

UNITEDHEALTH GROUP®

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September 25, 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2012-200, Proposed Accounting Standards Update, *Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk*

Dear Technical Director,

Thank you for the opportunity to comment on the Proposed Accounting Standards Update, *Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk* (the “Proposed ASU”).

UnitedHealth Group Incorporated (the “Company”, “we”, or “our”) is a diversified health and well-being company whose mission is to help people live healthier lives and help make health care work better. Through our diversified family of businesses, we leverage core competencies in advanced, enabling technology; health care data, information and intelligence; and care management and coordination to help meet the demands of the health system. These core competencies are deployed within our two distinct, but strategically aligned, business platforms: health benefits operating under UnitedHealthcare and health services operating under Optum.

Revenues for the year ended December 31, 2011 were approximately \$102 billion. Our revenues are comprised of premiums derived from risk-based health insurance arrangements in which the premium is fixed, typically for a one-year period, and we assume the economic risk of funding our customers’ health care benefits and related administrative costs. We also generate revenues from administrative service contracts (ASC), which cover fee-based services performed for customers that self-insure the health care costs of their employees and employees’ dependants. For both risk-based and fee-based health care benefit arrangements, we provide coordination and facilitation of medical services; transaction processing; health care professional services; and access to contracted networks of physicians, hospitals and other health care professionals. We also generate service and product revenues in our OptumHealth, OptumInsight, and OptumRx reportable segments.

Summary of Recommendations and Concerns

While we support updates to existing U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) that enhance the relevance and usefulness of financial information for financial statement users, we do not believe the amendments in the Proposed ASU would achieve that goal for all entities or reportable segments that are proposed to be subject to the extensive new disclosure requirements for financial institutions. A defining factor identified between a financial institution and a non-financial institution as described in paragraph BC 8 of the proposed ASU is that entities that are non-financial institutions “generally do not match the maturities of their assets and liabilities and often use cash flows from operations (rather than from existing financial assets) to pay obligations as they come due”. Although our

UnitedHealthcare reportable segment's primary business activity is to provide insurance (and thus would be subject to the full disclosure requirements proposed for financial institutions) we do not generally match the maturities of our assets to our insurance liabilities. We generate significant cash flow from operations and are typically paid monthly in advance. Our insurance liabilities are short-tailed as indicated by the fact that our medical days payable was only 48 days as of June 30, 2012. Therefore, we settle most of our insurance liabilities through cash flows generated from operations. This business model is fundamentally different from typical demand deposits of financial institutions and obligations of long-duration insurers. Therefore, we do not believe that the additional disclosures provide significant benefit to the users of our financial statements to justify the cost and added unnecessary complexity and length.

We do believe that the amendments in the Proposed ASU may provide incrementally important information for users of financial statements of a financial institution within the scope of ASC 942-10-15 or for an insurance entity or segment whose primary operations match the maturities of their assets and liabilities, and we strongly recommend the Board limit the scope of the Proposed ASU accordingly. As stated above, we manage our liquidity in a very different manner than the financial institutions to which this Proposed ASU may be intended and accordingly our systems and processes are not currently designed to produce the information required under the Proposed ASU.

Additionally, we believe the disclosure requirements included in the Proposed ASU that would be effective for all entities do not provide incrementally more useful information than is already required to be disclosed under existing U.S. GAAP and Securities and Exchange Commission ("SEC") Regulation S-K.

The remainder of this letter contains our responses to certain questions raised by the Board.

Responses to the Board's Questions

Question 1: *For a financial institution, the proposed amendments would require a liquidity gap table that includes the expected maturities of an entity's financial assets and financial liabilities. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?*

We have operational concerns in complying with this proposed requirement. As noted above, we do not perform asset and liability matching in managing our business as our liability structure is very different from typical demand deposits of financial institutions and obligations of long-duration insurers. Accordingly, a liquidity gap table, as proposed, would be created solely for disclosure purposes and does not accurately portray our liquidity management program to users of our financial statements. Furthermore, because we do not currently manage our liquidity in this manner, certain of our systems would have to be updated in order to produce the disclosures required in the Proposed Amendment which further substantiates our recommendation that the Board limit the scope to only those entities that manage liquidity by matching assets and liabilities.

Question 2: *For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity's obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?*

As noted above, we believe issuers of short-duration insurance contracts who do not perform asset and liability matching analyses to manage liquidity should be excluded from the “financial institution” scope of the Proposed ASU. Therefore, we are including our response to this question otherwise not directed to us.

We do not see any significant operational concerns or constraints in complying with this requirement. However, we believe this requirement is substantially duplicative of the “tabular disclosure of contractual obligations” table required to be included in the Management’s Discussion and Analysis (“MD&A”) section of public entity’s annual reports filed with the SEC as required by Item 303(a)(5)(i) of Regulation S-K. We therefore recommend that the Board consider removing the requirement from the final standard.

Question 3: *The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. Expected maturity is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity’s expected timing of the sale or transfer of the instrument. Do you agree that the term expected maturity is more meaningful than the term contractual maturity in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.*

We believe that the term *expected maturity* is generally more meaningful than the term *contractual maturity* in the context of proposed liquidity risk disclosures. However, we express concerns regarding the potential audit challenges and related costs to preparers associated with evaluating *expected maturities* as opposed to *contractual maturities* and ask the Board to consider those challenges when finalizing the standard.

