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## UnitedHealth chair, execs sold \$102M in stock before DOJ probe became public

John Tozzi and Anders Melin, Bloomberg

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Hemsley

UnitedHealth Group Chairman Stephen Hemsley and three senior executives netted a combined \$101.5 million from stock sales made over four months leading up to when the public became aware of a federal antitrust investigation.

The sales occurred between Oct. 16, a week after the nation's largest health insurer reportedly received notice of the Justice Department probe, and Feb. 26, the day before Bloomberg News and others published stories about the investigation. The stock dropped after the investigation was widely reported.

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There's no indication that the trades were executed according to scheduled trading plans in filings related to the transactions. UnitedHealth said officers and directors must get clearance to trade shares, and that trading is limited to certain windows that often open after earnings reports. The trades in question were approved, a spokesperson said. The company reported third-quarter earnings on Oct. 13.

Typically a company's general counsel would declare a blackout period barring trading in light of a sensitive investigation, according to John C. Coffee Jr., a corporate governance expert at Columbia Law School. "Apparently, this did not happen" at UnitedHealth, he said in an email.

The DOJ is reviewing whether UnitedHealth's acquisitions have consolidated its position in some markets in a way that violates antitrust laws, according to a person familiar with the probe who asked not to be identified discussing a nonpublic investigation. The agency has reportedly been looking at potential monopolies in the managed-care industry since at least mid-2023.

UnitedHealth hasn't explicitly acknowledged the probe and declined to say when Hemsley and the others were informed of it. When asked about the trades, a spokesperson for the insurer said "these directors and officers followed our protocols and received approval from the company."



UnitedHealth declined to make Hemsley, the other people involved in the trades, or its general counsel available for interviews, and a spokesperson said they had no comment beyond the company's response.

The company says in regulatory filings that it is subject to "routine, regular and special investigations, audits and reviews" from various state and federal agencies, including the DOJ.

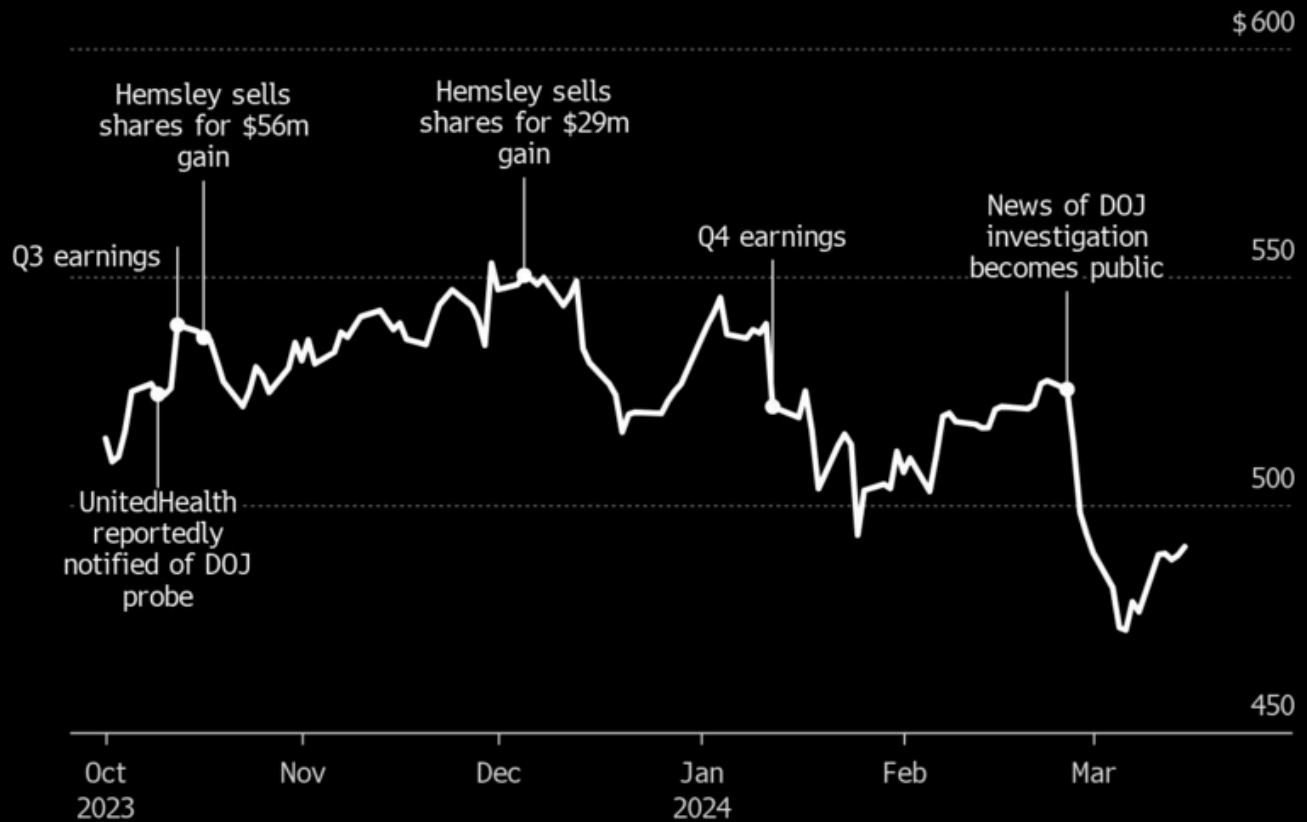
### **Disclosure question**

Shares of UnitedHealth fell 5.2% in two trading sessions on Feb. 27-28, after the probe was widely reported in financial media. It was first reported Feb. 26 in the *Examiner News*, a local publication in New York state. The stock has fallen about 15% so far this year through Wednesday's closing price compared with an 8% gain in the S&P 500 Index.

## UnitedHealth Shares Fell After DOJ Probe Became Public

Chair sold stock before investigation was revealed

Share price



Source: Data compiled by Bloomberg

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Whether the investigation should have been disclosed to shareholders hinges on if it's considered material, said Charles Elson, founding director of the Weinberg Center for Corporate Governance at the University of Delaware.

The fact that shares fell after the news leaked "would suggest some materiality to investors," he said. UnitedHealth says all material information is included in its periodic filings.

Share sales by top leaders are usually vetted by a company's general counsel, Elson said. They evaluate whether the company must disclose any additional information to the market before the trades occur, he said.

"The question is, when they first were aware of the investigation, was it viewed as material?" Elson said.

Also weighing on the stock is a [cyberattack on the company's Change Healthcare subsidiary](#). The attack knocked out crucial data and payments systems, sowing chaos throughout the health-care industry.