

Executive COMPANY PROFILE CVS HEALTH CORP.

November 2023



LATIN BRAINS

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EXECUTIVE SUMMARY

THE COMPANY

CVS is a diversified health solutions company based in Woonsocket, Rhode Island, US. CVS has more than 9,000 retail locations, more than 1,000 walk-in medical clinics, 192 primary care medical clinics, a leading pharmacy benefits manager with approximately 110 million plan members and expanding specialty pharmacy solutions, and a senior pharmacy care business serving more than one million patients per year.

COMPANY FINANCIALS

- › **FY 2022 Total revenues** increased \$30.4 billion, or 10.4%, in 2022 compared to 2021. The increase in total revenues was primarily driven by growth across all segments.
- › **FY 2022 Operating expenses** increased \$1.1 billion, or 3.1%, in 2022 compared to 2021.
- › **FY 2022 Operating income** decreased \$5.4 billion, or 41.3%, in 2022 compared to 2021.

GROUP STRATEGY OVERVIEW

- › Already a drugstore giant, in the last year, CVS' growth strategy has been focused almost exclusively on **expanding its presence as a medical services provider**.
- › This goal has been also pointed out by CVS' CEO Karen Lynch. In October 2022, she outlined her plans for CVS Health to touch the "entire spectrum of someone's health journey." ([Boston Business Journal](#))
 - › More specifically, Lynch said CVS was looking to enhance its health services in provider enablement, home health and primary care.
- › In fact, CVS' goal to establish itself as a medical services provider has been chased through an **intensive M&A activity** and the **opening of new subsidiaries**.
- › Also, this expansion into the "the entire spectrum" of health has been pursued through the opening new subsidiaries – more specifically, it entered into the **commercialization and coproduction of biosimilars** with the launch of Cordavis

- › Finally, these moves entailed a **reprioritization of the parts of the business to grow**, contributing to CVS cutting thousands of corporate jobs.

ISSUES

- › **Pharmacists walk-out.** In October 2023, some employees at CVS Health Corp pharmacies launched a three-day walkout starting to push the Company to improve working conditions and add more staff to their stores. ([Reuters](#))
- › **Eye care products investigation.** In October 2023, Schubert Jonckheer & Kolbe LLP launched an investigation into CVS, others after federal health officials advised consumers to stop using more than two dozen over-the-counter eye care products because of a potential risk of eye infection that may lead to partial vision loss or blindness. ([Cision](#))
- › **National opioid settlement.** Beginning 2017, state attorneys general, counties and municipalities began filing lawsuits related to the distribution of prescription opioid pain medications against pharmaceutical wholesalers and other participants in the pharmaceutical supply chain. The Office of the Attorney General ("OAG") reached a \$5 billion multistate settlement with CVS for the company's role in the national opioid epidemic, including inadequately monitoring opioid prescriptions. The agreement with CVS is one of numerous multi-billion-dollar settlements resulting from litigation by state attorneys general against the pharmaceutical industry for practices that escalated a nationwide crisis of fatal abuse of addictive prescription narcotics.

EMPLOYMENT

In its last FY2022 Annual Report, CVS Health stated it employed more than 300,000 people. In its [FY2022 Sustainability Report](#), the Company says that 73% of its people are full-time employees. The Company does not provide information on the percentage of its workforce covered by collective bargaining agreements.

BUSINESS & OPERATIONS

BUSINESS & OPERATIONS

COMPANY BASICS

Name	CVS Health Corporation (“CVS” or “the Company”)
Primary line of business	Healthcare
Head office	Woonsocket, Rhode Island, US
Status/Exchange/ /Market cap	Public / NYSE / Market cap: \$81.2 billion (22 November, 2023)
Website	www.cvshealth.com
Staff	300,000
Founding year	1963
Financial year end	31 December

Sources: Group website, Financial Reports, Yahoo Finance.

OVERVIEW

CVS is a diversified health solutions company based in Woonsocket, Rhode Island, US. CVS has more than 9,000 retail locations, more than 1,000 walk-in medical clinics, 192 primary care medical clinics, a leading pharmacy benefits manager with approximately 110 million plan members and expanding specialty pharmacy solutions, and a senior pharmacy care business serving more than one million patients per year.

The Company also serves an estimated more than 35 million people through traditional, voluntary and consumer-directed health insurance products and related services, including expanding Medicare Advantage offerings and a standalone Medicare Part D prescription drug plan (“PDP”).

BUSINESS SEGMENTS

The Company manages its business and reports its financial results in four segments: Health Care Benefits, Health Services, Pharmacy & Consumer Wellness and Corporate/Other.

