



CVS Health & the Healthcare Industry

PRESENTED BY: TEAM 17

Daryn Imashev, Gillis Wang, Isabella Chen,
Nikita Suryawanshi, Wenlong Sui

Agenda

Industry Overview

- AI Disruption in Pharmacy Retail Industry
- AI Disruption in the Insurance Industry

CVS's Current Business

- What is CVS Health Doing Right Now?

AI Disruption in CVS

- AI Disruption Analysis in CVS Health
- Strategies for Responding to Disruption

AI Disruption in the Retail & Pharmacy Industry

Opportunities



Inventory Optimization

AI can predict demand to minimize waste and prevent overstocking



Operation Streamlining

Automated kiosks and chatbots can be used to handle refills and inquiries



Fraud Prevention

AI can be used to flag anomalies to prevent prescription fraud

Challenges



Cost Constraints

High AI cost will be a disadvantage to small retailers, leading to market consolidation



Data Security Risks

AI handling sensitive health data can increase potential breaches



Algorithmic Bias

Bias in AI models can cause unequal treatment for certain groups

AI Disruption in the Insurance Industry

Positive



Claims Processing

Automate mundane tasks, analyze claim documents, assess damage, and even calculate payouts with minimal human intervention.



Risk Mitigation

Insurers can use AI to help customers manage risks and potentially avoid claims altogether.



Personalized Service

AI can analyze customer data to offer tailored products, pricing, and promotions.

Negative



Evolving Regulations

Uncertain regulatory landscape as governments work to develop AI specific regulations.



Compliance Challenges

Ensuring AI systems comply with existing regulations and AI-specific rules.

CVS Health's Current Business

Retail / Pharmacy

- Operates nationwide pharmacies offering prescriptions, OTC products, immunizations, and health consultations.

Pharmacy Services

- CVS Caremark, the company's PBM, manages pharmacy benefits, including formulary design, drug costs, and mail-order services.

Health Insurance

- CVS Health's Aetna offers diverse insurance plans while integrating with CVS retail and pharmacy services.

Healthcare Services

- MinuteClinic and HealthHUB offer accessible primary care, chronic disease management, and wellness services.

AI Disruption Analysis in CVS Health

Strengths

- Supply chain optimization (Retail)
- Enhanced fraud detection and risk management (Insurance)
- Integrated Pharmacy Services (Pharmacy)

Threats

- Cybersecurity risks (Insurance)
- Online competitor-disruptors (Pharmacy)
- High costs and expertise shortage (Retail)

Weaknesses

- Customer resistance to automation (Retail)
- Over-reliance on technology vendors (Pharmacy)
- Algorithm bias in underwriting and claims (Insurance)

Opportunities

- Advanced risk assessment and underwriting (Insurance)
- Drug discovery and development (Pharmacy)
- Dynamic pricing strategies (Retail)

Strategies for Responding to Disruption



Retail

- Tailored product and health recommendations
- Optimizing operations and supply chain



Pharmacy

- Prescription management tools to automate refill reminders, streamline medication adherence programs, and optimize inventory
- Improve data security, customer privacy, and streamline operations



Insurance

- Fraud detection, handle claims
- Personalized insurance plans: analyze health and lifestyle data
- Stay on top of compliance and regulations

Conclusion

CVS Health is well-positioned to leverage AI for operational efficiency and personalized services. However, challenges like high costs, regulatory uncertainty, and cybersecurity risks require a **strategic, proactive approach** to **maintain competitive advantage** and **ensure customer trust**.



References

- Greathouse, J. (n.d.). How AI is revolutionizing pharmacy care. Total Retail. Retrieved January 21, 2025, from <https://www.mytotalretail.com/article/how-ai-is-revolutionizing-pharmacy-care/>
- Jarab, A. S., Abu Heshmeh, S. R., & Al Meslamani, A. Z. (2023). Artificial intelligence (AI) in pharmacy: An overview of innovations. Journal of Medical Economics, 26(1), 1261–1265. <https://doi.org/10.1080/13696998.2023.2265245>
- Chain Drug Review. (n.d.). The potential and challenges for AI in drug stores. Retrieved January 21, 2025, from <https://chaindrugreview.com/the-potential-and-challenges-for-ai-in-drug-stores/>
- Bellrock Advisory. (n.d.). Impacts of AI on the insurance industry and related risks. Retrieved January 21, 2025, from <https://bellrockadvisory.com/impacts-of-ai-on-the-insurance-industry-and-related-risks/>
- Insurance Business. (n.d.). NAIC highlights AI challenges in health insurance sector. Retrieved January 21, 2025, from <https://www.insurancebusinessmag.com/us/news/breaking-news/naic-highlights-ai-challenges-in-health-insurance-sector-515358.aspx>
- Insurance Thought Leadership. (n.d.). Insurance industry embracing AI. Retrieved January 21, 2025, from <https://www.insurancethoughtleadership.com/ai-machine-learning/insurance-industry-embracing-ai>
- National Association of Insurance Commissioners. (n.d.). Artificial intelligence. Retrieved January 21, 2025, from <https://content.naic.org/insurance-topics/artificial-intelligence>
- Bellrock Advisory. (n.d.). Impacts of AI on the insurance industry and related risks. Retrieved January 21, 2025, from <https://bellrockadvisory.com/impacts-of-ai-on-the-insurance-industry-and-related-risks/>

