

April 28, 2020

Ms. Vanessa Countryman, Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Via email: rule-comments@sec.gov

Re: File No. S7-1-20 Proposed Rule titled “*Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information;*” (the “Proposed Rule”).

Dear Secretary Countryman:

This letter is submitted on behalf of UnitedHealth Group Incorporated (“UnitedHealth Group,” the “Company” or “we”), a diversified health care company dedicated to helping people live healthier lives and making the health system work better for everyone through two distinct business platforms – UnitedHealthcare, our health benefits business, and Optum, our health services business. Our workforce of 325,000 people serves the health care needs of 139 million people worldwide, funding and arranging health care on behalf of individuals, employers, and the government. UnitedHealth Group is a Fortune 6 company with annual revenues of over \$240 billion in 2019. We are writing in response to your request for comments regarding the Proposed Rule.

Consistent with our position in our letter to the Securities and Exchange Commission (“SEC” or “the Commission”) dated July 21, 2016, which was in response to the concept release that introduced the modernization of Regulation S-K, we support and commend the Commission for its efforts to continue to simplify and modernize disclosure requirements and remove duplicative or repetitive disclosures. The effort to streamline these disclosures, both on an annual and interim basis, is beneficial for preparers and investors. A streamlined filing allows investors to focus on the most important information in order to understand current performance, as well as expected future performance, and not be distracted by outdated, duplicative or repetitive disclosures. As a whole, the Company believes that the proposed rules improve disclosure effectiveness for investors while reducing burden for preparers.

Below we discuss in further detail the Company’s views on select items within the Proposed Rule.

## **Elimination of Selected Financial Data, Supplementary Financial Information and Contractual Obligations**

UnitedHealth Group supports the proposal to eliminate the annual selected financial data disclosure as this requirement is dated and duplicative in nature. The select financial data is substantially consistent with information disclosed in the financial statements and/or the footnotes. Further, due to the ease of access of information, particularly from the Edgar website, the fourth and fifth year information is readably available to investors.

We also agree with the proposal to eliminate the supplementary financial information disclosure (selected quarterly data). With the exception of the fourth quarter data, the selected quarterly data is repetitive of information that is disclosed in prior quarterly filings. The fourth quarter can be inferred using full year information, less third quarter data, and is frequently disclosed in a company's earnings release. Due to the ease of obtaining prior filings from the Edgar website, there is no need to disclose this information in the Form 10-K.

Finally, we also agree that the contractual obligation table should be removed. While some investors may find limited value in this disclosure, particularly in certain industries, the costs outweigh any benefit gained. Additionally, many of the contractual obligations in the table are already either directly disclosed elsewhere in the footnotes (for example, future operating lease payments) or a comparable disclosure is included in the footnotes (for example, future debt payments). The preparation of the remaining required table categories (including purchase obligations, other liabilities, and redeemable non-controlling interests) are cost prohibitive as this information is often not readily available or easily tracked.

## **Critical Accounting Estimates**

We support the proposal to disclose critical accounting estimates within Management's Discussion and Analysis as we believe this provides meaningful information for investors and a significant portion of filers, including UnitedHealth Group; already disclose this information under existing SEC interpretive guidance. However, we suggest the Commission update the proposed language in Regulation S-K Item 303(a)(4) or the relevant Instruction to clarify that companies are not required to disclose a quantitative sensitivity analysis for all critical accounting estimates. We believe that there are some critical accounting estimates for which a sensitivity analysis is impractical or not relevant to users, and therefore, should not be required. Whether the critical accounting estimate disclosure requires a quantitative analysis should be left to management to determine if that information would be meaningful to understanding the business and the relevant impacts of the estimates.

For example, many companies have revenue recognition as a critical accounting estimate. Companies with long-term contracts that recognize revenue over time must make estimates regarding the revenue and costs associated with their products and services. For these companies, it would be impractical to provide a sensitivity of reported revenue based on the assumptions used in determining the estimated costs to complete a contract over an entire portfolio of contracts, each of which has distinct assumptions and judgments used in those estimates. In addition, to the extent impairment estimates are identified as a critical accounting estimate, we believe that the current guidance in the SEC's Financial Reporting Manual ("the Manual") provides an adequate framework for companies to disclose material information to investors. Specifically, the Manual suggests disclosing the percentage for which a goodwill reporting unit's fair value exceeds

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carrying value, including a discussion of the methods, judgments, and uncertainties, to the extent the resulting cushion is not significant.

## **Conclusion**

Overall, with the one key clarification noted above, the Company supports and commends the Commission's continued efforts to simplify and modernize disclosures. We believe that these efforts will improve disclosure quality for investors by allowing investors to focus on the most material information and not be distracted by irrelevant, duplicative or repetitive information, while also reducing the burden on preparers. We appreciate your consideration of our comments on the Proposed Rule. If we can provide further information or clarification of our comments, please call me.

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Sincerely,



Thomas E. Roos  
Senior Vice President and Chief Accounting Officer  
UnitedHealth Group, Incorporated

