

Opportunities and Challenges for UnitedHealth Group in the Global Health Insurance Industry: A SWOT Analysis

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Abstract: The Optimizing United Health Group (UHG) is a unique forerunner in the global health and welfare company that offers an escalating range of both health insurance and alternative services through its two major business segments, —United Healthcare and Optum. UHG is one of the two largest health insurance companies in the world, and its business field also faces great opportunities and challenges. To this end, we undertake a comprehensive SWOT analysis focused on internal company strengths and weaknesses but also external environment opportunities and threats as UHG extends innovation in the changing healthcare environment. Overall, this analysis indicates that UHG could continue to be able to grow and develop new services as it has a strong position in the market, strong financial resources, and diversity of service portfolio. At the same time, it faces stiff challenges to further growth in its over-reliance on the US market. high operating costs and risks to brand reputation. The paper also highlights the external opportunities, e.g., the fast-growing digital health market, rising global medical demand, and aging population cohort, alongside some of the challenges the telehealth industry is currently facing (e.g., a competitive market, changing policies, and threats to cybersecurity). UHG will face the opportunity of international expansion and lead the innovation in digital health services while using its strengths and covering for its weaknesses. In conclusion, the recommendation part of this paper speaks to how UHG can utilize these specific strategies to improve the organization's competitive positioning and increase product innovation in an extremely dynamic global healthcare market.

Keywords: United Health Group (UHG), SWOT analysis, digital health, market competition, and aging population.

1. Introduction

UnitedHealth Group Is a leading global diversified health and welfare company, headquartered in Minnesota, USA, and founded in 1977. It provides a wide range of health insurance and health care services through its two major business segments, UnitedHealthcare and Optum. UnitedHealthcare Focus on health insurance, providing comprehensive insurance solutions for individuals, employers and government projects; Optum uses data and technology to provide medical service management, drug welfare management, and related consulting services. As one of the Fortune Global 500 companies, United Health Group is expanding its global presence, covering more than 130 countries and regions. United Health Group remains a leader in the global healthcare industry through

innovative technology and data-driven solutions. The company is committed to optimizing the accessibility and efficiency of global healthcare, by promoting healthcare quality improvement and reducing healthcare costs. In recent years, with the increasing global aging, the increasing burden of chronic diseases and the rapid rise of medical costs, United Health Group faces huge market opportunities and challenges. In the global health insurance industry, strategic tools are crucial for companies to identify opportunities, meet challenges and optimize competitive advantages. Therefore, it is important for UNHealth to use strategic tools to analyze its global business environment and develop strategies accordingly.

Strategy is crucial to the success of an enterprise. It is an overall action plan developed by an enterprise to achieve its long-term goals and missions. Effective strategies define the direction of enterprises, set clear long-term goals and ensure optimal allocation of resources to maximize return on investment and operational efficiency [1]. In the fierce market competition, the development and implementation of differentiation strategies can enhance the competitive advantage of enterprises [2]. In addition, strategies help companies anticipate market changes and proactively respond to uncertainties, such as globalization, technological change and policy change [3]. Through continuous innovation, enterprises can seize the market opportunities and promote the long-term development[4]. Strategic management is the systematic management of the process of strategic formulation, implementation and monitoring. Its importance lies in maintaining the flexibility and adaptability of enterprises in dynamic markets, ensuring that enterprises can respond quickly to environmental changes and optimize the decision-making process [5]. Strategic management provides an effective decision-making framework that enables management to make rational decisions in complex environments while ensuring the achievement of strategic objectives through performance monitoring.

SWOT analysis is a very important and common tool in the process of corporate strategy development, and it is also widely used in the strategy development of medical companies. For example, van Wijngaarden et al. explored the applicability of the tool in European medical institutions, found that the traditional form of SWOT analysis did not fit in some cases, and proposed an alternative model for improvement [6]. In addition, Valkov identified the top 10 mistakes frequently made by healthcare managers using SWOT analysis, providing recommendations to improve the efficiency of the tool [7]. Helms et al. used SWOT analysis to study the advantages (e. g. improved patient safety) and disadvantages (e. g. lack of information system integration) of adopting information technology [8]. In another study, Dereziuk et al. emphasized that SWOT analysis can help healthcare institutions make effective management decisions and improve operational efficiency [9]. Meanwhile, Song et al. (2019) also showed that SWOT analysis can promote the development of medical management in the context of big data management [10]. Through SWOT analysis, health care companies are able to develop more targeted strategies to respond to the complexity and changes in the industry and ensure long-term sustainability. The widespread use of SWOT analysis in healthcare stems from its simplicity and flexibility, helping healthcare institutions assess internal strengths and weaknesses and identify external opportunities and threats. However, despite its widespread use, its practical utility remains controversial. Therefore, the core question of this paper is: What is the role of SWOT analysis in developing product innovation strategies for healthcare companies?

To answer this question, it is necessary to clarify the basic premise of SWOT analysis and the different methods that can be used to implement SWOT analysis. In fact, there is no uniform standard or completely clear process on how to perform SWOT analysis. In addition, studies will describe the limitations and criticisms of the SWOT analysis to explore its shortcomings in practical application.

Therefore, studying the role of SWOT analysis in developing product innovation strategies for healthcare companies is important, as it can fill a significant gap in the current study. Although SWOT analysis is widely used in various industries as a strategic planning tool, research on its specific utility

in healthcare company innovation strategies, especially in the field of product innovation. The healthcare industry itself is characterized by high complexity and rapid change, facing strict regulatory requirements, technological innovation and market competition. Therefore, understanding whether SWOT analysis can effectively promote the development of corporate innovation strategies in this special environment is crucial to the future development of healthcare companies. By studying this topic, we can reveal whether SWOT analysis can help companies better seize market opportunities, overcome internal weaknesses, and then drive product innovation. Exploring the role of SWOT analysis could provide practical strategic guidance for healthcare companies to help them make more informed innovative decisions in resource-limited settings. This will not only enhance the competitiveness of the company in the market, but also may promote the technological progress and service improvement of the entire medical industry. Clarifying the role of SWOT analysis in product innovation will help provide more data support to academia and promote the improvement and application of more strategic analysis tools in complex industries. This study will not only contribute to improve the theory but can also provide practical tools and methods for healthcare companies in practice.

