Questions and Answers About the Annual Meeting and

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Voting" section in the attached proxy statement.

Webcast

You can listen to the live webcast of the Annual Meeting by visiting our website at www.unitedhealthgroup.com and clicking on "Investors" and then on the link to the webcast. See Question 10 of the "Questions and Answers About the Annual Meeting and Voting" section in the attached proxy statement.

By Order of the Board of Directors,

Dannette L. Smith
Secretary to the Board of Directors

April 19, 2019

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 3, 2019:**

The Notice of Internet Availability of Proxy Materials, Notice of Annual Meeting of Shareholders, Proxy Statement and Annual Report are available at www.unitedhealthgroup.com/proxymaterials.

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Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. We encourage you to review the entire proxy statement.

Business Results

We are a diversified health care company whose mission is to help people live healthier lives and to help make the health system work better for everyone. UnitedHealth Group, Optum and UnitedHealthcare are actively engaged in helping to achieve the Triple Aim – better health outcomes, lower costs and a better consumer experience. We put the needs of others first, one person at a time. In turn, we grow and earn the opportunity to serve more people in more ways, delivering exceptional returns for society and for our shareholders. We again achieved strong business results in 2018, including:

Revenues increased 12% to \$226.2 billion from \$201.2 billion in 2017;

Operating earnings increased 14% year-over-year to \$17.3 billion; net earnings to UnitedHealth Group common shareholders increased to \$12 billion; and cash flows from operations grew 16% year-over-year to \$15.7 billion;

Diluted earnings per share increased 14% to \$12.19 per share from \$10.72 in 2017. Adjusted earnings per share¹ increased 28% to \$12.88 per share from \$10.07 per share in 2017;

Return on equity was consistent with the prior year at 24.4% in 2018;

Cumulative shareholder return for UnitedHealth Group, which is defined as the increase in stock price, together with dividends reinvested when paid, was 122% over the 2016-2018 time period and 258% over the 2014-2018 time period. Cumulative shareholder return for the S&P 500 Index was 30% over the 2016-2018 time period and 50% over the 2014-2018 time period;

Our annual cash dividend rate increased to \$3.60 per share, paid quarterly, representing a 20% increase over the annual cash dividend rate of \$3.00 per share paid quarterly since the second quarter of 2017;

UnitedHealth Group was the top ranked company in the insurance and managed care sector on *Fortune's* 2019 "World's Most Admired Companies" list. This is the ninth consecutive year UnitedHealth Group has ranked No. 1 overall in its sector. The Company ranked No. 1 on all nine key attributes of reputation – innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investment, quality of products and services and global competitiveness. The Company was rated No. 1 in innovation for the tenth consecutive year.

UnitedHealth Group was named to both the Dow Jones Sustainability World and North America Indices for the 20th consecutive year;

UnitedHealth Group was included among the 2018 Best Employers for Diversity by Forbes;

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UnitedHealth Group was named one of America's Most JUST Companies by JUST Capital and Forbes in 2018. The JUST 100 rankings measure how U.S. companies perform on issues Americans care about most, including worker pay and treatment, customer respect, product quality and environmental impact; and

In the 2017-2018 Newsweek Green Rankings, created in partnership with Corporate Knights Capital and HIP Investor, UnitedHealth Group ranked in the top 10% out of the largest 500 U.S. companies in corporate sustainability and environmental impact.

1

Adjusted earnings per share is a non-GAAP financial measure. Refer to Appendix A in this proxy statement for a reconciliation of adjusted earnings per share to the most directly comparable GAAP measure.

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Corporate Governance

UnitedHealth Group is committed to meeting high standards of ethical behavior, corporate governance and business conduct. Our company and our people are committed to the shared cultural values of integrity, compassion, innovation, relationships and performance. This commitment has led us to implement many governance best practices, including the following:

Board Structure and Composition Our directors are elected annually by a majority vote of our shareholders. We have an Executive Chairman of our Board of Directors and an Independent Lead Director, and nine of our eleven directors are independent.

Chief Executive Officer ("CEO") Succession Planning Our succession plan, which is reviewed annually by our Board of Directors, addresses both an unexpected loss of our CEO and longer-term succession.

Board Refreshment and Tenure Since January 2017, we have appointed five new directors to the Board who are standing for election this year, four of whom are independent, advancing both the skill and experience profile of the Board as well as its diversity.

Nominating Advisory Committee Our Nominating Advisory Committee, comprised of long-term shareholders of the Company and a member of the medical community, provides our Nominating and Corporate Governance Committee (the "Nominating Committee") with additional input regarding desirable characteristics of director candidates and the composition of our Board.

Proxy Access A shareholder or group of shareholders who have owned at least 3% of our common stock for at least three years, and who comply with specified procedural and disclosure requirements, may include in our proxy materials shareholder-nominated director candidates representing up to 20% of the Board.

Stock Ownership Guidelines Each of our executive officers and directors were in compliance with our stock ownership guidelines as of April 9, 2019. Mr. Wichmann, our CEO, is required to own shares equal to eight times his base salary by the fifth anniversary of his appointment as CEO. As of April 9, 2019, Mr. Wichmann owned shares equal to 169 times his base salary.

