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CVS Health Corp. (CVS)

Morgan Stanley Global Healthcare Conference
CORPORATE PARTICIPANTS

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

OTHER PARTICIPANTS

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

MANAGEMENT DISCUSSION SECTION

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

Hi. Good morning, everyone. My name is Erin Wright. I'm the lead healthcare services analyst at Morgan Stanley. And just real quickly, for more important disclosures, please see the Morgan Stanley research disclosure website at www.morganstanley.com. If you have any questions, please reach out to your Morgan Stanley sales representative.

And with that, we're happy to have CVS Health with us this morning. With them, we have Karen Lynch, President and CEO. Thank you.

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

Thank you.

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

As well as Shawn Guertin, EVP and CFO. And then we have Larry McGrath in the audience as well. So, I will hand it over to Shawn for your disclosure now.

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

Great. Thank you. Thank you. Good morning, everyone. I just want to remind everyone today that we will be making forward-looking statements today, and you should consult our SEC filings for a description of the risks inherent in those statements as well as the risks inherent in our business and our most recently filed 10-Q and 10-K and other relevant filings.
QUESTION AND ANSWER SECTION

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you, Shawn. We'll definitely get into some of the topical questions on PBM's, utilization, Stars, but I do want to talk a little bit about, Karen, the efforts to strengthen the power of the whole enterprise with the Signify deal, Oak Street deal. It's been three months since the closure of those deals. How has it progressed relative to your expectations? Where are we in terms of that integrated approach and your vision there? And can you talk a little bit about what synergies have materialized even thus far?

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

A

Yeah. So thanks, Erin, for that question. I do want to just take a step back and talk more about the broad strategy of the company, you mentioned it, before we talk about the acquisitions. As you think about what we are trying to do as a company is really unlock the value and create value for the long-term earnings power of the company and as we step back and as we looked at all of our businesses, what we said was we needed to extend into other areas for growth. And we said we needed to build out national provider capabilities either through primary care or in the home. We said that we really needed to lead and drive value-based care.

We said that we really wanted to be powered by technology so that we can make the connection for consumer experience and engagement and that we would be in the community so that we had convenient access to healthcare. So that kind of established like the strategy in which we set out.

And as part of that strategy, we recently acquired Oak Street Health and Signify, as you mentioned. Oak Street Health and Signify, I would argue, are the two premier value-based care providers in Medicare today. And Signify is a home health risk assessment company that essentially is in 3 million homes annually and has the power to unlock return for care, has the power to unlock additional health services, and has an interlocking connection with Oak Street Health. There's value between the two businesses.

As you think about Oak Street Health, Oak Street Health is a primary care value-based provider, strong technology platform, very focused on Medicare and polychronic individuals. Again, one of the leading areas.

As you know, we closed Oak Street a few months ago, we closed Signify a few months ago, and we have been actively executing on our synergies. And what we've been doing – the first thing we've been doing is looking at opportunities across the Signify and Oak Street platform. And so what we've done when people are in the home with Signify, they're asking, do you have primary care physician, and we are recommending Oak Street where appropriate. And when we're looking at Oak Street, we've been using our retail pharmacies to engage people when they don't have a primary care physician.

Signify Health, when they're in the home they don't have a primary care, we're recommending, where we've been laying out – and the results so far are promising and encouraging. We're starting to see – it's two things that matter when you think about unlocking the value of those two businesses. One is membership, and the second is lowering overall acquisition costs. So, we have been really trying to drive Oak Street membership and Signify membership and using kind of the whole entire enterprise to do that. And as I said, the milestones that we put in place, we're starting to see overall execution on that.
The other thing I would say is that we always were going to have someone to lead our Health Services division. And with this week, we announced that Shawn – I’m very excited about this, that Shawn will be taking over the leadership role of our Health Services division, which means Oak Street and Signify will report to Shawn and he will be responsible for unlocking kind of the long-term value of revenue and earnings power of those businesses in addition to kind of other businesses as we continue to improve our capabilities around our long-term growth.

So with that, Shawn, let me see if there's anything you want to add to that.

Shawn M. Guertin  
Chief Financial Officer, Executive Vice President & President Health Services, CVS Health Corp.

Yeah. I would just reiterate that what Karen is talking about, right, this – the Health Services strategy that we've been talking to you about is really about something to accomplish two objectives. One is to create more accretive earnings growth from year-to-year, but also over time to fundamentally change the growth rates inherent in this company as we build a new business that has more attractive long-term growth characteristics than the enterprise. So, that's sort of the big challenge financially.