2. Methods

The motivation of this study stems from the discussion of existing studies on the widespread use of SWOT analysis in the health care field, but its specific role in the product innovation strategy remains underexplored. While van Wijngaarden et al. found SWOT analysis to be important for strategic planning in European healthcare institutions, it remains unclear how this tool will help companies make innovative decisions in response to a rapidly changing technology environment and global market competition [11]. In addition, Valkov noted that medical managers often misuse SWOT analysis in practice, affecting its effectiveness [12]. Therefore, this is why a detailed analysis of health care companies, especially United Health Group, to determine the use of SWOT analytics to drive product innovation in the global market is needed to compensate for the lack of existing research in the application of innovation strategies.

This study uses a multi-method study design with in-depth analysis of UHealth as a core case, collecting data with qualitative and quantitative methods. First, the rationale for choosing United Health Group as a case is its leadership in global health insurance and the complexity of its business. In addition to United Health Group, Aetna and Cigna were also selected as a comparative study to assess how different healthcare companies should respond to similar market opportunities and challenges on a global scale. Data collection includes both internal company document analysis and industry public reporting. By understanding the project introduction of strategic planners and product managers of United Health Group, we understand how they use SWOT analysis to develop product innovation strategy. The research also analyzed the company's annual report, strategic planning documents, and product innovation road map to supplement the interview data and obtain a more comprehensive strategic background.

The qualitative data from this study were processed by thematic analysis with the primary aim of key themes in the resulting documents such as SWOT analysis of how influencing strategic decision making and product innovation. First, the collected data and file content were coded and classified according to the topic. Then, the differences and commonalities in the application of SWOT analysis are revealed. Quantitative data are mainly derived from corporate financial reports and industry analysis, used to evaluate the impact of innovation strategies on the company's market performance. Through statistical methods, explore how the strategic decisions of SWOT analysis are related to the results of our operations.

At the beginning of this study, the relevant literature was studied, focusing on the classic works and academic articles related to SWOT analysis and strategic management. For example, Swayne et

al. (2006), in their strategic management book, explore how to use SWOT analysis in complex management environments, which provides a rationale for understanding the role of this tool in an organization [13]. In addition, the books of Finley and Johnson and Scholes also illustrate the key role of strategic planning in organizational management, especially in addressing market uncertainties and external challenges [14,15]. The study by Cummings et al. further emphasized the application of SWOT analysis in diverse organizations, noting that by identifying internal advantages and external threats, companies can better optimize resource allocation and enhance competitiveness [16]. Similarly, the works of Stacy (1996) and Grant also reveal the importance of strategic analysis in contemporary business management, especially the effectiveness of SWOT analysis as a tool in the face of the complex market environment brought about by globalization [17,18].

To ensure that this study covers the latest academic discussions, the study referred to multiple recent articles on strategic management and SWOT analysis. The literature in recent years focuses more on innovation and strategic adjustment in crisis, especially in the healthcare industry. For example, the McKinsey study highlights that the COVID-19 pandemic has accelerated the digital transformation of the healthcare industry, prompting more organizations to rely on SWOT analysis to evaluate innovation opportunities in rapidly changing environments, such as the application of telemedicine and digital health tools [19]. In addition, the Emerald study showed that the major crises facing the healthcare industry drive innovation that are critical to improving competitive advantage, and that SWOT analysis became a key tool for assessing strategic adjustments in the crisis [20]. In addition, a Venngage article noted that SWOT analysis plays an important role in helping healthcare institutions cope with uncertainty, especially when developing innovation strategies that can effectively identify internal strengths and external opportunities [21]. Through this latest literature, this study not only explores the application of SWOT analysis in strategic planning, but also further explores its limitations and potential innovation drivers in a highly complex and dynamic market environment. This literature provides solid theoretical support for this study, revealing the key role of SWOT analysis in responding to the transformation and innovation of the healthcare industry after the outbreak, while also filling the gap in research on its specific application in innovation strategies.

3. Results and analysis

3.1. A SWOT analysis of the UnitedHealth Group

1) Strengths

1. Industry leadership: United is one of the world's largest healthcare companies, with a large customer base and market share. United Health Group, one of the world's largest healthcare companies, has consolidated its industry leadership through exceptional performance and extensive service network. As of 2020, the company has annual revenue of over \$257.1 billion [22], ranking seventh on the 2021 Fortune Global 500 list [23]. This significant financial achievement highlights its significant impact on the global healthcare industry. United Health Group serves more than 70 million people worldwide, providing health insurance and medical services for a diverse group of people. The company operates in more than 130 countries, demonstrating its strong global reach and market penetration. With more than 325,000 employees, United Health Group uses extensive human resources to drive innovation and deliver high-quality healthcare solutions. In addition, UnitedHealth Group is the largest health insurance provider in the United States, with the largest market share in the industry [24]. This market dominance reflects the company's ability to effectively meet the healthcare needs of a significant portion of the U. S. population.

2. Diversified business portfolio: Provide comprehensive healthcare solutions through its United Healthcare (Health Insurance) and Optum (Health Services) divisions. UnitedHealthcare is one of the largest health insurance providers in the US, serving diverse groups including individuals, employers,

the government and the military. As of 2022, the UnitedHealthcare provides health insurance and welfare services to more than 50 million people. In terms of financial performance, UnitedHealthcare's revenue reached approximately US \$249.7 billion in 2022, accounting for a major portion of the company's total revenue. Optum focuses on health services and technology, with three subdivisions, OptumHealth, OptumInsight and OptumRx. Optum provides pharmacy benefit management, care services, and health information technology solutions through data analysis, medical technology, and clinical expertise. As of 2022, Optum's revenue exceeded \$182.8 billion, serving more than 115 million people worldwide. Optum works with more than 200,000 doctors and medical professionals to promote innovation and efficiency improvement in healthcare services. This diversified portfolio of businesses allows United Health Group to remain in leading positions in health insurance and health services simultaneously, reducing its reliance on the single market and improving the company's resilience to risk. By integrating insurance and health services, UNHealth is able to provide more comprehensive and personalized healthcare solutions that meet the needs of different customer groups and enhance market competitiveness.

