

Stock Ideas

Long Ideas

Healthcare

# UnitedHealth Group: Generational Buying Opportunity? Insiders Apparently Think So

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## About this article

Ticker <b>UNH</b>	Analyst rating STRONG BUY	Price at publication <b>\$321.58</b>	Last price <b>\$308.31</b>	Change since publication <b>-4.13%</b>
S&P 500 change since publication <b>-0.36%</b>		Days since publication <b>1</b>		

## Summary

UnitedHealth Group Incorporated has faced negative catalysts—guidance withdrawal, CEO change, DOJ probe rumors, and PBM threats—driving the stock down sharply.

Insiders, including the CEO and CFO, have aggressively bought shares, signaling confidence and helping stabilize the stock after a steep drop.

Despite short-term uncertainty, I believe fears are overblown and UNH remains a solid, defensive long-term investment at a compelling valuation.

I'm doubling down on UNH stock, viewing current weakness as a generational buying opportunity in a recession-proof sector with strong fundamentals.

I am James Foord, an economist with a global approach to investing. I lead the investing group [The Pragmatic Investor](#) where the focus is on building a robust and truly diversified portfolios that will continually preserve and increase wealth.



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## Thesis Summary

**UnitedHealth Group Incorporated** (NYSE:UNH) has seen its stock plummet over the last month, with various negative catalysts impacting the stock.

Lower guidance, a new CEO and a possible DOJ probe have weighed down on the stock.

But in the midst of all this, insiders have doubled down, buying up large amounts of shares, and the stock is up over 25% from the lows.

Should investors double down too?

While UNH faces some problems, a lot of the fears may be overdone, and now is a great chance to buy a solid defensive company at a steep discount.

## What's Up With UNH?

There are at least four problems we can highlight with UNH.

First off, they [pulled their full-year guidance](#). Just a few weeks ago, they were expecting adjusted earnings of \$26–\$26.50 per share for 2025.

Now it is unclear what earnings will be like in the face of higher medical costs, especially when it comes to Medicare Advantage.

Shortly after, the CEO, Andrew Witty, [resigned](#), citing personal reasons. This came as quite a surprise, and it rattled markets. The man at the helm is now foreign CEO [Stephen Hemsley](#), who was in charge from 2006-2017.

As if investors weren't already rattled enough, the WSJ then came out with [a report](#) that claimed UNH was under investigation by the Department of Justice. It's important to note that UNH has categorically denied any knowledge of this.

And lastly, in classic Donald Trump fashion, the President decided to stir the pot some more, claiming he wants to "eliminate PBMs" entirely.

One of UNH's business segments is Optum Rx, which is a Pharmacy Benefit Manager (PBM). Optum pulled in \$14 billion last year. Is this all at risk of disappearing now?

## Insiders Doubled Down

As [reported by Seeking Alpha](#) and many other news outlets, the CEO and CFO have bought the dip with a vengeance.



UNH Chart And Insider Buys (Trendspider)

Other insiders like Tim Flynn, Kristen Gil, and John Noseworth also added shares. For the time being, this seems to have helped stem the downside. Note also that at its lowest point, UNH was trading at a P/E of only 10.

But while insider buying is a positive sign, it doesn't warrant buying by itself.

## Are Things Really That Bad?

We have to address the list of issues laid out above and assess their individual merit.

Regarding guidance, although the company pulled guidance, it still expects to grow. While UNH does have a large amount of debt, it still has a low debt/equity. It's going to take a lot more than two/three bad quarters to damage the company.

And while growth may be challenged, it's hard to see revenues plummeting. Unless, of course, Trump does eliminate PBMs. Does this seem likely?

PBMs have been criticized for being a middleman who simply extracts value and ends up costing the U.S. consumer more.

It's undeniable that there are some problems with U.S. healthcare, which has some of the highest costs around the world.

Does this mean the system can be dismantled so easily?

Like with Trump's tariffs, I think reality may not meet expectations.

And lastly, on the DOJ probe, there has been no further evidence that suggests that the report was true. Pared with the CEO stepping down, it does look suspicious, but at this point, investors are speculating.

## Why I'm Doubling Down

Despite all the noise lately, [I still think UNH](#) is a solid long-term buy that investors should take.

Healthcare is one of the most recession-resistant sectors out there, and UNH is and will continue to be a key player. Even if the economy slows, people still need care, and UNH keeps making money.

The Optum segment could be under threat, and this has changed since my latest analysis, but with the current discount, this seems priced in now.

## Valuation Grade and Underlying Metrics

UNH Valuation Grade **B-**

	Sector Relative Grade	UNH	Sector Median	% Diff. to Sector	UNH 5Y Avg.	% Diff. to 5Y Avg.
P/E Non-GAAP (TTM)	A-	11.30	16.91	-33.19%	21.87	-48.35%
P/E Non-GAAP (FWD)	B	13.57	17.74	-23.50%	20.61	-34.17%
P/E GAAP (TTM)	A-	13.26	26.97	-50.84%	25.78	-48.57%
P/E GAAP (FWD)	A-	14.26	23.82	-40.12%	23.44	-39.17%
PEG GAAP (TTM)	A-	0.30	0.79	-62.19%	-	NM
PEG Non-GAAP (FWD)	C+	1.90	1.85	3.09%	1.56	21.85%
EV / Sales (TTM)	A	0.85	3.32	-74.52%	1.48	-42.91%
EV / Sales (FWD)	A	0.77	3.04	-74.66%	1.40	-45.03%
EV / EBITDA (TTM)	B+	9.58	13.66	-29.85%	15.91	-39.77%
EV / EBITDA (FWD)	B	9.78	11.94	-18.06%	14.54	-32.73%
EV / EBIT (TTM)	A	10.37	19.20	-45.96%	17.41	-40.43%
EV / EBIT (FWD)	B+	11.00	14.77	-25.50%	16.36	-32.72%

### UNH Valuation (SA)

There may be some short-term challenges, but the long-term outlook for healthcare and UNH is still bullish, which is why this could be a generational buying opportunity.



UNH Chart (Trendspider)

From a technical perspective, we have, of course, plummeted below the 200-week EMA, something very rare. We did find volume support near the \$250 level as the weekly RSI hit oversold.

So yes, this is still a falling knife, but perhaps one worth catching due to the reasons explained above.

## Final Thoughts

There's plenty that could go south with UNH, which we covered at the start of the article. The market has been pricing all this in, and now it looks like it could be done. Remember, bottoms are reached when news and sentiment reach peak negativity, and that's what last week looked like.

We've now seen an encouraging reversal as things have settled and insiders have bought the dip.

I'm taking this chance to double down in UNH and reduce my cost basis.

### Did you find James Foord's analysis compelling?

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Yes No

This article was written by



**James Foord**

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James Foord is an economist by trade and has been analyzing global markets for the past decade. He leads the investing group [The Pragmatic Investor](#) where the focus is on building robust and truly diversified portfolios that will continually preserve and increase wealth.

The Pragmatic Investor covers global macro, international equities, commodities, tech and cryptocurrencies and is designed to guide investors of all levels in their journey. Features include a The Pragmatic Investor Portfolio, weekly market update newsletter, actionable trades, technical analysis, and a chat room. [Learn More](#)

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I also allocate some money to speculative ideas. I use technical analysis to find key areas to buy/sell commodities and use options and leverage to maximize returns. High-risk, high-reward, but always managing risk.

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