- › The **Pharmacy & Consumer Wellness** (91%) segment dispenses prescriptions in its retail pharmacies and through its infusion operations, provides ancillary pharmacy services including pharmacy patient care programs, diagnostic testing and vaccination administration, and sells a wide assortment of health and wellness products and general merchandise.
 - › The segment also conducts long-term care pharmacy (“LTC”) operations, which distribute prescription drugs and provide related pharmacy consulting and ancillary services to long-term care facilities and other care settings, and provides pharmacy fulfillment services to support the Health Services segment’s specialty and mail order pharmacy offerings.
 - › As of September 30, 2023, the Pharmacy & Consumer Wellness segment operated more than 9,000 retail locations, as well as online retail pharmacy websites, LTC pharmacies and on-site pharmacies, retail specialty pharmacy stores, compounding pharmacies and branches for infusion and enteral nutrition services.
- › The **Medical Segment** (9%) comprises:
 - › **Health Care Benefits business** - operates as a diversified health care benefits provider. It offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental and behavioral health plans, medical management capabilities, Medicare Advantage and Medicare Supplement plans, PDPs and Medicaid health care management services. The Health Care Benefits segment’s customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers (“providers”), governmental units, government-sponsored plans, labor groups and expatriates.
 - › **Health Services business** - provides a full range of PBM solutions, delivers health care services in its medical clinics, virtually, and in the home, and offers provider enablement solutions.

BUSINESS & OPERATIONS

- › PBM solutions include plan design offerings and administration, formulary management, retail pharmacy network management services, and specialty and mail order pharmacy services. In addition, the Company provides clinical services, disease management services, medical spend management and pharmacy and/or other administrative services for providers and federal 340B drug pricing program covered entities (“Covered Entities”).
- › The Company operates a group purchasing organization that negotiates pricing for the purchase of pharmaceuticals and rebates with pharmaceutical manufacturers on behalf of its participants and provides various administrative, management and reporting services to pharmaceutical manufacturers.
- › The Health Services segment’s clients are primarily employers, Insurance companies, unions, government employee groups, health plans, PDPs, Medicaid managed care plans, the U.S. Centers for Medicare & Medicaid Services (“CMS”), plans offered on Public Exchanges and private health insurance exchanges, other sponsors of health benefit plans throughout the United States and Covered Entities.
- › The Company presents the remainder of its financial results in the **Corporate/Other segment**, which primarily consists of management and administrative expenses to support the Company’s overall operations; and products for which the Company no longer solicits or accepts new customers such as its large case pensions and long-term care insurance products.

COMPETITORS

CVS Health competitors include Express Scripts, Avella Specialty Pharmacy, Rite Aid and Walgreens. CVS Health ranks 1st in Overall Culture Score on Comparably vs its competitors.

CORPORATE HISTORY

1963 - present

- › **1963.** The first Consumer Value Store selling health and beauty products is founded in Lowell, Massachusetts. A year later, the name is changed to CVS.
- › **1969:** CVS is sold to Melville Corporation.
- › **1988:** CVS celebrates 25 years, finishing the year with 750 stores and sales of nearly \$1.6 billion.
- › **1990-2004:** CVS acquires multiple companies including Peoples Drugs, Revco and Eckerd drug stores.
- › **2006:** CVS acquires MinuteClinic®, the leading provider of in-store health clinics, as well as thousands of Sav-On and Osco drugstores from Albertson.
- › **2007:** CVS acquires Caremark, giving birth to the nation’s leading pharmacy-benefits manager.
- › **2014-2015:** CVS acquires Coram, Omnicare, Navarro Discount Pharmacy and all of Target's 1,600 pharmacies and clinics.
- › **2018:** Aetna is acquired by CVS Health — and it begins a transformation of the consumer health experience
- › **2020-2021:** The company becomes the largest private provider of COVID-19 testing and, in partnership with the Centers for Disease Control and Prevention (CDC), is the one of the first to offer on-site COVID-19 vaccinations at nursing homes and assisted living facilities.
- › **2023:** CVS Health completes acquisitions of Signify Health, a leading technology and services company focused on provider enablement and bringing clinicians into the home, and Oak Street Health, a leading multi-payor, value-based primary care company helping older adults stay healthy.

