

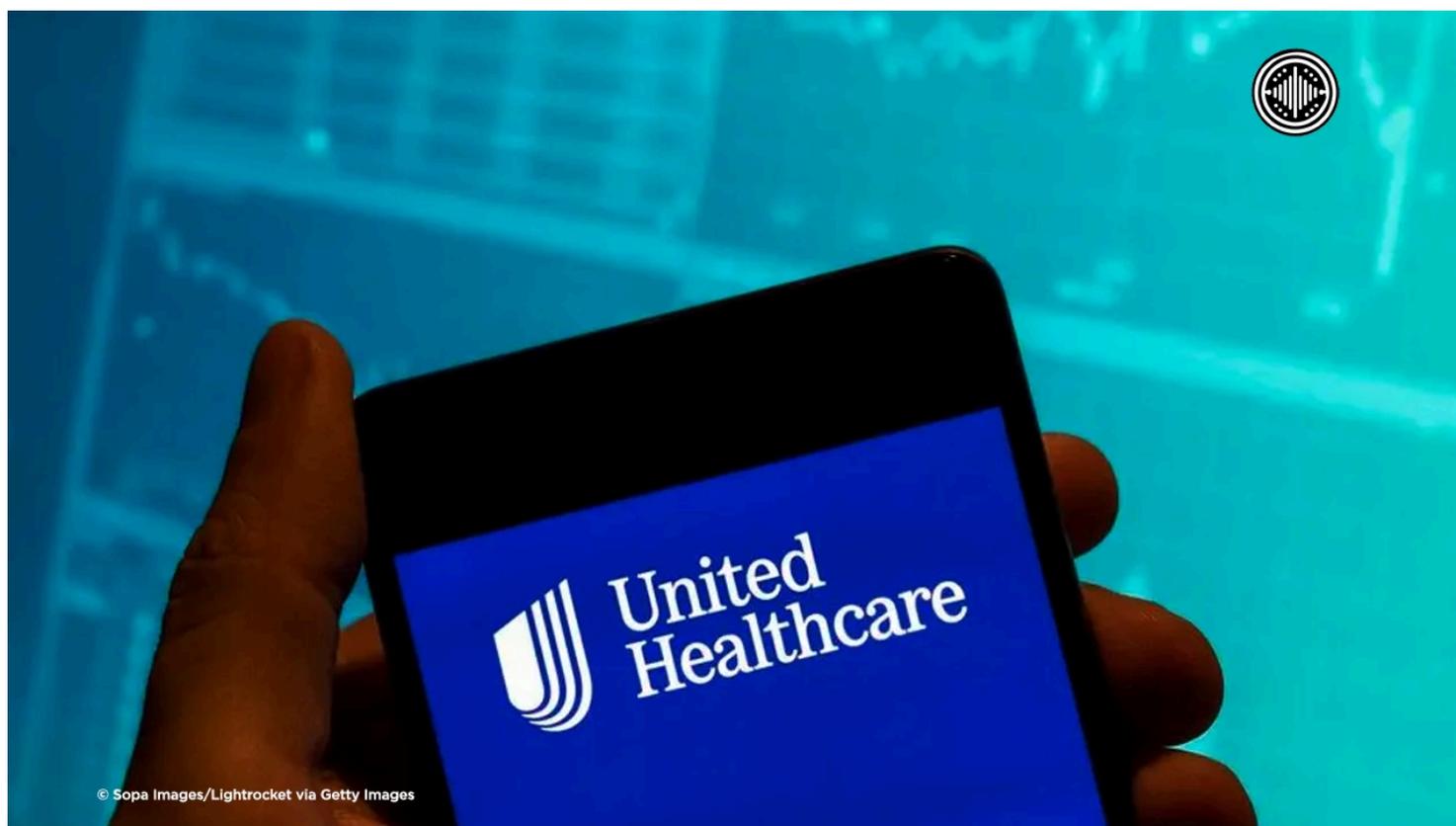
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## UnitedHealth Misses Q2 Targets, Cuts 2025 Outlook Amid Soaring Medical Costs

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UnitedHealth Group Inc. missed analysts' second-quarter expectations and has issued a significantly lower earnings forecast for 2025. The largest healthcare services and insurance provider in the United States cited persistent cost pressures driven by rising medical expenses. The health care company now projects adjusted earnings of at least \$16 per share next year, a notable cut from its initial 2025 projection of up to \$30 per share.

The Minnesota-based company reported adjusted earnings of \$4.08 per share for the second quarter, falling short of the \$4.48 per share anticipated by Wall Street, according to data from research firm FactSet. Revenue reached \$111.6 billion, just above analyst estimates. However, the sharp rise in medical costs, UnitedHealth's largest expense, continues to weigh heavily on the insurer. Medical expenses surged 20% year-over-year to \$78.6 billion in the second quarter alone.

UnitedHealth Group Inc. operates one of the largest health insurance and pharmacy benefits management platforms in the country. It also runs the Optum division, which delivers care services and technology support. The company withdrew its previous 2025 earnings forecast in May due to unanticipated cost increases and leadership changes. That same month, Chief Executive Officer Andrew Witty stepped down abruptly. He was succeeded by Stephen Hemsley, who previously served as CEO for more than a decade.

Hemsley had pledged in June to provide a more cautious and realistic outlook, acknowledging the company had underestimated the volume and cost of medical services. He emphasized that efforts are underway to improve forecasting accuracy and control costs, but those improvements have yet to fully take effect.

UnitedHealth's disappointing quarter follows similar reports from peers, including Elevance Health Inc. and Centene Corporation, which have also revised their full-year earnings expectations downward. A surge in utilization of expensive services such as emergency room visits, specialty drug prescriptions, and behavioral healthcare has significantly increased costs across the industry. Treatments for cancer and gene-related conditions are among the most financially burdensome.

As a result of the latest financial update, UnitedHealth shares dropped more than 3% in early trading Tuesday, falling to \$272.51. That marks a steep decline from their all-time high above \$630 last November. The stock has experienced steady losses since December, when UnitedHealthcare CEO Brian Thompson was tragically shot and killed in New York City ahead of the company's annual investor meeting.