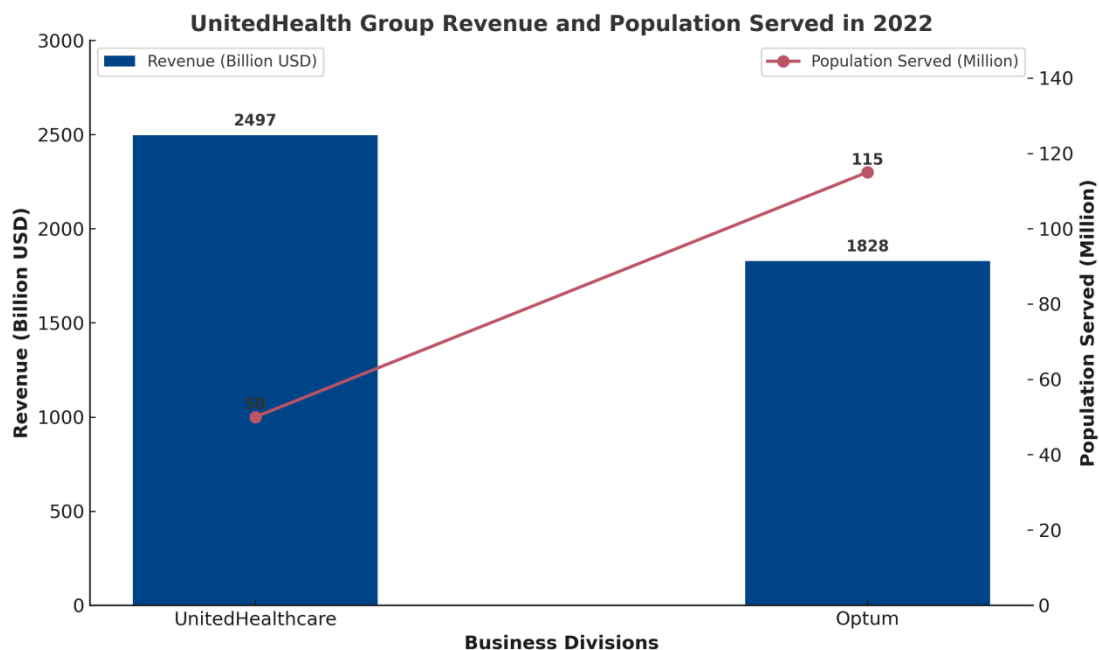


Figure 1: UnitedHealth Group Revenue and Population Served in 2022 [20]

This figure 1 shows the income and population of two major sectors of United Health Group, United Healthcare and Optum, to serve in 2022. The blue bar represents billions of dollars in revenue, with combined health care earning about \$2,497 billion and Optum earning \$1,828 billion. The dashed green dotted line represents the population served by millions of people, with allied healthcare serving about 50 million people and Optum serving over 115 million people. This picture highlights the important contributions of the two sectors to the overall performance of UNHealth Group, demonstrating their differential capabilities in income generation and population coverage.

3.Strong financial performance: continued revenue growth and solid profitability provide sufficient financial support for the company to expand its business. UnitedHealth Group has maintained stable revenue growth and a solid level of profitability, which has been easily sufficient for the company to expand its business. In general, despite some fluctuations, strong financials reflect the stronger position of the company and its successful functioning in the healthcare industry. The revenue increased stably: the total revenue in 2022 is approximately \$324.2 billion, while in 2021, it

was \$287.6 billion, which is a 12.7% increase. This growth trend of has been stable for the last five years, which indicates that the general competitive ability of the corporation is strong. Its profitability was solid, which is reflected in the induced financial strength. In 2022, the net profit of the business reached roughly \$20.1 billion, which is higher than in 2021 by around 13.6% when it amounted to \$17.7 billion. The operating profit margin stabilizes at about 8%, which proves the company's ability to ensure effective cost management and high profitability. Moreover, sufficiently high cash flow and investment offer considerable opportunities to invest in innovative technologies, expand business, acquire new assets and companies. In 2022, the cash flow from operating activities was equal to about US \$24 billion. For example, the company invested approximately \$13 billion in acquisitions and capital expenditures in 2022 to support its long-term growth strategy. The company's strong financial performance is also reflected in its shareholder returns. UnitedHealth Group continues to create value for its shareholders through dividends and share buybacks. In 2022, the company paid about \$5.5 billion in dividends to shareholders and repurchased about \$5 billion in shares.

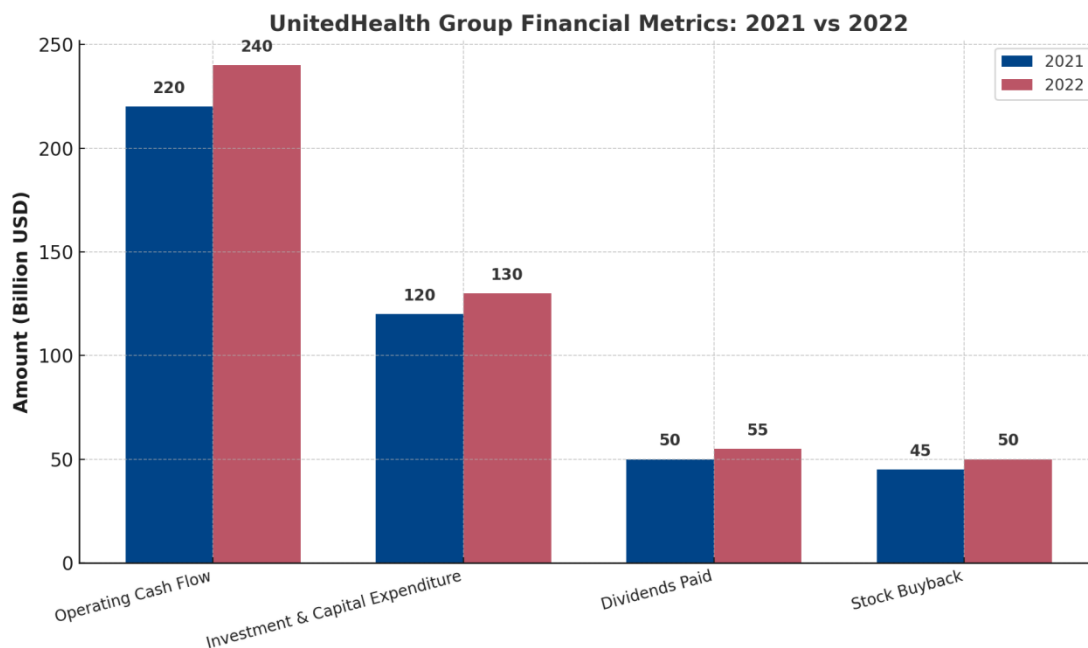


Figure 2: UnitedHealth Group Financial Metrics: 2021 VS 2022 [20]

This figure 2 displays the comparison of United Health Group's four key financial indicators between 2021 and 2022, including operating cash flow, net investment and capital expenditures, dividend payments, share buybacks. It is evident that this company's financial performance has risen continuously over two years. Notably, the operating cash flow demonstrates growth from 2021 to 2022. Specifically, it increased from \$220 billion to \$240 billion, meaning that United Health Group has more abundant capital inflows from day-to-day operating activities.

