

Transcript of Exchange between David Ridenour of the National Center for Public Policy Research and UnitedHealth CEO Stephen Hemsley

UnitedHealth Shareholder Meeting
June 2, 2014

Audio on YouTube at <http://youtu.be/I2DLvq7wBt4>

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David Ridenour: Hi, I'm David Ridenour, I'm with the National Center for Public Policy Research, a free market think-thank and a company shareholder.

I have two very quick questions: First, First, in recent weeks my organization has spoken directly with the CEOs of Aetna, Wellpoint and Humana about ObamaCare's risk corridor provisions. To a man, each declared that, if available, they will accept a taxpayer bailout based on ObamaCare's weaknesses despite the fact that the insurance industry lobbied for this flawed law while a majority of taxpayers consistently opposed it. So my first very quick question is this: Will UnitedHealth be the one company, perhaps comparable to Ford during the auto bailouts, that reaps the reputational rewards and appreciation of the taxpayers by announcing that it will reject any taxpayer bailouts that may come available through ObamaCare's risk corridor provisions?

My second question relates to the scandal related to the Veterans Administration's promise to provide quality health care for our nation's veterans and its failure to deliver on that promise. From the VA's scandals to Britain, Canada and even Sweden, it's clear that the government-supplied health care model is inferior to private care. As the CEO of a company that makes it possible for many to afford top-notch private care, I assume you agree that private health care delivery systems are the best choice for patients. Given the terrible stories coming out of the VA, many have called for a replacement of the current VA system with one that gives our nation's veterans the same opportunities for good health care that customers of UnitedHealth enjoy. That is, a system in which veterans are given private health insurance policies of their choice, perhaps modified somewhat given the unique needs of some veterans, and the government picks up the tab. This would drive customers to UnitedHealth, which would be good for shareholders, and even more important, give veterans access to far superior care compared to that which they are now receiving, or failing to receive, from the VA.

Given this, are you or the company calling for, lobbying for, or in some way working to encourage the federal government to change the way it provides health care to veterans, to give veterans access to vastly superior private health insurance plans? Do you support such a change for the VA?

2:43

Stephen Hemsley: Well, I'll take those one at a time. First of all, I think if you've followed the company, you know that our position on exchanges has been, we think, thoughtful, and

Careful with respect to how we participate in them and the themes of that have been along the lines of believing that this policy objective of the country to move forward, and to do that in a sustainable way. The exchanges need to be shaped and managed in such a way that they are sustainable, and sustainable on their own. We recognize that there are transitional support to them, and we have no idea whether we would ever be in a position to participate in that support. We are interested in moving forward with a broad objective of expanding coverage and making coverage available to all Americans. We expect that this approach will be shaped over time. I would point out that despite the fact that we have not participated extensively in exchanges, we have paid over \$2 billion dollars in taxes that are directly related to ACA policies, and partly supportive elements like that. And as we go forward in terms of participation in the exchanges, we would participate and engage with them in a way that complies with the laws in which they were established, and if that means that we participate in some of the economics that move in that direction, then we'll comply with those laws. We are interested in the exchanges being self-supportive and sustainable.

Secondly, in terms of the VA, we're very sympathetic to the situation and challenges that are being presented there. I would suggest that as an organization over the years, we have been open to a wide spectrum of approaches, about how we can help and engage, to work collaboratively across the health care landscape, to really address any problem or challenge where we think where our capabilities and our experience might lend themselves, and in that instance we'd be open to a variety of forms of assisting to see if we can provide relief or help- We would do that in an open, collaborative way with those who are responsive of that, and we don't really have a policy view of how those services might best be presented. So we would just have a helpful posture in terms of how we can work collaboratively regardless of what approaches are used – we think a whole spectrum of approaches might apply.

5:48

David Ridenour: If I could ask a quick follow-up on risk corridors- risk corridors are set to expire three years from now, and you view them as a transitional phase. So my question there is, would you commit not to lobbying for their extension?

6:09

Stephen Hemsley: I can't really speculate on how the regulations may proceed or how legislative policies may proceed on this so I can't respond to that, what I would come back with that, is that we would be strong advocates of sustainable markets, markets that have been positioned to sustain themselves long term on their own, designed in that way, and we'll maintain that posture.

But I can't speculate on what legislation or what policy activities will go forward, or how we will respond to those. We would just like to again be helpful to see that whatever mechanism to extend coverage in a responsible and sustainable way goes forward. Thank you.