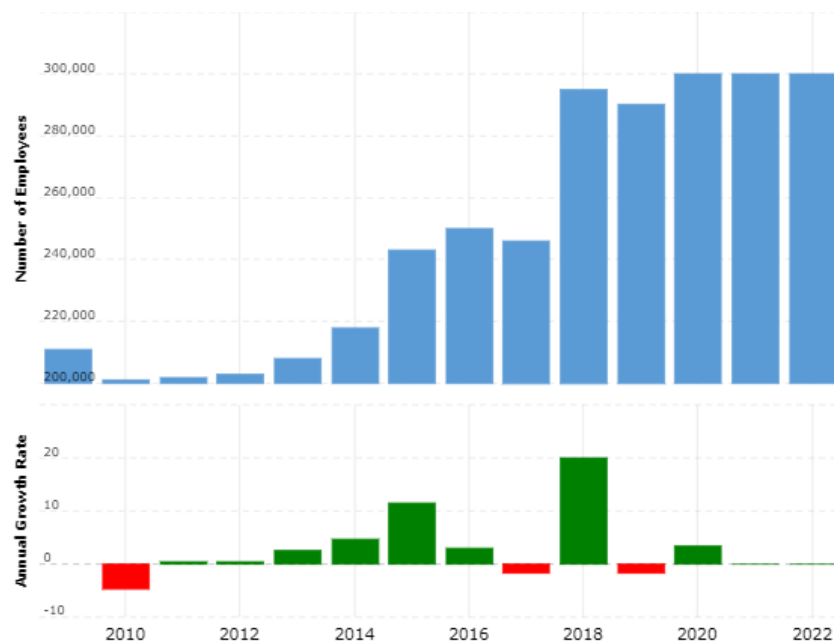
LOCATIONS

BUSINESS & OPERATIONS

CVS' principal executive offices are headquartered in Woonsocket, Rhode Island, US. The Company says it has CVS has more than 9,000 retail locations across all US states, including more than 1,000 walk-in medical clinics. A detailed map of CVS' locations can be found [here](#).

EMPLOYMENT

In its last FY2022 Annual Report, CVS Health stated it employed more than 300,000 people. In its [FY2022 Sustainability Report](#), the Company says that 73% of its people are full-time employees. The Company does not provide information on the percentage of its workforce covered by collective bargaining agreements.



Source: [Macrotrends](#)

Diversity and Inclusion (D&I)

CVS said that, as a foundation of D&I, it focus on increasing underrepresented population across its business. In 2022, 70% of its total colleague population and 55% of its colleagues at the manager level and above self-reported as female.

Employment + Gender

Gender	2022	2021	2020
Female	70%	71%	70%
Male	30%	29%	30%
Unspecified	<1%	<1%	0%

In addition, in 2022 its colleagues reported their race/ethnicity as: White (49%), Black/African American (18%), Hispanic/Latino (16%), Asian (11%), and Other (6%).

Employment + Ethnicity

Ethnicity	2022	2021	2020
White (not Hispanic or Latino)	49%	52%	53%
Black/African American (not Hispanic or Latino)	18%	17%	16%
Hispanic/Latino	16%	14%	15%
Asian (not Hispanic or Latino)	12%	10%	11%
Native Hawaiian or Other Pacific Islander (not Hispanic or Latino)	1%	<1%	1%
American Indian/Alaskan Native (not Hispanic or Latino)	<1%	<1%	0%
Two or more races	4%	3%	3%
Unspecified	1%	3%	1%

BUSINESS & OPERATIONS

In its FY 2022 Annual Report, CVS said its diversity management strategy emphasizes workplace representation, inclusion and belonging, talent acquisition and management and a diverse marketplace.

- › Beginning in 2021, it incorporated a diversity metric into our annual cash incentive program for our most senior leaders who have the greatest ability to influence the overall hiring, development, and promotion of its colleagues.

It also continued the deployment of conscious inclusion training for colleagues designed to enhance awareness of biases and rolled out our INCLUDE program to activate inclusive behaviors.

Its ESG Report and Strategic Diversity Management Report includes additional information with respect to our conscious inclusion training. It supports 16 Colleague Resource Groups (“CRGs”) that include more than 28,000 colleagues across the enterprise. These groups represent a wide range of professional, cultural, ethical and personal affinities and interests, as well as formal mentoring programs.

Finally, in its Sustainability Report 2022, CVS also provides public access to its EEO-1, (FY 2021, latest available), an annual report filed with the US Government’s Equal Employment Opportunity Commission (EEOC), which includes the following table:

SECTION D - EMPLOYMENT DATA															
JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO												OVERALL TOTAL
			*****MALE*****						*****FEMALE*****						
	MALE	FEMALE	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	12	9	314	17	1	30	0	7	239	17	0	17	0	4	667
FIRST/MID OFFICIALS & MGRS	1791	2589	8124	1422	64	1176	49	350	11735	3561	112	918	92	540	32523
PROFESSIONALS	1584	3152	15968	2536	179	5964	74	584	31586	6453	323	8813	165	1064	78445
TECHNICIANS	2874	10911	7290	2211	111	3241	88	798	30830	12485	458	8792	357	2688	83134
SALES WORKERS	5801	11724	10446	5064	166	2275	128	1265	23021	10761	475	3747	321	2302	77496
ADMINISTRATIVE SUPPORT	1443	5747	3369	1545	39	466	36	319	15739	10338	178	1510	223	1505	42457
CRAFT WORKERS	40	13	182	25	4	10	3	6	44	18	0	3	1	1	350
OPERATIVES	164	36	547	105	3	26	2	19	85	23	1	4	1	4	1020
LABORERS & HELPERS	1095	1083	1595	1068	24	233	23	125	1259	968	23	146	17	73	7732
SERVICE WORKERS	32	309	81	28	0	9	1	6	529	176	12	87	9	45	1324
TOTAL	14836	35573	47916	14021	591	13430	404	3479	115067	44800	1582	24037	1186	8226	325148
PREVIOUS REPORT TOTAL	12783	29034	41408	12076	627	11303	340	2954	96319	34757	1540	20438	1096	6460	271135

Pay gap

No information regarding pay gap has been provided by CVS neither in its FY2022 Annual Report nor in its FY 2022 Sustainability Report.

