Competitive Analysis:
UnitedHealth owns 13.6% of the market share, making it become leading company in terms of market share. With annual revenue of about $80 billion and over 84 million policies, it is also the largest insurance provider in the country. Its main competitors include Aetna Inc. (AET), Humana Inc. (HUM) and WellPoint Inc. (WLP), etc.

Pros:
- The revenue kept high speed growth in past 5 years.
- The stock price has increased more than 15% in the past three months. The reduced medical cost ratio bring the company increased earning per share.
- Afford Care Act brings potential of increased enrollment, expansion and broader coverage to UnitedHealth Group.
- The reform will be also beneficial to company’s OPTUM segment which focuses on consulting and technology services.

Risk Factors:
- The decreasing rate of Medicare Advantage due to government-s sponsored medical programs threatens the revenue growth of UnitedHealth Group.
- ACA takes greater regulation, transparency and competition to managed care industries, UnitedHealth will face challenge and pressure due to change and uncertainty of whole health care system.
- ACA brings the uncertain of operating environment for U.S healthcare industry.

Industry Trends:
The health care reform will change the operation way of MCO’s. The reform also brings MCO’s funding and potential increased memberships. MCO’s will continue to pay attention on government programs such as Medicare, Medicaid and other federal program. Some leading companies started to expand nationally, creating the economies of scale. At the same time, MCO’s face headwinds and challenges due to health care reform. The regulation oversight in this industry will be continuous increased.

Investment Thesis:
As the largest player in Managed Care industry, UnitedHealth Group reported positive results for the 2013 Q2, the company keeps its high speed growth and its YOY total revenue increased by 11.4%. In past four years, its growth of Medicare Advantage and Medicaid enrollment has offset the decrease of commercial risk business, producing incremental revenue and profits. At the same time, from 2012, the company made several acquisitions and expand to international markets. Although the reform might bring the headwinds to the company, we believe that the company has ability to overcome the difficulties.

Business Summary:
UnitedHealth Group Incorporated operates as a leading diversified health care company in the United States Its business is mainly consisted of United Healthcare segment and OPTUM segment. United Healthcare segment offers consumer-oriented health benefit plans and services OPTUM segment provides OptumHealth- health management service, OptumInsight -software and information products, consulting service and OptumRx- pharmacy benefit management services and programs.

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