

UNITEDHEALTH GROUP INC
Form DEF 14A
April 20, 2018

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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)

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- No fee required.
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9900 Bren Road East, Minnetonka, Minnesota 55343

April 20, 2018

Dear Shareholder:

We cordially invite you to attend our 2018 Annual Meeting of Shareholders. We will hold our meeting on Monday, June 4, 2018, at 10:00 a.m. Central Time at 11 East Walton Street, Third Floor Thoreau Room, Chicago, Illinois 60611.

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 2018 Annual Meeting of Shareholders

Date June 4, 2018

Time 10:00 a.m. Central Time

Location Third Floor Thoreau Room
11 East Walton Street
Chicago, Illinois 60611

Record Date April 10, 2018. 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

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

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).

To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2018.

To 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, 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 Voting" section in the attached proxy statement.

Webcast You can listen to the live webcast of the Annual Meeting by logging on to our website at www.unitedhealthgroup.com and

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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 20, 2018

**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 4, 2018:**

**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. This proxy statement and our Annual Report for the year ended December 31, 2017 are first being mailed to the Company's shareholders and made available on the Internet at www.unitedhealthgroup.com/proxymaterials on or about April 20, 2018. 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.

Chief Executive Officer Succession

On August 15, 2017, the Board of Directors elected David S. Wichmann to succeed Stephen J. Hemsley as Chief Executive Officer ("CEO") and become a director of the Company, effective September 1, 2017. On September 1, 2017, Mr. Hemsley took the newly-created role of Executive Chairman of the Board of Directors, after serving more than ten years as CEO, and Richard T. Burke, formerly Chairman of the Board, became Lead Independent Director.

These changes were designed to ensure continuity as the Company continues to grow and evolve. They were the result of a four-year succession-planning process, during which the Board had the opportunity to observe and evaluate Mr. Wichmann in many different settings, including formal Board presentations, Board/management meetings, investor presentations and individual discussions with directors.

The Board determined that Mr. Wichmann had the right business and leadership skills, enterprise knowledge and support, broad health care experience and expertise in growth, innovation, technology, operations and global markets to be CEO and lead the Company into the future.

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. We again achieved strong business results in 2017, including:

Revenues increased 9% to \$201.2 billion from \$184.8 billion in 2016;

Operating earnings increased 18% year-over-year to \$15.2 billion, net earnings to UnitedHealth Group common shareholders increased to over \$10.5 billion and cash flows from operations grew to \$13.6 billion;

Adjusted earnings per share¹ increased 25% to \$10.07 per share from \$8.05 per share in 2016;

Driven by net earnings growth, including the deferred tax revaluation, return on equity increased to 24.4% in 2017;

Total shareholder return, which is defined as the increase in stock price, together with dividends paid, was 40% in 2017, 125% over the 2015-2017 time period and 324% over the 2013-2017 time period;

Our annual cash dividend rate increased to \$3.00 per share, paid quarterly, representing a 20% increase over the annual cash dividend rate of \$2.50 per share paid quarterly since the second quarter of 2016;

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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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UnitedHealth Group was the top ranking company in the insurance and managed care sector on *Fortune's* 2018 "World's Most Admired Companies" list, based on 2017 results. This is the eighth consecutive year UnitedHealth Group has ranked No. 1 overall in the insurance and managed care sector;

UnitedHealth Group was named to both the Dow Jones Sustainability World and North America Indices for the 19th consecutive year;

UnitedHealth Group was included among the 2017 Best Employers for Diversity by Forbes; and

Michele J. Hooper, a UnitedHealth Group director, was named 2017 Director of the Year by the National Association of Corporate Directors, and, in 2016, was included in *Savoy* magazine's Most Influential Black Corporate Directors, and Board of Directors member Dr. Gail R. Wilensky was included in the 2016 NACD Director 100 list of the most influential people in the boardroom.

Corporate Governance

UnitedHealth Group is committed to meeting high standards of ethical behavior, corporate governance and business conduct in everything we do, every day. 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 ten of our twelve 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 four new directors to the Board who are standing for election this year, three 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 10, 2018. Mr. Wichmann, our CEO, owned shares equal to 140 times his base salary as of April 10, 2018.

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

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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.

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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.

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 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 expressed strong support for our executive compensation program at our 2017 Annual Meeting of Shareholders, with more than 96% 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.

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

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Summary of Compensation Paid to David S. Wichmann, our CEO, in 2017

Base salary \$1.16 million.

Cash incentive awards Annual cash incentive award of \$4.25 million and long-term cash incentive award of \$649,800, 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 \$159,519 under our 401(k) and executive savings plan.

Information regarding compensation paid to each of our named executive officers in 2017 is described in the "Compensation Discussion and Analysis" section.

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:

No excise tax gross ups.

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.

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.

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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 72
3	Ratification of Independent Registered Public Accounting Firm	FOR	Based on the Audit Committee's assessment of Deloitte & Touche	