Feedback and wellbeing

In its Sustainability Report 2022, CVS said it takes a holistic approach to care for its colleagues’ health, safety and wellbeing. In 2022, it continued to expand investments beyond core benefits in areas ranging from family building and emotional well-being to targeted programs for physical health.

In 2022, it introduced a new Heart At Work Behavior. Whether treating patients, dispensing medications, stocking merchandise or maintaining our workplaces, the Company aims to avoid preventable injury and achieve “zero harm.”

In 2022, CVS said it enhanced communication and support to field leadership, including through quarterly “safety spotlight” programs, to continue to empower its leaders and retail colleagues. To manage safety risks associated with workforce and labor challenges in its distribution centers and for our fleet drivers, it has developed a safety roadmap that helps ensure a safety-first culture.

Enhanced safety metric dashboards give distribution center leaders access to leading indicators and injury data so they can take proactive measures to reduce risk of injury. Initiatives in 2022 included enhanced new hire safety training, a new stretching program provided to colleagues at shift start, and enhancements to its powered industrial truck safety program.

Compensation and Benefits

Benefits

In its FY2022 Sustainability Report, CVS said that flexible, affordable benefits programs, living wages and comprehensive support helps it meet the diverse needs of our more than 300,000 colleagues.

Regarding its 2022 benefit offerings, CVS listed the following initiatives:

- › Colleague contributions toward medical premiums remained flat despite a volatile environment for costs

BUSINESS & OPERATIONS

- › 86% of medical benefit costs are covered by CVS Health on average
- › Five days of backup child or elder care per year at low copays
- › New medical plan offering with lower deductible
- › Mental health visits at \$0 copay
- › Doubled family building benefit to \$10K, to support eligible expenses related to adoption, use of gestational carrier or surrogate, IVF or doula services
- › Access to Emergency Savings Accounts with bonus deposits and well-being rewards to help colleagues manage unexpected expenses
- › Career Online High School for all colleagues who wish to earn a high school diploma at no cost.
- › No-cost Spanish language programs for all pharmacy and nurse colleagues, empowering them to better communicate with their Spanish-speaking customers and clients.

Wages

In July 2022, CVS completed a significant investment in its colleagues, setting its minimum hourly wage to \$15 an hour and higher starting rates for roles such as pharmacy technicians and call center representatives.

Also, CVS invested \$100 million in appreciation bonuses for nearly 250,000 colleagues. To increase transparency among colleagues, it also began to list pay ranges on all job postings.

Colleague Development

CVS said it provide its colleagues with resources and programs that support them in their current roles while planning and preparing for future growth. Beginning with an orientation program that pairs new hires with seasoned colleagues, training and development continues throughout a colleague's career through in-person, virtual and self-paced learning at all levels.

Over 15,000 colleagues participated in the CVS Health Colleague Education Program in 2022, which includes:

- › Tuition reimbursement of up to \$3,000 at any nationally accredited college or university, which supported more than 8,000 colleagues last year.
- › Free degree programs offered by Capella University, Strayer University and Colorado Technical University, of which nearly 800 colleagues participated in last year.

FINANCIALS

FINANCIALS

LAST ANNUAL FINANCIAL PERFORMANCE

FY ended December 31 (\$m)	FY 2022	FY 2021	YoY change
Revenue	322,467	292,111	10.4%
Total operating costs	314,721	278,918	12.8%
Operating income	7,746	13,193	-41.3%
Net income	4,149	7,910	-47.5%

Source: [FY 2022 10-K](#)

Stock performance (CVS vs NYSE)



FY 2022/21 FINANCIAL REVIEW

- › **Total revenues** increased \$30.4 billion, or 10.4% YoY, in 2022 compared to 2021. The increase in total revenues was primarily driven by growth across all segments.
- › **Operating expenses** increased \$1.1 billion, or 3.1% YoY, in 2022 compared to 2021. The increase in operating expenses was primarily due to increased operating expenses to support growth in the business, incremental investments in business operations and decreased gains from legal settlements in 2022 compared to 2021.
- › **Operating income** decreased \$5.4 billion, or 41.3% YoY, in 2022 compared to 2021. The decrease in operating income was primarily driven by the \$5.8 billion of opioid litigation charges and declines in the Retail/LTC segment, which included a \$2.5 billion loss on assets held for sale related to the write-down of the Company's Omnicare® long-term care business ("LTC business") during 2022, partially offset by the absence of a store impairment charge of approximately \$1.4 billion and a \$431 million goodwill impairment charge on the remaining goodwill of the LTC reporting unit, both of which were recorded in the prior year.

