UNITEDHEALTH GROUP

9900 Bren Road East
Minnetonka, MN 55343

September 8, 2015

Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Concept Release on Possible Revisions to Audit Committee Disclosures, SEC Release No. 33-9862 File No. S7-13-15

Dear Secretary:

This letter is submitted on behalf of the Audit Committee of UnitedHealth Group, Incorporated ("*UnitedHealth Group*"), a diversified health and well-being company dedicated to helping people live healthier lives and making the health system work better for everyone. UnitedHealth Group employs more than 180,000 individuals, is a Fortune 50 company with annual revenues expected to exceed $150 billion in 2015 and a market capitalization in excess of $110 billion. We are writing in response to your request for comments regarding the Concept Release titled "*Possible Revisions to Audit Committee Disclosures,*" SEC Release No. 33-9862 (the "*Concept Release*").

I. Overview

The Concept Release explores the possibility of adding requirements to the audit committee's disclosure of its oversight of the independent auditor. As described in the Concept Release, the objective of any additional disclosures would be to allow investors to differentiate the quality of audit committee oversight among companies and make better, more informed investing decisions.

UnitedHealth Group supports the efforts of the Securities and Exchange Commission (the "*Commission*") to evaluate disclosures made by public companies regarding audit committees and their engagement and oversight of independent auditors. However, we do not believe that rules requiring additional audit committee disclosures are necessary. The current rules provide a baseline of disclosure that provides investors with material information about how audit committees discharge their responsibilities. Furthermore, the current rules give companies the flexibility to make additional, voluntary disclosures that are significant for shareholders. Our audit committee disclosures, for instance, provide useful information and transparency into the audit process for our shareholders, and exceed the Commission's disclosure requirements . We

believe that our disclosures, and those of many of our peers, provide investors with material information without overloading them with Commission-mandated disclosures that are not relevant.

Although we do not believe that investors will benefit from additional mandatory disclosures regarding audit committees, we understand that the SEC may feel compelled to move forward with a rulemaking on the topic. If the Commission were to propose new disclosure requirements regarding audit committees, we believe these requirements should be principles-based rather than prescriptive.

We elaborate on these points below.

II. Rulemaking Requiring Additional Audit Committee Disclosures Is Unnecessary

We do not believe that a rulemaking requiring additional audit committee disclosures is necessary. The current rules regarding audit committees provide investors with an informative baseline of disclosure regarding the functioning of audit committees and their engagement and oversight of independent auditors. As noted in the Concept Release, listed companies are already required to disclose:

- Whether there is a separately-designated standing audit committee or a committee performing similar functions, and the identity of each member of such committee;
- Whether or not the audit committee has a charter, and if so, where security holders may access a copy (or the inclusion of such in the company's proxy or information statement provided to security holders at least once every 3 years);
- The circumstances surrounding any appointment of a director to the audit committee who is not independent;
- Whether the audit committee has reviewed and discussed the audited financial statements with management;
- Whether the audit committee has discussed with the independent auditor the matters required by AU sec. 380, Communication with Audit Committees;
- Whether the audit committee has received the required written communications from the independent accountant concerning independence, as required by the rules of the PCAOB, and has discussed with the independent accountant his or her independence;
- Whether the audit committee has recommended to the board of directors that the audited financial statements be included in the company's annual report on Form 10-K (or other form of annual report) for the last fiscal year for filing with the Commission; and
- Whether there is at least one audit committee financial expert on the audit committee.

In proxy statements that seek the ratification of the independent auditors, listed companies must also disclose:

- The audit committee's preapproval policies and procedures;
- Fees paid to the independent auditor;
- The percentage of services that comprise audit-related fees, tax fees and all other fees;
- The name of the auditor recommended for the current year;
- The auditor for the most recently completed fiscal year, if different;
- Whether a representative of the auditing firm will be present at the meeting to respond to questions or to make a statement; and
- Information regarding dismissed or resigned auditors as required by Item 304(a) of Regulation S-K.

These disclosures provide investors with ample information to evaluate the relationship between the audit committee and the independent auditor.