Question 4: *The proposed amendments would require a quantitative disclosure of an entity’s available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?*

We do not foresee any significant operational concerns or constraints in complying with the disclosure of available liquid funds as discussed in paragraphs 825-10-50-23S through 50-23V. However, we do not believe the expanded disclosures will provide incremental value to users beyond what we are already required to disclose in our financial statement footnotes and our MD&A sections of our filings with the SEC. Accordingly, we recommend the Board reconsider the necessity of the disclosures discussed in paragraphs 825-10-50-23S through 23V.

Question 6: *As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to develop an understanding of your entity’s exposure to liquidity risk? If not, what other information would better achieve this objective?*

We do not believe the additional disclosures applicable to financial institutions will significantly enhance a user’s understanding of our exposure to liquidity risk. As indicated above, our liability structure is very distinct from the typical financial institutions to which we believe the Proposed ASU was directed, and, accordingly those disclosures would add unnecessary complexity to our financial statements without sufficient benefit to users.

Existing financial statement footnote and MD&A disclosure requirements provide sufficient information regarding the disclosures of available liquid funds discussed in paragraphs 825-10-50-23S through 50-23V (applicable to all entities), and disclosure of cash flow obligations discussed in paragraphs 825-10-50-23M through 50-23R (applicable to non-financial institutions).

Question 13: *The interest rate risk disclosures in this proposed Update would require a repricing gap table. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?*

Consistent with our responses to the questions regarding liquidity risk, a repricing gap table will not provide greater information about our interest rate risk as we do not match assets and liabilities like typical financial institutions.

Certain of our systems would have to be updated in order to produce the disclosures required in the Proposed ASU which further substantiates our recommendation that the Board limit the scope to only those entities that manage liquidity by matching assets and liabilities.

Question 14: *The interest rate risk disclosures in this proposed Update would include a sensitivity analysis of net income and shareholders' equity. Do you foresee any significant operational concerns or constraints in determining the effect of changes in interest rates on net income and shareholders' equity? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?*

We do not see any significant operational concerns or constraints in complying with this requirement. However, we believe this requirement is duplicative of the existing "Quantitative and Qualitative Disclosures About Market Risk" disclosure requirements required by Item 305 of Regulation S-K. As the Board is aware, the SEC already requires registrants to provide disclosures that largely meet the objectives the Board is hoping to achieve with this new financial statement disclosure. Accordingly, we recommend that the Board remove the requirement from the final standard.

Question 15: *As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to understand your entity's exposure to interest rate risk? If not, what other information would better achieve this objective?*

We believe the proposed amendments are duplicative of the existing MD&A disclosure requirements promulgated by the SEC as noted in our response to Question 14. Accordingly, we reiterate our recommendation to remove this requirement from the final standard.

Question 20: *The amendments in this proposed Update would apply to all entities. Are there any entities, such as nonpublic entities, that should not be within the scope of this proposed Update? If yes, please identify the entities and explain why.*

We believe the scope of the Proposed ASU should be limited to financial institutions that match assets and liabilities as part of their liquidity management programs. Additionally, as we have noted throughout our responses above, new disclosures that would apply to all entities (i.e., disclosures about available liquid funds and cash flow obligations) are largely duplicative of existing MD&A disclosures already mandated by the SEC and existing U.S. GAAP disclosures

regarding restricted cash balances and therefore serve to only add unnecessary length and complexity to financial statement footnotes.

Question 21: *Although the proposed amendments do not have an effective date, the Board intends to address the needs of users of financial statements for more information about liquidity risk and interest rate risk. Therefore, the Board will strive to make these proposed amendments effective on a timely basis. How much time do you think stakeholders would require to prepare for and implement the amendments in this proposed Update? Should nonpublic entities be provided with a delayed effective date? If so, how long of a delay should be permitted and why? Are there specific amendments that would require more time to implement than others? If so, please identify which ones and explain why.*

We suggest that the Proposed Amendment be effective no earlier than fiscal years beginning after December 15, 2013, with no retrospective adoption. As currently proposed, systems updates would be required in order to produce the disclosures included in the Proposed Amendment.

Question 22: *Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC's current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially overlapping amendments outweigh their benefits? Please explain why.*

We believe the specific disclosures discussed in Questions 2, 4, and 14 are largely duplicative of SEC disclosures required by Items 303 (MD&A) and 305 (Quantitative and Qualitative Disclosures About Market Risk) of Regulation S-K and do not provide users with incrementally more useful information.

* * *

In conclusion, we reiterate our recommendations that the Board: 1) reconsider the financial institution scope of the Proposed ASU related to insurance entities or segments to limit it to only those that perform asset and liability matching as part of their liquidity management program and do not fund their liabilities primarily from cash flows from operations; and 2) reconsider the disclosure requirements for public non-financial institution entities due to the fact they do not provide substantially improved information from what is currently required under existing U.S. GAAP and SEC Regulations.

Yours truly,



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