The big challenge operationally is we have to run Oak Street and Signify in our existing assets to produce the synergies and create the value and we will do that, but that's not the end of the discussion. It's about building an integrated value-based care ecosystem that provides seamless experience for our providers and our patients that serves all payers in that capacity and is really monetized through risk-bearing mechanisms.

And that system is really Oak Street and Signify, but also some of our existing assets today like the MinuteClinic and the HealthHUBs and potentially interacts a great deal with our pharmacy asset.

So, it's really about kind of building this long-term sort of integrated enterprise that's really technology enabled to sort of share information across the system. I've talked to many of you that this isn't just about sort of delivery silos, right? It really is about building an integrated value-based care-driven system that we can monetize through risk-based arrangements internally and externally.

Erin Wilson Wright  
Analyst, Morgan Stanley & Co. LLC

Great. That's helpful. I wanted to start with Medicare Advantage. You have some growth expectations for the year of 12%, but can you discuss any updated expectations post the New York dynamics with that contract? What are your expectations for 2024 and how you're positioning yourself for growth? And then on Stars, I guess you were given presumably some indication in the past week or a few days or so. I guess any update there or level of insight into how Stars are tracking?

Karen S. Lynch  
President, Chief Executive Officer & Director, CVS Health Corp.

Yeah. So, I'll start and I'll start with your second question first relative to Stars. As I mentioned consistently on every quarter, we put every effort to execute and improving our overall Stars performance. As I said on the last call, our internal indicators were improving and we were pleased with the progress that we've made. Now, we – obviously there's a few more weeks until the final CMS results will go out. That is their news to tell. However, what I would say is I'm optimistic about where we will kind of land with relative to our Stars performance based on the kind of internal indicators that I have.
Relative to overall growth in Medicare, Medicare is an important area for us for long-term growth. It is one of the fastest-growing segments in America relative to where the growth opportunities lie. We had initially, as you said Erin, had thought we would have higher expectations for growth in 2023 because of the New York win in Group Medicare. However, that is being contested. But New York has said to us they are continually – they are supportive of us, but, obviously, we'll go through the [ph] court (00:09:23) process with New York.

So, we've lowered kind of our expectations for 2023, that was already included in our guidance for this year.

Relative to 2024, we have made sure that we invested in our benefits and we are expecting kind of industry growth for 2024. Obviously, we don't have our competitive view yet, but we made sure that we positioned us competitively as we pushed our bids out into the market. Let me see if there's anything I missed on.

**Shawn M. Guertin**
*Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.*

No, that's right. I mean, we've thought a lot – we've set our target to get at least the industry growth for 2024. But like Karen says that we really won't have a good feeling about that until we see where we stand sort of competitively on the dynamic. It's an important growth market. Just I would say because it's often confused, a lot of people think the Stars issue for 2024 is going to impair growth, but the reason we have margin pressure is that we're maintaining benefits. Right? So, I – we still think getting industry growth for 2024 is a reasonable expectation.

**Erin Wilson Wright**
*Analyst, Morgan Stanley & Co. LLC*

Okay. Great. That's good to hear. And then just on utilization. Utilization is top of mind for investors...

**Shawn M. Guertin**
*Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.*

Yeah.

**Erin Wilson Wright**
*Analyst, Morgan Stanley & Co. LLC*

…and definitely across the entire healthcare services continuum right now. Can you give us any sort of inter-quarter indication what you were seeing? Is the elevated utilization trends that you noted in the most recent quarter or do you think that that is more prolonged than maybe what you initially thought? How should we think about what's embedded in your expectations for 2024 and as well?

**Shawn M. Guertin**
*Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.*

Yeah. Yeah. So, let's just remind on expectations. We had certainly seen a certain level of utilization pressure in the first half. For 2023, we largely assumed that that would persist for the balance of this year. And then for 2024, we carried that pressure through and added an incremental amount of pressure potentially for 2024. So, that's what we had built into the expectations we shared with you on our last earnings call.

I would say a couple of months into the quarter, we have continued to see those pressures persist and not abate in the quarter. And it remains to be seen again how [indiscernible] (00:11:48) the year plays out and because we're seeing it in many of the same categories that we saw in the first half of the year that there's nothing new there, but it is persisting at high levels.
And so, I would say I think in specific to our HCB business, I think it's – we'll probably be at, at least the high end of our MBR guidance, maybe I think likely a little bit higher than that. But overall, we feel very good about our guidance position for going forward.