Investment and capital spending also increased from \$120 billion to \$130 billion, under the company's efforts to keep growing in the long term and developing innovative technologies. Meanwhile, dividend payments rose from \$50 billion in 2021 to \$55 billion in 2022, as the company's commitment to protecting shareholder interests was becoming increasingly recognized. Share repurchases also increased by \$5 billion from \$45 billion to \$50 billion, with the total buyback program reaching \$90 billion, the company's efforts being further implemented to consolidate shareholder interests. Overall, the financial performance of United Health Group in 2022 was similar to the previous year, with the positive dynamics of 2021 being further consolidated, which was a solid

premise for continued development in the future. Combined, these factors are likely to facilitate UNH's expansion and international business development with a strong financial performance. With such financial condition, the company will not only improve its market power but also develop a solid foundation in order to remain in the lead of the highly competitive nursing home business.

2) Weaknesses

Over-reliance on the American market: the business is mainly concentrated in the United States, lacking a global layout and facing regional risks. UnitedHealth is concentrated in the U. S. market, relies too much on a single country, and may face regional risks and limited growth problems. As of 2022, more than 85% of the company's revenue comes from its domestic business. This highly focused marketing strategy makes companies vulnerable to changes in US policy, economic and regulatory environment. Policy and regulatory risk is an important factor. The U. S. healthcare industry is tightly regulated by federal and state regulations, and any health policy reform, such as changes to health insurance, drug prices or health services, could have a significant impact on the company's business [25]. For example, if the government implements a new health reform package, it could affect UNHealth's profit model and market share. Second, economic cycles and market competition also bring challenges. Economic fluctuations in the U. S. market could lead consumers to cut health spending or choose cheaper insurance options. In addition, increasing competition from other large insurers and emerging tech companies could further compress companies' market share and profit margins [26]. The lack of a global layout limits the company's international growth potential. UnitedHealth Group has a relatively limited presence in international markets, compared to some of its competitors operating globally. This means that companies miss out on growth opportunities in emerging markets, such as Asia and Africa, where healthcare demand is growing rapidly [27]. Combined with these factors, over-reliance on the US market puts United Health Group with regional risks and limited growth challenges. In order to achieve long-term and stable development, the company may need to consider accelerating its global layout, dispersing market risks, and expanding new areas of growth.

2. Brand reputation risk: any service error or data leakage event may have a negative impact on the brand. As the world's leading healthcare company, UHealth's brand reputation is critical to business success and market competitiveness. However, any service error, data breach or misconduct can have a negative impact on its brand. Data leaks and cyber security incidents are one of the major risks. The healthcare industry processes large amounts of sensitive patient information, and data security is critical. In 2019, United Health Group's Optum360 was affected by data leaks from third-party suppliers, resulting in the exposure of personal information of about 200,000 patients [28]. The combination of both incidents would put the company at threat of public litigation, massive fines, and reduced trust from the public. Secondly, there is also the factor of service quality having an impact on reputation. In other words, the public dissatisfaction over the quality of insurance and healthcare lead to increased incidences of complaints and negative word-of-mouth. According to National Association of Insurance Commissioners, United Health Group's consumer complaint index was higher than the industry average in some years, mainly on claims processing and customer service issues [29]. This situation could lead to customer loss and reduced market share. Third, legal proceedings and regulatory investigations may have a serious impact on the brand image. In 2021, United Health Group was ruled by a federal court to be in violation of the Employment Retirement Income Protection Act (ERISA) due to alleged improper denial [30]. However, the basic operation of the company will not be affected. This is also a long-term problem that needs to be faced. The company has successfully seized the opportunity and has a high value advantage, but from a broader perspective, the company's business philosophy, in terms of products, prices, strategies, etc., also restricts its future development to a certain extent. A company that wants to survival for a long time should keep rich products lines and open to correct criticism. In the competitive healthcare market,

competitors that perform better in terms of service quality, innovation or customer satisfaction may undermine UNHealth's brand status. To sum up, United Health Group needs to attach great importance to brand reputation management. Reduce brand reputation risks and maintain and enhance the company's market position by strengthening data security measures, improving service quality, ensuring compliance operations, and actively responding to customer feedback.

High operating costs: The large organizational structure may lead to challenges in cost control and efficiency improvement. As a global healthcare company, United Health Group's large organizational structure and diversified business portfolio may lead to high operating costs, bringing challenges to cost control and efficiency improvement. First, the huge staff scale and operational network. As of 2022, UNHealth has more than 350,000 employees worldwide and operates in more than 130 countries. Such a large workforce and global operational network require a lot of human resource management and operational management costs. Employee compensation, training, benefits, and operating expenses in each region can have a significant impact on the company's cost structure. Second, the complex business structure increases the difficulty of management. The company operates through UnitedHealthcare and Optum departments, whose business covers health insurance, medical services, pharmacy welfare management, data analysis and other fields. This diversified business portfolio brings a market advantage, but it also increases the complexity of internal coordination and management. Different business units need to coordinate resources and integrate systems and processes, which can lead to lower efficiency and higher costs. Third, the cost of maintaining technology and systems is high. To support global operations and deliver advanced health care, UNHealth needs to continuously invest in information technology infrastructure, data security, and system upgrades. The company reportedly invests billions of dollars a year in technology and digital transformation. While these investments will help to enhance long-term competitiveness, they will significantly increase operating costs in the short term. In addition, compliance and compliance costs cannot be ignored. As companies operate in multiple countries and regions, they need to comply with different medical regulations and insurance policies. This requires the company to invest significant resources in compliance audits, legal advice and staff training, further driving up operating costs. Finally, the integration costs of M & A activities. UnitedHealth Group often expands its business by acquiring other companies. However, the integration process after the merger may involve issues such as system integration, cultural integration and redundant personnel placement, which will increase operational costs in the short term and may affect operational efficiency. To sum up, UNHealth's large organizational structure and complex business model do pose challenges with high operating costs. To cope with this problem, the company needs to strengthen cost control by optimizing management processes, improving operational efficiency, using technological innovation and other means to ensure profitability and sustainable development in a highly competitive market.