Stock Retention Policy We generally require executive officers to hold, for at least one year, one-third of the net shares acquired upon vesting or exercise of any equity award. Our directors are generally required to hold all equity awards granted until completion of service on the Board, or until they have met our stock ownership requirements.

Clawback Policy We have adopted a clawback policy that entitles the Board of Directors to seek reimbursement from our senior executives if they are involved in fraud or misconduct that causes a material restatement or in the event of a senior executive's violation of non-compete, non-solicit or confidentiality provisions.

Independent Compensation Consultant Our Compensation and Human Resources Committee (the "Compensation Committee") uses an independent compensation consultant that performs no other consulting or services for the Company.

Political Contributions Disclosure We publicly disclose our political contributions and public advocacy efforts and the contributions of our federal and state political action committees.

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Environmental Policy We seek to minimize our environmental impact and to heighten our employees' awareness of the importance of the environment.

Short Selling and Hedging Transactions in Company Securities Our insider trading policy prohibits all directors, executive officers and employees from engaging in short sales and hedging transactions relating

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to our common stock, and requires advance approval of the Compensation Committee of any pledging of common stock by directors, executive officers and other members of management.

Absence of Rights Plan We do not have a shareholder rights plan, commonly referred to as a "poison pill."

See the "Corporate Governance" portion of this proxy statement for further information on our governance practices.

Enterprise-Wide Risk Oversight

Our Board of Directors, assisted by its committees, oversees management's enterprise-wide risk management activities. Risk management activities include assessing and taking actions necessary to mitigate and manage risk incurred in connection with the long-term strategic direction and operation of our business.

Executive Compensation

Our executive compensation program uses a mix of base salary, annual and long-term cash incentives, equity awards and broad-based benefits to attract and retain highly qualified executives and maintain a strong relationship between executive pay and Company performance. Shareholders again expressed strong support for our executive compensation program at our 2018 Annual Meeting of Shareholders, with more than 95% of the votes cast in favor of our Say-on-Pay proposal.

Our Overall Compensation Program Principles

Pay-for-performance A substantial portion of the total compensation of our executive officers is earned based on achievement of enterprise-wide goals that drive long-term performance, including growth and shareholder value.

Enhance the value of the business Incentive compensation is designed to grow and sustain the longer-term value of the Company and avoid excessive risk-taking.

Reward long-term growth and focus management on sustained success and shareholder value creation Compensation of our executive officers is weighted toward equity awards that encourage sustained performance and drive shareholder returns over time.

Standard benefits and very limited perquisites We provide standard employee benefits and very limited perquisites to our executive officers.

Summary of Compensation Paid to CEO David S. Wichmann in 2018

Base salary \$1.3 million.

Cash incentive awards Annual cash incentive award of \$4.5 million and long-term cash incentive award of \$890,600, which reflect the Company's performance against pre-set goals and continued strong leadership by Mr. Wichmann.

Equity awards Performance shares with a target grant date fair value of \$5.55 million, restricted stock units with a grant date fair value of \$2.775 million and stock options with a grant date fair value of \$2.775 million.

Company matching contributions \$178,875 under our 401(k) and executive savings plan.

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Information regarding compensation paid to each of our named executive officers in 2018 is described in the "Compensation Discussion and Analysis" section.

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Strong Governance Standards in Oversight of Executive Compensation Policies

We maintain strong governance standards in the oversight of our executive compensation policies and practices, including:

Performance based compensation arrangements, including performance based equity awards, that use a variety of performance measures, with different measures used for annual and long term plans.

Double trigger change in control arrangements for equity grants.

No excise tax gross ups in the event of a change in control.

Our 2011 Stock Incentive Plan prohibits the repricing of stock options and stock appreciation rights without shareholder approval.

Annual advisory shareholder votes to approve the Company's executive compensation.

Stock ownership guidelines requiring executive officers to beneficially own specified amounts of the Company's common stock within five years of their appointment as an executive officer.

A stock retention policy generally requiring executive officers to hold, for at least one year, one third of the net shares acquired upon vesting or exercise of any equity award.

A clawback policy entitling the Board of Directors to seek reimbursement from senior executives if they are involved in fraud or misconduct that causes a material restatement or in the event of a senior executive's violation of non-compete, non-solicit or confidentiality provisions.

This proxy statement and our Annual Report for the year ended December 31, 2018, are first being mailed to the Company's shareholders and made available on the Internet at www.unitedhealthgroup.com/investors/annual-reports.html on or about April 19, 2019. Website addresses included throughout this proxy statement are for reference only. The information contained on our website is not incorporated by reference into this proxy statement.

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Voting Matters and Vote Recommendations

1	Election of eleven directors	FOR	The Board and Nominating Committee believe the eleven Board candidates possess the experience, skills, attributes and diversity to effectively monitor performance, provide oversight and advise management on the Company's strategy.	Page 6
2	Advisory Approval of the Company's Executive Compensation (a "Say-on-Pay" vote)	FOR	Our executive compensation program is designed to attract and retain highly qualified executives and to maintain a strong link between pay and the achievement of enterprise-wide goals. We emphasize and reward teamwork and collaboration among executive officers, which we believe fosters Company growth and performance, optimizes the use of enterprise-wide capabilities, drives efficiencies and integrates products and services for the benefit of our customers and other stakeholders.	Page 68
3	Ratification of Independent Registered Public Accounting Firm			