For 2023, our Pharmacy Services businesses continue to be strong. Our Retail Business is tracking well. Net investment income has continued to be a positive. So, I'm comfortable with our guidance for 2023. But I think inside HCB, we – if this continues to persist again at the level we've seen for the first two months, we probably have some pressure on our MBR guidance.

But again, in the context of this I wanted to – important to realize we did also assume not only this pressure but some incremental pressure for 2024 in our outlook. And we feel that two months, that’s still intact.

Erin Wilson Wright  
Analyst, Morgan Stanley & Co. LLC

And what would you attribute it mostly to? Is it the pent-up demand? Is it the hips or the knees? Is it...

Shawn M. Guertin  
Chief Financial Officer, Executive Vice President & President—Health Services, CVS Health Corp.

It looks like that, right? It's those kinds of categories where I’d say somewhere discretionary deferrable. And so, we're continuing to see it in those categories. And so to your point, I think it's reasonable to think at some point this bubble, if you want to call it that, will abate. We're not seeing that through two months, but we're not also seeing anything different in the underlying utilization data and categories that makes us feel differently than we did a couple months ago about what this appears to be.

Karen S. Lynch  
President, Chief Executive Officer & Director, CVS Health Corp.

Yeah. The other place that we’re seeing utilization is in behavioral.

Shawn M. Guertin  
Chief Financial Officer, Executive Vice President & President—Health Services, CVS Health Corp.

Yeah. That's true.

Karen S. Lynch  
President, Chief Executive Officer & Director, CVS Health Corp.

That kind of continues to be an area of pressure across our entire portfolio as well.

Erin Wilson Wright  
Analyst, Morgan Stanley & Co. LLC

Okay. Great. I do want to ask on some of the recent dynamics with the PBM. Our view is that the reaction to the Blue Shield contract in California was somewhat overblown, but we'd be interested to hear your thoughts on the contract transition, thoughts on just broader unbundling and will we see others follow suit and your view on that?
Well, thank you for saying that because I agree with you. I think it was overblown as well. I think people thought the Blue Shield contract is disruptive. What I would say is it really is just an unbundling of PBM services. And as a company, we continue to offer unbundled services as well.

One of the things that – if you think about what's happening in the PBM industry, obviously, what do we do, we do trend management. We have pay claims. We do service. We provide specialty services. And one of the highest trend areas is specialty Blue Shield is continuing to engage with us on that specialty – those specialty services.

So, that's where kind of the value from that business is coming from. I'd remind everyone that this was a large contract – in a large contract. We typically see lower margin on large contract.

The other question I consistently get is the $500 million in savings that they said that they would have, do I know where they're getting it? I actually don't know. We're not earning that kind of money on that account. So, I think there's some questions that are still out there, right? What's their formulary management strategy? What's their network contracting strategy? And so, I'd also remind investors that we continue to win Blue Cross Blue Shield business as well. We won Massachusetts earlier this year. We won Tennessee. Those health plans are interested in the value of our integrated offerings and the value and the service that we provide.

The one thing that we are consistently focused on is consumer experience. Our NPS scores are incredibly high on an integrated case, and that would be another question I would ask. One of the things in America if you think about what's happening in America relative to healthcare is fragmentation and unbundling of services makes it very difficult and hard for people to access care, and that is something that we are incredibly focused on as a company to make sure that people have seamless connected experiences across the spectrum of healthcare. And I would argue that the businesses that we're creating will enhance the value of consumer experience in healthcare.

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

Also on the PBM front and biosimilars in particular Cordavis is another interesting opportunity and something that was a recent development as well. Can you describe kind of the role you're playing there? What's the goal, the rationale behind it, which I think we kind of know, but can you give us a little bit of an update on your strategy on that front?

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

Yeah. What I would say is if you think about our role as a PBM, we have one role and that is to reduce the overall cost of drug spend. And part of doing that is to make sure that we continue to innovate. And Cordavis is one of those innovations in healthcare that we are really driving. It is a relationship with Sandoz that is a manufacturing for biosimilars. And if you think about what's important for the biosimilar market is to drive adoption of lower cost drugs.

So with Cordavis, what we'll be doing is we'll be introducing a biosimilar [ph] pack (00:17:47) that is a HUMIRA biosimilar, which will be 80% less than the current HUMIRA price. And what's really important, two things in biosimilars that we haven't seen yet. One is adoption. And the way you get adoption is to make sure that you have the supply. So as part of our Cordavis initiative, it's really we'll have the supply and we'll have the ability to drive adoption of the biosimilar market. And that's what we're really trying to accomplish.