3) Opportunities

1. Increase in Cost of Drugs and Medical Services: use digital health development to optimize costs. It is hard to ignore the fact that drug prices and the cost of medical services, in general, have been rising. It would be advisable to use digital health development as an opportunity to decrease the pressure coming from the increasing costs. Thus, using Big Data to assess deliverables and streamline administrative procedures can become a feasible solution. First, the global digital health market continues to grow. According to KPMG, the global digital health market is expected to grow from approximately \$106 billion in 2020 to approximately \$639.4 billion in 2025, at a compound annual growth rate (CAGR) of approximately 36.5%[31]. This rapid growth reflects the huge potential of digital health space. Second, the popularity of telemedicine. COVID-19 has accelerated the acceptance and use of telemedicine. According to the McKinsey study, the number of telemedicine uses in the United States increased 38 times during the outbreak, from less than 1 percent in 2019 to

about 38 percent in 2021 [32]. Through its Optum division, United Health Group can expand telemedicine services and improve patient experience and medical efficiency. In addition, the need for personalized health management is increasing. With the increase of consumers' attention to their own health and the popularity of wearable devices, personalized health management has become a new growth point. According to the Deloitte report, the global wearable device market is expected to reach about \$81 billion in 2022 [33]. United Health Group can use data analysis and artificial intelligence technologies to provide personalized health management solutions to meet the personalized needs of consumers. In addition, technological innovation drives business development. UnitedHealth Group continues to invest in cutting-edge technologies such as artificial intelligence, big data and cloud computing. The company reported that investment in technology and innovation exceeded \$3 billion in 2022. These investments provide a solid foundation for the company to develop advanced digital health services.

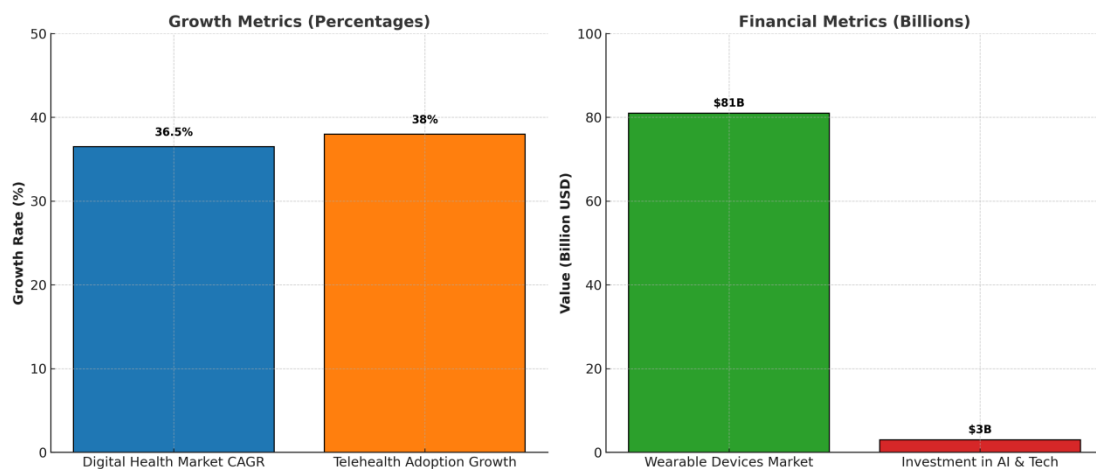


Figure 3: Growth Metrics and Financial Metrics [33]

This figure 3 clearly shows the key indicators of the digital health market by dividing the data into two parts. The left shows the compound annual growth rate (CAGR) of the digital health market and the 38 times growth rate of telemedicine, reflecting the rapid expansion trend of the industry. On the right is the \$81 billion wearable market and United Health Group's \$3 billion investment in artificial intelligence and technology, highlighting significant financial opportunities and investment in digital health. By presenting percentage growth and financial data separately, this chart provides readers with clearer, easy-to-understand information on market prospects and financial inputs. Various governments have introduced policies to support the development of the digital health industry. For example, the 21st Century Cure Act (21st Century Cures Act) and the Telemedicine Extension Act (TELEHEALTH Extension Act) in the United States provide a favorable policy environment for the development of digital health and telemedicine. To sum up, the growth of the digital health market provides an excellent opportunity to expand its business and enhance its competitiveness. By leveraging technological advances to develop telemedicine and personalized health management services, the company can not only meet market demand, but also take a leader in the rapidly growing digital health sector.

3. Population aging trend: increased elderly population, increased demand for health care services. The population ageing trends worldwide provide important strategic opportunities for UNIH. The increase in the elderly population means a significant increase in demand for healthcare services, which creates great growth potential for health insurance and health services businesses. First, the number of the global elderly population continues to grow. According to the United Nations report, the world's population aged 65 and over is expected to grow from about 703 million in 2019 to 1.5

billion in 2050, and its share of the global population will rise from 9% to 16% . This suggests a substantial increase in global demand for healthcare services. Second, the aging trend in the United States is even more significant. By 2030, all baby boomers (born between 1946 and 1964) will be aged 65 or older, and the elderly population will be 21%, according to the U. S. Census Bureau. That means the elderly population will exceed 77 million. And then the elderly spend more on health care. According to the Centers for Medicare and Medicaid Services (CMS), the average health spending among those aged 65 and older is three to five times that of young adults [34]. This suggests that an growing elderly population will directly drive increased healthcare spending. Moreover, the prevalence of chronic diseases. Older people are more likely to have chronic diseases such as cardiovascular disease, diabetes and arthritis. According to the Centers for Disease Control and Prevention (CDC), about 80 percent of older people have at least one chronic disease, and 68 percent have two or more chronic diseases [35]. This further increases the need for medical services and long-term care.