OUTLOOK

With respect to 2023, the Company said it should be considered that:

- › The Health Care Benefits segment was expected to continue to benefit from Medicare and Commercial membership growth, partially offset by declines in Medicaid due to the impact of redeterminations in 2023.
- › The Pharmacy Services segment was expected to continue to benefit from the Company's ability to drive further improvements in purchasing economics and strong pharmacy network volume.
- › The Retail/LTC segment was expected to continue to benefit from increased prescription volume and improved generic drug purchasing, partially offset by continued pharmacy reimbursement pressure and lower contributions from COVID-19 vaccinations, diagnostic testing and OTC test kits as COVID-19 transitions to the endemic stage.

STRATEGY

STRATEGY¹

- › Already a drugstore giant, in the last year, CVS' growth strategy has been focused almost exclusively on **expanding its presence as a medical services provider**.
- › In a May 2023 report, Axios pointed out that big retailers – basically, CVS competitors - were elbowing their way into health care delivery, pushing a customized consumer experience driven by digital health products.
 - › At its core, these companies are pulling together different tech-enabled services — urgent, primary, home and specialty care, pharmacy, and, in some cases, full integration with an insurer.
 - › For instance, Walmart Health announced plans to nearly double the footprint of its in-store clinics, which offer primary, behavioral health vision and dental care. Also, Walmart also inked a 10-year Medicare Advantage deal with UnitedHealth Group.
 - › Walgreens-backed primary care company VillageMD scooped up more primary, specialty and urgent care investments, augmenting plans to open more than 500 full-service doctors' offices in Walgreens locations.
 - › Best Buy Health launched a hospital-at-home program with North Carolina-based Atrium Health. Best Buy said it will provide patient education, its at-home care platform and devices, and technical support via specially-trained Geek Squad agents.
 - › Finally, Amazon brought in an on-demand virtual care services platform, more than 125 locations and a piece of the Medicare Advantage business.
- › In short, these companies have been combining its massive retail footprints with assets like primary or urgent care sites, pharmacies and some sort of relationship with insurers. As it was summoned up by Stanford University professor and former CEO of The Permanente Medical Group Robert Pearl, these Companies are “all acquiring every piece of medicine”.

- › This goal has been also pointed out by CVS' CEO Karen Lynch. In October 2022, she outlined her plans for CVS Health to touch the "entire spectrum of someone's health journey." (Boston Business Journal)
 - › More specifically, Lynch said CVS was looking to enhance its health services in provider enablement, home health and primary care.
- › In fact, CVS' goal to establish itself as a medical services provider has been chased through an **intensive M&A activity** and the **opening of new subsidiaries**.
 - › First, CVS enhanced its presence in **enablement and at-home healthcare market** with the acquisition of Signify Health.
 - › Also, CVS enhanced its presence in the **primary care sector** with the acquisition of Oak Street.
- › Also, this expansion into the “the entire spectrum” of health has been pursued through the opening new subsidiaries – more specifically, it entered into the **commercialization and coproduction of biosimilars** with the launch of Cordavis
- › Finally, these moves entailed a **reprioritization of the parts of the business to grow**, contributing to CVS cutting thousands of corporate jobs.

M&A ACTIVITY – EXPANSION INTO THE ENABLEMENT, HOME HEALTH AND PRIMARY CARE

- › In the last year, CVS has acquired assets that enable it to enhance its presence as a medical services provider – more specifically, it acquired home health company Signify and senior-focused primary care company Oak Street Health

Signify health acquisition.

- › In September 2022, CVS won the bidding war for home health and technology services company Signify Health in a deal valued at \$8 billion. (Fierce Healthcare)
 - › Signify Health offers health risk assessments, value-based care and provider enablement services, including a network of 10,000 providers across all 50

¹ Any developments concerning employment have been highlighted in red.

STRATEGY

states. The company acquired Caravan Health earlier in 2022 year to further expand its reach in value-based care and home health.

- › In March 2023, ABC News pointed out that, by buying Signify, CVS is among the first pharmacy chains in the U.S. to enter the at-home health care space after building its successful Minute Clinics.

Oak Street acquisition

- › In February 2023, CVS entered into a definitive agreement to buy Oak Street in an all-cash deal valued at \$10.6 billion. (Fierce Healthcare)
 - › **Oak Street specializes in treating Medicare Advantage patients. It includes about 600 physicians across 169 medical centers located in 21 states.**
 - › **It is expected to grow to over 300 centers by 2026, with each offering \$7 million in potential embedded earnings before interest, taxes, depreciation and amortization.** CVS expects the merger to drive more than \$500 million in synergy potential over time, bolstering its long-term growth goals.
 - › Oak Street's care model is backed by Canopy, its proprietary technology platform, which is designed to determine the best type and level of care for each individual patient.
- › According to CVS, the acquisition will broaden its value-based primary care platform and significantly benefits patients' long-term health by improving outcomes and reducing costs – particularly for those in underserved communities.