We believe that most of the specific proposals discussed in the Concept Release are not material to investors and thus should not be required disclosure items. We focus on four of the proposed disclosure requirements: (1) whether the audit committee sought proposals for the audit; (2) the length of the audit relationship; (3) the nature or substance of the required communications between the auditor and the audit committee; and (4) the frequency with which the audit committee meets privately with the auditor. We believe that many other proposals also will not provide material information to investors and urge the Commission to further evaluate the need to require such disclosures.

A. Disclosure About Whether The Audit Committee Sought Proposals For The Audit

UnitedHealth Group does not believe that disclosure about whether the audit committee pursued an RFP process is necessary or useful to investors. By requiring this type of disclosure, there is a risk that investors will use this information to draw ill-conceived conclusions about the independence of audit firms. Additionally, requiring this disclosure suggests that an RFP process is preferable to the selection of an auditor by other means. For example, UnitedHealth Group engages in a robust evaluation process in engaging and retaining its independent auditor. A disclosure requirement regarding the existence or absence of an RFP process could be read to imply that RFPs are presumptively good and that there is something wrong with other processes that a company could undertake.

B. Disclosure Regarding The Length Of The Audit Relationship

UnitedHealth Group does not believe disclosure about auditor tenure is necessary or effective. Requiring such disclosure implies there is a correlation between the length of an independent auditor's engagement and audit quality. However, as the Concept Release acknowledges, studies that have examined the role of auditor tenure on audit quality have reached mixed conclusions.[1] Many commenters raised similar objections to proposals put forward by the Public Company Accounting Oversight Board that were predicated on a similar theory.[2] We believe this to be particularly true in our complex and highly regulated industry. What matters most for companies such as ours is having a well staffed and sufficient number of auditors with a deep understanding of the technical accounting principles applicable to our industry and our business.

C. Disclosure Regarding The Nature Or Substance Of The Required Communications Between The Auditor And The Audit Committee

As a practical matter, requiring the disclosure of the nature and substance of communications between the independent auditor and the audit committee has the potential to significantly alter the nature of the relationship between the independent auditor and the audit committee. If matters discussed by the independent auditors and the audit committee are subject to disclosure, audit committee members will likely approach discussions with auditors with the disclosure obligation in mind, which may limit the manner in which they share information with independent auditors and vice versa.

These disclosures will undermine the basic intent of the disclosure requirement, which is to communicate with the investing public regarding the nature and extent of the audit committee's engagement with the independent auditor. Instead of encouraging such engagement, these disclosures would stifle open communication between the audit committee and the auditor and provide little value to investors. Accordingly, we do not support the adoption of a requirement to disclose the nature or substance of communications between the auditor and the audit committee.

D. Disclosure About The Frequency With Which The Audit Committee Meets Privately With The Auditor

We do not believe that disclosure about the frequency of meetings between the audit committee and independent auditor is necessary or worthwhile. We agree with the comment letter submitted by the Association of Audit Committee Members, which points out that investors may assign value to arbitrary metrics that could arise from disclosures regarding the frequency with which the audit committee meets privately with the auditor. As noted in that letter, some investors may view an audit committee that meets with its auditors five times a year

---

[1] *See* Section VI.C.1.3 of the Concept Release.

[2] *See, e.g.*, Proposed Rule Comment Letters of Deloitte and Touche, LLP (Dec. 11, 2013), NAREIT (Dec. 11, 2013), Tyson Foods, Inc. (Dec. 11, 2013), Nucor (Dec. 10, 2013), Williams (Dec. 4, 2013), Acuity Brands (Nov. 26, 2013), available at http://pcaobus.org/Rules/Rulemaking/Pages/Docket034Comments.aspx.

as below average if most companies meet with their auditors eight times per year. As we believe is obvious from the example, however, whether an audit committee meets with the auditor eight times a year or five times a year has no bearing on whether an audit committee is exercising appropriate oversight of a company's independent auditor. We do not believe this disclosure would provide informational value to investors. By means of example, the chair of UnitedHealth Group's Audit Committee typically meets in person or by telephone with the lead engagement partner of our independent auditor, between meetings of the Audit Committee. We find this approach provides an open channel of communication and assist in the Audit Committee's oversight of our auditor. However, these conversations do not constitute meetings with the Audit Committee as enumerated in the concept release.