Such a trend presents a vast market opportunity for United Health Group. Because it is a leading company in the health insurance and health service industry, the companies may provide insurance for the people and the services for chronic disease management in the person as well as long-term care. Meanwhile, the medical services for the old people are able to be facilitated and enhanced in efficiency and quality by the use of technology, such as telemedicine and health monitoring devices. Through government policy support. Medicare (Medicare) in the United States covers most people aged 65 and older. UNHealth, as one of the main providers of Medicare Advantage programs, can benefit from the growth of the elderly population. It is evident that such a tendency is a sizable market opportunity for United Health Group. Being one of the leading health insurance and health service companies, it is possible to provide the people with insurance policies and their behavioral data to the person managing chronic diseases and long-term care. At the same time, technology can be used to make medical services for the older people more efficient and high-quality; telemedicine and health monitoring devices are the examples of such technology.

3. Global market expansion: Enter emerging markets and seek international development opportunities. Global market expansion provides an important international development opportunity for United Health Group. By entering emerging markets, UNHealth can spread market risks, gain new growth drivers and enhance its global competitiveness. First, healthcare demand is growing rapidly in emerging markets. According to PwC, global healthcare spending in emerging markets is expected to grow by about 7 to 10 percent a year by 2025, much higher than in developed countries. Population growth and middle-class expansion in Asia, Africa and Latin America led to a substantial increase in demand for health insurance and health services. Second, although most emerging health problems are not necessarily new diseases, the world's changing burden of disease entails that "evergreen" infectious diseases; chronic diseases; and aging problems acquire an increasing salience in emerging markets. According to the World Health Organization (WHO), non-communicable diseases (such as cardiovascular disease, diabetes) have become a major health challenge for emerging economies. UnitedHealth Group can provide health insurance and health management services for the local residents in these markets. Second, as the development of technology, United Health Group could provide a digital health insurance service. For instance, through its mobile applications or an exclusively online platform, UnitedHealth can provide telemedicine counseling, monitor the health status of their customers and sell them the insurance in the emerging market. At the same time, on one hand, the technology significantly releases UnitedHealth from the capital investment in the physical infrastructure. On the other hand, because of this reason, the major difficulty that it may encounter in order to operate within emerging markets is the technological infrastructure. Whereas the power supplies or the Internet connections are not stable as expected in these regions. Third, the technological development can also lower the barriers of entry to an

emerging market through the cooperation or the M&A scenario. For instance, UnitedHealth in 2012 acquired Amil Participacoes S.A., one of the largest health insurance firms in Brazil, to enter into Latin America. This strategy helps companies to utilize the market knowledge and resources of local companies and touch down the risks of market access. Last but not least, a diversified global business helps reduce the risk of a single market dependence. By expanding the international market, UNHealth can balance the policy and economic risk of different regions and improve the company's overall flexibility and overall profitability. However, there are new challenges for global market expansion, such as different policy systems, regulatory and cultural differences, language barriers, and local gross tonnage pressure. UNHealth needs to fully grasp the target market characteristics being able to develop a suitable localization strategy will help to expand the market. In summary, global market expansion provides a huge opportunity for UNHealth. By grasping the growth potential of the emerging market and optimizing its global presence, the company will be able to achieve sustained long-term growth and maximize shareholder value.

4) Threats

1. Fierce market competition: increased competition from other big insurers and technology companies. UnitedHealth Group faces increasing market competition from other large insurers and technology companies. This increased competition may have an impact on the company's market share, profitability, and strategic positioning. First, the competition of the traditional insurance companies. The US health insurance market is highly concentrated and concentrated, dominated by several large companies. According to Statista, key competitors in 2022 in the US health insurance market include Aetna, Anson Insurance, Cigna and Humana et al. These companies have a strong presence in different market segments and regions. For example, Anson has a high market share in multiple states, being in direct competition with United Health Group.

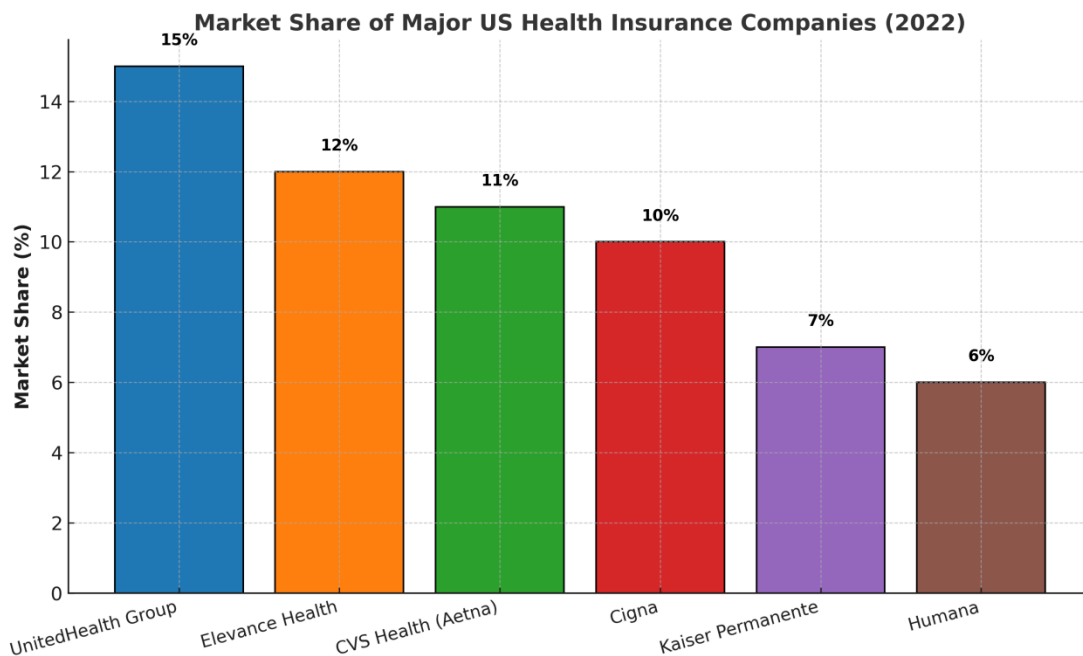


Figure 4: Market Share of Major us Health Insurance Companies (2022) [33]

This figure 4 shows the market share distribution of major US health insurers in 2022. UnitedHealth Group has the largest market share, reaching 15%, consolidating its position as the industry leader. Elevance Health followed with 12% market share, while CVS Health had 11% and 10%, respectively. Caesar Permanent and Humana hold 7% and 6% market share, respectively.