And let me see if there's anything, Shawn, that you want to add here.
Shawn M. Guertin  
*Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.*

Yeah. No. So, I think I – the one thing, Erin, I would add, like there's many similarities between this biosimilar phenomena and what we've gone through on generic pills and tablets but there are some differences, and Karen was beginning to get to it. There's many things as we thought about this space around customer preference for example, for the device delivery, like the pen or something like that, high concentration, low concentration, citrate-free, latex-free. So there's a lot about when you think about adoption that's going to have to do with customer preference for the agents.

So we spent a lot of time thinking about what would be the biosimilar that would lead to the greatest sort of adoption to drive the low cost that Karen is describing. And also somebody that could sort of make sure that we had the stable supply, right, into the market. And so when you put all those things together, it made sense for us to sort of pursue this path and kind of get that -- at the end of the day, get that benefit of cost savings for all of our customers.

*Erin Wilson Wright  
*Analyst, Morgan Stanley & Co. LLC*

And will this be a strategy even beyond HUMIRA? Maybe that's more of a unique case study, but will this extend...

*Karen S. Lynch  
*President, Chief Executive Officer & Director, CVS Health Corp.*

No. Our intent is that this will be a strategy to support the biosimilar market and support the biosimilar adoption of our customers.

*Erin Wilson Wright  
*Analyst, Morgan Stanley & Co. LLC*

Okay. Great. And then also on the PBM side, regulatory dynamics, what are you paying attention to? I think you were discussing earlier you're heading to DC after this conference. What are your discussions like currently? What do you think ultimately gets passed? And how are you thinking about particularly the regulatory scrutiny across the PBM space?

*Karen S. Lynch  
*President, Chief Executive Officer & Director, CVS Health Corp.*

Yeah. So, what I would say and I'll go back to kind of there is a lot of scrutiny of the PBM market. And I think that there's a lot of misunderstanding in what we do as a company. And as I said earlier, our objective and our goal is to reduce the total cost of drugs. And that's really what we're trying to accomplish as a business and as a company. And customers, health plans, employers depend on us to do that. And so, there is a lot.

So when I’m in Washington – we’re in Washington, it’s really trying to help the regulators and Senators and Congress people to really understand kind of what it is that we do and there's a one part of kind of education that when we go to Washington, that's what we're trying to accomplish, is really educating them on what it is that we do as a business and a company and how we've been continually innovating over a period of time to really drive at lower drug cost.

What do I think? There's a lot of discussion around a lot of different things relative to what's on the table today and what Washington is really looking at. I think, well, when they – I think that they're very concerned about
transparency. So I think if anything does pass, it'll be relative around transparency. As a company, we are very 
transparent with our customers when we kind of look at kind of our value chain. So, we're supportive of 
transparency, we always have been, and we've been very focused on transparency as a company.

And the question is, does that make it to the floor? I don't know. But I do know that we're very much strongly 
advocating and making sure that people truly understand the value that we bring in the healthcare system and the 
focus of what we're trying to do as a company.

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

Okay. Great. And then I appreciate that you did reiterate guidance, I think, in an 8-K yesterday. I guess, can you 
talk a little bit about some of those puts and takes that bridge us to 2024, but also outline some of those 
headwinds and tailwinds as we think about 2025? And maybe this goes back into the Stars discussion too to 
some extent – to the extent you can elaborate even more there.

But also bigger picture, is double-digit EPS growth still the right long-term goal. And is it more about kind of your 
line – how was your line of sight to get to that goal and timing thereon and especially given kind of the 
investments that you need to make and sort of the recent acquisitions as well?

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

I can ask Karen...

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

Sorry, that's a big question, yes.

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

No, I'll let Karen fill in on the end on the go, but I'd just reiterate on the – so you're not thinking about it throughout 
my answer. But absolutely our long-term goal is to reposition the company to generate the double-digit EPS 
growth. Right? And the pathway there will be something that we talk a lot about, I think, at Investor Day. But it 
absolutely is that it's really one of the reasons we're embarking on this strategy, right, which is to fundamentally 
change the long-term growth rate of the company to get there.

For 2024, there – if you step back like at least two cycles really what – we had laid out the $9 after we announced 
some of the deals for next year. We had some pressure against that from COVID and 340B, which we talked 
about, and we talked about our ability to offset that pressure through G&A savings. And literally in the span of 
three or four months, we executed a program to create that $700 million of G&A savings that we announced on 
the second quarter and we've taken the charge.