E. Other Potential Disclosures

We believe many of the other potential disclosures included in the Concept Release present the same issues as the above proposals. For example, we do not believe that potential disclosures regarding the independent auditor, an audit committee's process for appointing or reappointing the independent auditor, or the qualifications of the audit firm and certain members of the engagement team selected by the audit committee are material to investors. The disclosure of this information will not provide valuable information to the company's investors and will likely lead to investor confusion and other unintended consequences.

III. If The Commission Were To Propose New Disclosure Requirements Regarding Audit Committees, Any Such Requirements Should Be Principles-Based Rather Than Prescriptive.

We believe additional audit committee disclosures should not be required and should be kept voluntary, as they are today. However, if the Commission were to propose new disclosure requirements regarding audit committees, we believe any such requirements should be principles-based rather than prescriptive. We believe a rules-based approach would (i) contribute to a state of "disclosure overload" for investors, (ii) lead companies to provide information that is not material to its investors, (iii) cause investors to make ill-conceived comparisons between companies based on the disclosures and (iv) result in boilerplate language over time.

A. A Principles-Based Approach Is More Likely Than A Prescriptive Approach To Elicit The Disclosure Of Relevant Information

A principles-based approach could help improve the quality of disclosure about the operation of audit committees. If the Commission decides to pursue a principles-based approach, we suggest that it follow an approach that requires companies to disclose information that allow investors to make better, more informed investing decisions.

Under a principles-based approach, public companies would be required to disclose information about the operation of the audit committee that is material to investors. This would allow audit committees to apply professional judgment in determining the extent and content of their disclosures and, as a result, provide more meaningful disclosure. Additionally, a principles-based approach would be flexible enough to apply to future advancements and changes in the securities markets and corporate governance norms. The Commission acknowledges that current

voluntary disclosures could be the result of "tailoring the disclosures to a company's facts and circumstances" and not necessarily indicative of universal market demand for such information.[3] We agree with this observation.

UnitedHealth Group, like those of many companies, chooses to disclose additional information regarding the audit committee's responsibilities, including:

- the roles of management, internal auditors and independent auditors;
- the responsibility of the audit committee to select, evaluate, compensate, retain and oversee the independent auditor;
- the length of the independent auditor's tenure;
- the audit committee's responsibility for overseeing the internal audit;
- discussions of the audit committee with independent auditors and internal auditor about the scope of their respective audits;
- discussions regarding overall quality of accounting;
- the audit committee's role relating to risk management;
- the audit committee's discussions with management regarding internal controls;
- that executive sessions of the audit committee and the independent auditors with or without management present are held;
- the role of the audit committee in preapproving audit/non-audit fees;
- the responsibility of the audit committee to evaluate non-audit services provided by external auditor;
- the role of the audit committee chair in the selection of the new lead engagement partner;
- the fact that the audit committee periodically considers whether there should be a regular rotation of the independent auditors; and
- the audit committee's responsibility for establishing procedures for receipt of complaints regarding accounting or auditor matters.

UnitedHealth Group chooses to disclose the above information because it has engaged with shareholders and determined that these are disclosures that its investors are interested in receiving. The Company annually evaluates which, if any, of these disclosures to include in its proxy materials and makes adjustments to these disclosures based on this evaluation process. We believe a principles-based approach would allow companies to make similar evaluations to provide informative disclosures to its shareholders.

---

[3] *See* Section IV of the Concept Release.

B. A Principles-Based Approach Will Help Avoid Information Overload

Additional reporting requirements can contribute to a state of "disclosure overload," which is a concern that the Commission cites in its Concept Release.[4] Required disclosures will likely consist of many pages of lengthy or boilerplate disclosure for most entities that may not be relevant to its investors. Increased disclosure can make it difficult for an investor to identify relevant information.[5] It can create long, dense documents that an investor may then ignore altogether.[6] An effective disclosure regime is one that requires targeted disclosures that are most important to investors and does not require disclosure of information that is not material to investors. We do not believe that the addition of the disclosure requirements discussed in the Concept Release would further the Commission's interest in adopting an effective disclosure regime.