Second, the entry of technology companies has intensified the competition situation. Tech giants such as Amazon, Apple and Google are active in health care. Amazon completed the acquisition of primary care provider One Medical in 2023, with the aim of expanding its health care landscape. In addition, Apple has dabbled in health monitoring and data collection through wearable devices such as the Apple Watch to support personalized healthcare services. Google is also using its artificial intelligence and big data analytics capabilities to develop healthcare solutions. A large number of digital health and medical technology start-ups are emerging to provide services such as telemedicine, health management and digital pharmacy. For example, companies such as Teladoc Health and Livongo have made significant progress in telemedicine and chronic disease management, challenging traditional medical service models. As competition intensifies, insurers may attract and retain customers by lowering premiums, accelerating claims speed, and improving customer service. This might lead to decreased profit margins. Therefore, UNHealth has to regularly invest in service innovation and cost control in order to remain in the position of a competition leader. Moreover, policy or regulatory changes might have an impact on the competition. New government laws can be adopted to stimulate the market competition and the consumers' choice. The example of the above-mentioned tendency was the adoption of the Affordable Care Act that encourages the process of market transparency and competition, therefore influencing the market position of large insurance professionals. Finally, changes in the consumers' expectations might also constitute a serious competition challenge. Nowadays customers are predominantly interested in personalized, technological, and convenient experience. Therefore, UNHealth has to conform to the consumer expectations; otherwise, it might lose its customer groups. Consequently, the severe market competition is caused by a number of pressures from traditional insurance companies, technology companies, and start-ups. Therefore, in order to combat the competition troubles and reinforce its position on the market, UNHealth has to use innovation, strategic partnerships, and customer experience.

2. Policy and regulatory changes: Health care reform and policy adjustments may affect business models and profitability. UNHealth operates in a highly regulated healthcare industry, and changes in policy and regulations have a profound impact on its business model and profitability. Health care policy reform may directly affect the company's revenue and cost structure. For example, the Affordable Care Act (ACA), implemented in 2010, expanded health insurance coverage and increased the number of potential customers. However, the ACA has also introduced strict regulation of insurance companies, such as prohibiting the rejection of applicants with existing diseases and setting a medical loss rate (Medical Loss Ratio, requiring a certain proportion of the premium for medical services). These regulations may compress the profit margins of insurers and increase compliance costs [36]. Second, the regulation of drug prices and medical service pricing. The government may take steps to control the prices of medicines and medical services to reduce the overall healthcare costs. In 2022, the United States passed the Inflation Reduction Act, which includes allowing Medicare to negotiate prices with pharmaceutical companies for certain high-priced drugs and setting an annual out-of-pocket fee cap for the elderly [37]. These measures may affect the profitability of the pharmacy benefits management business in United Health Group's Optum unit. Third, the adjustment of the public health care plans. The changes in government policy for the Federal Medicare and Federal Medicaid programs could directly affect the United Health Group's operations. For example, if the government cuts the budget for these plans or changes the reimbursement standards, it could lead to a decline in company revenue or increased operating costs. With increased emphasis on the protection of personal health information, regulations such as the Health Insurance Carrying and Accountability Act (HIPAA) and the California Consumer Privacy Act (CCPA) place more stringent requirements on data processing. Increasing compliance costs and the risk of penalties for violations may affect the Company's operational efficiency and financial

performance[38]. Moreover, policies and regulations may change with the political environment and government change. For example, different administrations may have different healthcare policy priorities, such as expanding or shrinking public health insurance plans, modifying drug price controls, etc. This uncertainty increases the risk of corporate strategic planning and long-term investment. Finally, failure to comply with regulations can lead to high fines and legal proceedings that further affect the company's financial performance and reputation. For example, United Health Group has faced government investigations and fines for alleged violations of healthcare reimbursement rules [39]. Changes in policy and regulations have a significant impact on UNHealth's business model and profitability. Companies need to continuously monitor policy dynamics, actively participate in policy discussions, flexibly adjust business strategies, and strengthen compliance management to cope with potential risks and challenges.

3. Network security risks: facing the increasing risk of network attacks and data leakage. As the world's leading provider of healthcare and insurance services, UnitedHealth Group handles a large amount of sensitive personal health information (PHI) and financial data. This makes it one of the main targets of cyberattacks and data breaches. Facing the growing risk of cyber-attacks and data leakage, companies need to attach great importance to cyber security to protect customer information and maintain brand reputation. Cyberattacks in the healthcare industry are on the rise. According to IBM's Data breach Cost Report in 2023, the average cost of data breach was the highest, reaching \$10.1 million per event, about 60 percent higher than other industries. In addition, the number of data breaches in medical institutions has continued to grow over the past five years, mainly due to hackers exploiting system vulnerabilities, phishing, and ransomware attacks. Cybercriminals use more advanced technology means, such as AI-generated malicious software and social engineering attacks, which increase the difficulty of defense. In 2023, ransomware attacks worldwide grew by about 13%, the fastest growth in the past five years. For UnitedHealth Group, data breaches can not only lead to high legal fines and compliance costs, but it can also lead to lower customer trust and damaged brand reputation. Under the Health Insurance Portability and Accountability Act (HIPAA), healthcare institutions may face fines of up to \$1.5 million per event if they fail to protect patient information [40]. In addition, supply chain and third-party risk are also areas of concern. United Health Group works with several suppliers, partners and outsourcing service providers, which have uneven network security levels and could become a breakthrough for attackers. Strengthening the security assessment and management of third parties is an important measure to reduce the overall risk. Regulators around the world are strengthening data protection and privacy regulations, such as the EU's General Data Protection Regulation (GDPR) and the US's California Consumer Privacy Act (CCPA). United Health Group needs to ensure compliance with relevant regulations in all areas of operation to avoid legal risks. Cybersecurity risks pose a major challenge to United Health Group. Companies need to continuously invest in cybersecurity infrastructure, employee training, and emergency response plans to reduce the risk of cyberattacks and data leakage, protect customer information, and maintain the company's reputation.