NEW SUBSIDIARIES' OPENINGS – EXPANSION INTO BIOSIMILARS

- › This expansion as a medical services provider entailed the **need to assure a consistent supply of affordable biosimilars available.** In this sense, in August 2023 launched a new segment that aims to work with drugmakers to bring additional biosimilars to market. (Fierce Healthcare)
- › The new, wholly owned subsidiary, called Cordavis, aims to develop a biosimilar portfolio with the goal of expanding access to these drugs across the country.

Increased uptake of biosimilars can drive down costs of pricey brand drugs that otherwise lack market competition.

- › Prem Shah, CVS' chief pharmacy officer and co-president of the pharmacy and consumer wellness segment, said that “Biosimilars are crucial to creating competition and reducing costs for specialty pharmaceuticals where drug prices are rising the fastest (...) Through our direct involvement, we will expand the supply chain and ensure biosimilar availability in the market.”
- › Cordavis is teaming with Sandoz on its first product and will work to commercialize and bring to market its Hyrimoz drug, which is a biosimilar for Humira. The Company plans to launch the drug in Q1 2024.

RESTRUCTURING AND REPRIORITIZATION OF BUSINESSES

- › **As it is leaning into its health services efforts, CVS has been necessarily reprioritizing which parts of the business to grow.** (Behavioral Health Business, Aug-23). In essence, CVS has initiated a restructuring plan that entails significant workforce adjustments. In August 2023, Reuters reported that CVS eliminated about 5,000 non customer-facing roles as it seeks to rein in costs after a recent spree of acquisitions.
- › The Company said in a statement that the jobs affected are primarily corporate positions. CVS said it doesn't expect customer-oriented roles in stores, pharmacies and clinics will be affected in the layoff plan. (Wall Street Journal, Aug-23)
 - › Karen Lynch reportedly said the changes would enable CVS to “be at the forefront of a once-in-a-generation transformation in health care”.
 - › The Company is cutting down on travel expenses and its use of consultants and vendor. It is also stopping certain business initiatives and using technology to increase productivity. Employees affected will receive severance pay, benefits and help with landing a new job elsewhere.

SWOT



STRENGTHS

- › **Latest annual results.** FY 2022 total revenues increased \$30.4 billion, or 10.4%, in 2022 compared to 2021. The increase in total revenues was primarily driven by growth across all segments.
- › **M&A activity and expansion as a medical service provider.** CVS' growth strategy has been focused almost exclusively on expanding its presence as a medical services provider. In that sense, in the last year it First, CVS enhanced its presence in enablement and at-home healthcare market with the acquisition of Signify Health. Also, CVS enhanced its presence in the primary care sector with the acquisition of Oak Street



WEAKNESSES

- › **Pharmacists walk-out.** In October 2023, some employees at CVS Health Corp pharmacies launched a three-day walkout starting to push the Company to improve working conditions and add more staff to their stores. ([Reuters](#))
- › **Eye care products investigation.** In October 2023, Schubert Jonckheer & Kolbe LLP launched an investigation into CVS, others after federal health officials advised consumers to stop using more than two dozen over-the-counter eye care products because of a potential risk of eye infection that may lead to partial vision loss or blindness. ([Cision](#))



OPPORTUNITIES

- › **Aging population.** As the population ages, there is a growing demand for healthcare products and services. Some 17% of people living in the U.S., were 65 or older in 2020. That represents 55.7 million people, an increase of 15.2 million (38 percent) of people 65 and above since 2010. Cardinal Health can capitalize on this trend by developing products and services that cater to the needs of seniors.
- › **Digital health potential.** According to [Deloitte](#), despite digital's potential, few established health care industry players—including health plans—are effectively leveraging it in an integrated way. In this sense, CVS' plans to touch the "entire spectrum of someone's health journey" can capitalize this gap. ([Boston Business Journal](#))



THREATS

- › **2024 forecast.** CVS tempered its forecast for 2024 earnings to account for potentially higher medical costs at its insurance unit as older adults increasingly avail healthcare services deferred during the pandemic, sending its shares down 3%. ([Reuters](#), Nov-23)

OTHER KEY EVENTS

OTHER KEY EVENTS

Key People

- › Oct-23. CVS announced that announced several leadership updates. Executive Vice President, CFO and President of Health Services Shawn Guertin will be taking a leave of absence from his role due to unforeseen family health reasons. Senior Vice President of Corporate Finance, Tom Cowhey, has been appointed interim CFO. CEO of Oak Street Health, Mike Pykosz, has been named interim President of Health Services. ([Press Release](#))
- › Sep-23. CVS appointed Michael F. Mahoney, Chairman and CEO of Boston Scientific Corporation, a global medical technology leader, to serve on the Board of Directors. ([Press Release](#))
- › Jul-23. CVS appointed J. Scott Kirby, CEO of United Airlines Holdings, Inc., to serve on the Board of Directors. ([Press Release](#))
- › Apr-23. CVS announced that Brian Kane will join the company as Executive Vice President and President of Aetna. ([Press Release](#))

LEGAL

LAW FIRM REPRESENTATION

U.S. (Labor and employment)

- › **Labor and employment disputes.** Greenberg Traurig LLP lists CVS Health as a client.
- › **Employee benefits, executive compensation and retirement plans.** Fried, Frank, Harris, Shriver & Jacobson LLP lists CVS Health as a client.