C. A Principles-Based Approach Will Help Avoid Disclosures That Are Not Material To Investor Decisions

For issuers that were not providing voluntary disclosures about their audit committees previously because they concluded that such information was not material, complying with such new disclosure requirements will not provide any additional material information to their investors. The core purpose of any disclosure requirement should be to provide a reasonable investor with information that he or she would need to make an informed investment or voting decision. The information that the proposed requirements would address is unlikely to be material in most cases. It is also unlikely to be read by the general investing public.

D. A Principles-Based Approach Will Limit The Risk Of Ill-Conceived Comparisons

As has been pointed out in other comment letters, a rules-based approach that requires further audit committee disclosure will encourage comparisons between different audit committees regarding immaterial matters. For example, as discussed previously, it is likely that investors will assign value to arbitrary metrics that arise from disclosures regarding, for instance, the frequency with which the audit committee meets privately with the independent auditor, the number of years that the independent auditor has served a particular company and the number of auditors a company considered in an RFP process. These numbers do not provide qualitative information from which the public should be making investment decisions, but if required, we believe that it is highly likely that some investors will draw conclusions from such information

---

[4] *See* Section IV.A of the Concept Release.

[5] Chair Mary Jo White, U.S. Securities and Exchange Commission Speech - The Path Forward on Disclosure (Oct. 15, 2013), available at http://www.sec.gov/News/Speech/Detail/Speech/1370539878806#.U7ladhbs7wI

[6] Center for Capital Markets Competitiveness, Corporate Disclosure Effectiveness: Ensuring a Balanced System that Informs and Protects Investors and Facilitates Capital Formation, (Jul. 28, 2014), available at http://www.centerforcapitalmarkets.com/wp-content/uploads/2014/07/CCMC_Disclosure_Reform_Final_7-28-20141.pdf.

based on the belief that the information is material solely because the information is a mandatory disclosure.

E. A Rules-Based Approach Will Result In Boilerplate Language

The Commission has expended significant effort to simplify disclosures and avoid requiring redundant or immaterial disclosures. It has cautioned that additional disclosures can lead to documents becoming "comprehensible only to those of us who have devoted our professional lives to abstract regulatory nuances."[7] We believe that the disclosure contemplated by the Concept Release would undermine these efforts. A prescriptive disclosure requirement is likely to result in many companies simply responding to the disclosure requirements without providing investors with meaningful information. There are numerous examples of current disclosures that are required by Regulation S-K and elsewhere that elicit similar kinds of boilerplate disclosure. Adopting rules like those that are discussed in the Concept Release would only add to the list of such disclosures. We believe a principles-based approach will ameliorate the tendency for additional disclosures to become boilerplate.

IV. Conclusion

Former SEC Chairman Arthur Levitt has observed that "our passion for full disclosure has created fact-bloated reports…that are more redundant than revealing."[8] These concerns apply in full measure to the rules contemplated by the Concept Release.

The current rules provide a baseline of disclosure regarding the audit committee that provides investors with material information about how audit committees discharge their responsibilities. Furthermore, the current rules give companies the flexibility to make voluntary disclosures that are significant for their specific shareholder bases. Like many companies, our disclosures expand on the Commission's disclosure requirements in order to provide useful information and transparency into the audit process for our shareholders. But these disclosures, like those of many of our peers, are appropriately tailored to the needs and input of our investors. The Concept Release appropriately queries whether the Commission should modify this model. As we hope this comment letter makes clear, we believe the answer to this question is a resounding "no."

* * * *

[7] U.S. Securities and Exchange Commission, Report of the Task Force on Disclosure Simplification (Mar. 5, 1996), available at https://www.sec.gov/news/studies/smpl.htm#seciii.

[8] Chairman Arthur Levitt, U.S. Securities and Exchange Commission, Fulfilling the Promise of Disclosure (Jul. 23, 1997) https://www.sec.gov/news/speech/speecharchive/1997/spch171.txt.

In closing, we thank the Commission for this opportunity to share our views on possible revisions to audit committee disclosures and welcome any further discussion the staff of the Commission may wish to have with us.

Very truly yours,

Dannette L. Smith
Secretary to the Board

Thomas E. Roos
Chief Accounting Officer