3.2. SWOT Structure Matrix

According to the current situation of UnitedHealth Group, the actual external environment (see Table 1).

Table 1: Matrix analysis of Unitedhealth Group

<div> <div><i>Internal environment</i></div> <div><i>External environment</i></div> </div>	<p>Internal Strengths(S)</p> <ol style="list-style-type: none"> 1. Strong market presence with industry leadership 2. Broad range of healthcare services through diverse business units 3. Significant financial resources to drive innovation 	<p>Internal Weaknesses(W)</p> <ol style="list-style-type: none"> 1. Heavy reliance on US market for revenue generation 2. High operational costs due to large-scale operations 3. Challenges with maintaining a unified brand reputation
<p>External Opportunities(O)</p> <ol style="list-style-type: none"> 1. Expanding demand for digital health services globally 2. Increasing healthcare needs driven by an aging population 3. Opportunities for international market penetration in emerging economies 	<p>SO strategy</p> <ol style="list-style-type: none"> 1. Capitalize on financial strength to expand digital health services 2. Lead innovation in healthcare technology using diverse service. 3. Expand international presence using strong market leadership 	<p>WO strategy</p> <ol style="list-style-type: none"> 1. Diversify operations to reduce reliance on US market. 2. Improve cost management strategies to reduce operational expenses 3. Strengthen brand consistency and improve public perception
<p>External Threats(T)</p> <ol style="list-style-type: none"> 1. Heightened competition from both traditional insurers and new tech entrants 2. Complex and evolving regulatory landscape in healthcare 3. Rising threats of data breaches and cybersecurity risks 	<p>ST Strategy</p> <ol style="list-style-type: none"> 1. Enhance technological capabilities to stay ahead of competitors 2. Strengthen regulatory compliance across all markets 3. Invest in cybersecurity measures to protect customer data 	<p>WT strategy</p> <ol style="list-style-type: none"> 1. Improve cybersecurity infrastructure to prevent breaches 2. Develop strategic alliances to compete in highly competitive markets 3. Build resilience against regulatory changes through proactive policies

4. Conclusion

The core question of this paper is: What role does SWOT analysis play in the development of product innovation strategies for healthcare companies? To answer this question, this paper takes UnitedHealth Group as an example to provide an in-depth analysis of how companies use SWOT analysis to develop and optimize their product innovation strategy.

First, through detailed SWOT analysis, this paper helps UNHealth fully understand its internal strengths and weaknesses, as well as its external opportunities and threats. Internally, the company recognizes its strengths in financial strength, industry leadership and a diversified business portfolio, as well as over-reliance on the US market, high operating costs and brand reputation risks. In the external environment, the company identifies opportunities such as the growth of the digital health market, the trend of population aging, and global market expansion, as well as threats such as fierce market competition, changes in policies and regulations, and cyber security risks.

Next, based on the results of SWOT analysis, this paper puts forward targeted strategic suggestions, showing the specific application of SWOT analysis in the development of product innovation strategy:

Take advantage of the opportunities: United Health Group should give full play to its strong financial strength and industry leadership position to accelerate the innovation and expansion of digital health services. In today's digital age, the demand for digital health services such as telemedicine, mobile health applications and personalized health management is growing rapidly. The company can increase its investment in new technologies, develop advanced digital platforms and applications, and provide customers with convenient and efficient medical services. For example, through artificial intelligence and big data analysis, we can provide personalized health advice and treatment solutions to improve patients' health management capabilities. In addition, it uses its Optum division to integrate medical services and technology advantages and launch innovative health solutions to meet the needs of different customer groups. These initiatives will not only meet market demand, but also consolidate the company's leading position in digital health.

Overcoming weaknesses and seizing opportunities: To address the disadvantage of over-reliance on the US market, UNHealth should actively expand the international market, especially in emerging economies with rapidly growing medical demand. The company can develop a clear internationalization strategy, deeply study the laws and regulations, cultural background and market demand of the target market, and provide localized products and services. For example, gaining rapid access to new markets and reducing barriers to entry by acquiring or building partnerships with local health insurance companies. At the same time, leverage the company's technology and experience to provide innovative health management and insurance solutions to meet their unique needs. This will not only spread market risks and reduce dependence on the single market, but also bring new growth drivers to the company and increase its global influence.

Using advantages to address threats: In the face of fierce market competition and a rapidly changing policy and regulatory environment, UNHealth can maintain its competitive advantage through continuous technological innovation and service differentiation. Companies should continue to invest in emerging technologies such as artificial intelligence, blockchain and the Internet of Things to develop products and services of unique value to meet the changing needs of customers. At the same time, strengthen compliance management and network security measures to ensure compliance with local laws and regulations, protect customer data, and maintain brand reputation. By establishing a strong compliance team, pay close attention to policy dynamics, timely adjust business strategies, and avoid the adverse effects caused by policy changes. In addition, active participation in industry associations and policy making processes and the influence of industry leaders can help to shape a favorable industry environment.

4) **Overcome disadvantages and how to deal with threats:** To deal with internal disadvantages and external threats, United Health Group needs to optimize internal management, improve operational efficiency and reduce costs. Companies can use lean management and process optimization methods to reduce redundancy and waste and improve overall operational efficiency. Introduce automation and digital technology to improve the efficiency of background operations and customer service and reduce labor costs. At the same time, we will strengthen brand management, establish a unified global brand strategy, improve customer service quality, actively respond to customer feedback, and enhance customer satisfaction and loyalty. To enhance the market competitiveness, the company can establish strategic alliances with other medical institutions and technology enterprises, share resources and technologies, jointly develop innovative products and services, and enhance the market position.

Through the development and implementation of the above strategies, this paper demonstrates how SWOT analysis provides a structured framework and guidance for product innovation strategies for healthcare companies. SWOT analysis not only helps the company to comprehensively evaluate internal and external factors, but also supports the company to develop targeted strategic actions,

optimize resource allocation, and enhance product innovation capabilities. In conclusion, SWOT analysis plays a key role in the development of product innovation strategies for healthcare companies. It provides a company with a systematic approach to help it accurately identify the key factors affecting product innovation and develop effective strategic responses in a complex and changeable industry environment. This paper demonstrates the utility and value of SWOT analysis in practice, using case studies and provides useful references and guidance for businesses in the healthcare industry.

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