Rest of the World (Labor and employment)

- › No legal advisers found.

U.S. (Other)

- › **Antitrust.** Williams & Connolly LLP lists CVS Health as a client.
- › **Antitrust.** Dechert LLP lists CVS Health as a client.
- › **Dispute resolution.** Williams & Connolly LLP lists CVS Health as a client.
- › **Dispute resolution.** Shearman & Sterling LLP lists CVS Health as a client.
- › **Dispute resolution.** Ballard Spahr LLP lists CVS Health's Omnicare as a client.
- › **Finance.** Simpson Thacher & Bartlett LLP lists CVS Health as a client.
- › **Finance.** Shearman & Sterling LLP lists CVS Health as a client.
- › **Finance.** Fried, Frank, Harris, Shriver & Jacobson LLP lists CVS Health as a client.
- › **Healthcare.** Norton Rose Fulbright lists CVS Health as a client.
- › **Healthcare.** Williams & Connolly LLP lists CVS Health as a client.
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- › **Healthcare.** McDermott Will & Emery LLP lists CVS Health as a client.

LEGAL

- › **Insurance.** Willkie Farr & Gallagher LLP lists CVS Health as a client.
- › **Intellectual property.** Baker Botts L.L.P. lists CVS Health as a client.
- › **Media, technology and telecoms.** Fried, Frank, Harris, Shriver & Jacobson LLP lists CVS Health as a client.
- › **M&A.** Shearman & Sterling LLP lists CVS Health as a client.
- › **M&A.** Fried, Frank, Harris, Shriver & Jacobson LLP lists CVS Health as a client.

LEGAL NEWS (12 MONTHS)

Nov-23: CVS Health seeks \$400 million refund for US domestic production

CVS Health sued the US, seeking a \$400 million refund for federal income taxes it alleges the company overpaid from 2014 to 2017.

The Company claims the IRS mistakenly disallowed deductions claimed by CVS Health on domestic production activities relating to photos, prescription drugs, weekly advertising circulars, packaging, and software. CVS said it paid the resulting tax deficiencies and filed claims for refunds, but the IRS refused to pay the pharmacy company.

Source: Bloomberg Tax

Nov-23: CVS, others under investigation by the FDA for selling potentially unsafe eye care products

LEGAL

Schubert Jonckheer & Kolbe LLP has launched an investigation into Target, CVS, Rite Aid, and other manufacturers after federal health officials advised consumers to stop using more than two dozen over-the-counter eye care products because of a potential risk of eye infection that may lead to partial vision loss or blindness.

The Food and Drug Administration released a statement flagging 28 over-the-counter eye care products. These products include eyedrops and gels made by CVS Health, Leader (Cardinal Health), Rugby (Cardinal Health), Rite Aid, Target up&up and Velocity Pharma.

The alert was issued after investigators found unsanitary conditions in a manufacturing plant, according to the news release from the FDA. Bacterial tests came back positive from critical drug production areas in the plant, which the agency did not immediately identify. Unsanitary eye care products are a cause for significant concern because drugs applied to the eyes bypass some of the body's natural defenses.

Source: [Cision](#)

Jul-23: OAG secures opioid settlement with CVS

The Office of the Attorney General (“OAG”) reached a \$5 billion multistate settlement with CVS for the company’s role in the national opioid epidemic, including inadequately monitoring opioid prescriptions.

The agreement with CVS is one of numerous multi-billion-dollar settlements resulting from litigation by state attorneys general against the pharmaceutical industry for practices that escalated a nationwide crisis of fatal abuse of addictive prescription narcotics.

Source: [Texas’ Attorney General](#)

KEY PEOPLE

KEY PEOPLE

KAREN LYNCH – PRESIDENT AND CEO



Karen S. Lynch is president and chief executive officer of CVS Health. has over three decades of experience in the health care industry. Prior to becoming president and chief executive officer in February 2021, she was executive vice president of CVS Health and president of Aetna®, where she was responsible for delivering consumer-centric, holistic health care to the millions of people Aetna serves. Before joining CVS Health, she held executive positions at Cigna® and Magellan Health®, where she served as president. She began her career with Ernst & Young as a certified public accountant.

Full biography: see [here](#) / [LinkedIn](#) see [here](#).

SAM KHICHI – EXECUTIVE VICE PRESIDENT, CHIEF POLICY OFFICER AND GENERAL COUNSEL



Sam Khichi is executive vice president, chief policy officer and general counsel at CVS Health. He leads the legal, compliance and government affairs teams who support the Company's strategy.

Prior to joining CVS Health, he served at Becton Dickinson as executive vice president, corporate development, public policy, regulatory affairs and general counsel. He joined Becton Dickinson through the acquisition of C. R. Bard where he served as senior vice president, general counsel and secretary, and previously was the chief administrative officer, senior vice president and general counsel at Catalent Pharma Solutions. He has led significant transformations at complex and large-scale health care organizations.

Full biography: see [here](#) / [LinkedIn](#) [here](#) .

SREE CHAGUTURU, MD - EXECUTIVE VICE PRESIDENT AND CHIEF MEDICAL OFFICER



Sree Chaguturu, MD is executive vice president and chief medical officer of CVS Health. He leads the CVS Health medical affairs organization spanning Aetna, CVS Caremark, CVS Pharmacy, MinuteClinic, women's health and genomics, data and analytics, patient safety and health equity. He previously served as chief medical

officer of CVS Caremark, the company pharmacy benefits management (PBM) business, where he provided clinical oversight for the pharmacy benefits design strategy. Additionally, he has served as a trusted advisor to employer and health plan clients, their members and CVS Health colleagues throughout the COVID-19 pandemic. Before joining CVS Health, he was chief population health officer of Mass General Brigham, the largest health care system in Massachusetts. He led the system's accountable care organization and numerous clinical care delivery and innovation programs. He is also a practicing internal medicine physician at Massachusetts General Hospital.

Full biography: see [here](#) / [LinkedIn](#) see [here](#).

OPERATING TEAM

- › Katerina Guerraz - Executive Vice President, Chief Strategy and Enterprise Affairs Officer, CVS Health
- › Shawn Guertin – CFO and President of Health Services
- › Laurie Havanec - Executive Vice President and Chief People Officer, CVS Health
- › David Joyner - Executive Vice President and President of CVS Caremark, CVS Health
- › Brian Kane – Executive Vice President and Aetna's President
- › Tilak Mandadi - Executive Vice President and Chief Digital, Data, Analytics and Technology Officer, CVS Health

KEY PEOPLE

- › Michelle Peluso - Executive Vice President and Chief Customer and Experience Officer, CVS Health.
- › Prem Shah - Executive Vice President, Chief Pharmacy Officer, and President of Pharmacy and Consumer Wellness, CVS Health

See full biographies [here](#).

BOARD OF DIRECTORS²

- › **Fernando Aguirre** - Former Chairman, President and Chief Executive Officer of Chiquita Brands International, Inc.
- › **Jeffrey Balser** - President and Chief Executive Officer of Vanderbilt University Medical Center and Dean of Vanderbilt University School of Medicine
- › **C. David Brown II** - Partner and Former Member of the Executive Committee of Nelson Mullins Riley & Scarborough LLP
- › **Alecia Decoudreaux** - President Emerita of the former Mills College, now Mills College at Northeastern University, and Former Executive at Eli Lilly and Company.
- › **Nancy-Ann Deparle** - Managing Partner and Co-Founder at Consonance Capital Partners, LLC, and Former Deputy Chief of Staff and Director of the White House Office of Health Reform
- › **Roger Farah** - Independent Chair of the Board of CVS Health Corporation and Former Executive at Tory Burch and Ralph Lauren
- › **J. Scott Kirby** - Chief Executive Officer of United Airlines Holdings, Inc.

- › Edward Ludwig - Former Chairman and Chief Executive Officer of Becton, Dickinson and Company
- › **Karen Lynch** President and Chief Executive Officer of CVS Health Corporation
- › **Michael Mahoney** - Chief Executive Officer, President and Chairman of the Board of Boston Scientific Corporation
- › **Jean Pierre Millon** - Former President and Chief Executive Officer of PCS Health Systems, Inc.
- › **Anne Finucane** - Chair of the Board of Rubicon Carbon and Former Vice Chairman of Bank of America Corporation
- › **Mary Schapiro** - Vice Chair for Public Policy and Special Advisor to the Founder and Chairman of Bloomberg L.P.; Former Chairman of the U.S. Securities and Exchange Commission

Full biographies [here](#).

² LinkedIn profile (when available) embedded on name.



LATIN BRAINS

PHONE: +54 (9) 11 3424 1682
750 DEL CARMEN, 4TH FLOOR SUITE A
(C1019AAB) BUENOS AIRES
ARGENTINA

ABOUT US

Latin Brains provides competitive intelligence, business research and financial analytic services to companies and professional services firms worldwide.

We work closely with marketing and sales teams, providing insightful research to support high-stake initiatives relating to business development, client retention, competitive analysis and strategy execution.