In the second quarter, we saw some other moving pieces as well. On the pressure side of the equation, Medicare 
was the biggest one that is in that particular equation. And as I mentioned, what we had assumed was that the 
pressure we were already experiencing in 2023 would carry through to 2024 and that we'd even see some 
incremental pressure. So, that was the singular biggest item that I would say to the negative.
We also took down expectations for our PCW/Retail business as well. We did begin to see a little bit of consumer softening of demand in the second quarter. We expect the COVID contribution from that business to continue to decline as it has the last few years. So, we took those down.

One mechanical thing to remember that I should have started with is our guidance never assumes prior-year reserve development that was worth about $0.05 through the last quarter. So, you should take that out as well.

On the positive side, our Pharmacy Services, so PBM business continues to do very, very well. We've raised our guidance probably at the last call about $500 million for that business this year. Not all of that will run rate through. Some of that will get reset in the natural pricing of the business. We sort of have the annualization of the 340B effects, but that should be a positive driver for us as well.

That picture is sort of what leads us more or less to like a big picture where adjusted operating income will be roughly flat from year-over-year in those businesses. So if you think about my explanation, you have HCB coming down a little bit. Obviously, that's where we're seeing Stars. You'd have our Retail business coming down a little bit. You'd have Pharmacy going up a little bit. And because of the expense actions, we'd get a little pickup probably in corporate as well. But that's overall is flat. Share count and interest expense will roughly offset each other, and that's sort of how we get to the flat EPS.

I think the big decision that for 2025 if we're fortunate enough to find ourselves in the position of having Stars – any big pickup in Stars revenue, we'll be thinking about the investments that we want to make in the business long term to get to that double-digit trajectory or even in the near term in terms of Medicare growth. And some of this is always an iterative process to see how well you do in this growth year and do I want to generate more growth.

So, there will be a decision to make about sort of the full reclamation of all of the margin impact of Stars and at what pace should we do that, are there things that make sense to invest some of that in as part of this long-term equation especially in light of the assets we own now, I think, are relevant to think that through as well. So, you may end up deciding to spend that in more focused places as an example than just sort of broadly. But that will obviously, fortunately – if we're fortunate enough to find ourselves in that position, that'll be a big decision for 2025. And then we'd have a lot of the other natural growth drivers.

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

And just to add to Shawn's point, I'm optimistic about our ability on Stars. I just want to reiterate that.

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

Yeah.

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

And even on one of your largest plans as well?

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

Yeah.
Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC
Okay.

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President Health Services, CVS Health Corp.
Erin, the only other thing on 2024 that sometimes gets missed a little bit as people think about their models and are looking at it is our – what we call our IFP business, which is our ACA exchange business, which we have a million lives in – there $5 billion of revenue, thereabouts. That is not a business that in 2023 is making a contribution to earnings. And I think at that scale, the benefit of getting to that membership that quickly is we are scaled. I think it’s our intention to try to reposition that business, maybe not for full-target profitability but for some profitability. So, you’re taking something that’s not contributing, making it a positive contributor. So when you think about how does our HCB business perform year-over-year, that’s one dynamic that you need to think a little bit about inside there.

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC
And presumably we’ll hear better visibility in 2025, next earnings or Investor Day...

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.
Investor Day.

[indiscernible] (00:27:50)

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC
Okay. And then I did want to touch on just you mentioned investments and I did want to touch on just capital deployment in general. And obviously, the focus right now is executing on those core anchor assets that you’ve acquired. But what are the next steps in terms of finding other new sources of growth but also building upon some of those recent M&As. Is it smaller deals that you’re looking at from here on out?

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President Health Services, CVS Health Corp.
Yeah.

Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC
What are you looking at from an M&A standpoint?

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President Health Services, CVS Health Corp.
Yeah. And I think, again, I would reiterate for everybody the capital power, the capital generation of this business is incredibly strong especially when you start thinking about this on a multiyear basis sort of strategically. And our construct that we’ve shared with you, I would say, is still intact where 50% of the capital that we generate roughly would be available for M&A, de-levering or buying shares back, kind of put the dividend a separate bucket here.
I think in the near term, right, we have two large kind of premier assets. So, more M&A in the near term is certainly not the priority. And so I'd say inside that bucket, there might be more of a shift to the other uses. Certainly over time, there are other capabilities that would make sense to bring into that vision I described at the beginning. But we'd have a bias towards those being accretive, and we'd also – it's never say never but it's unlikely, right, that those would be of the size and scale potentially of what we just did where we really needed kind of that anchor asset, that anchor capability to really power this value-based engine. So near term, not nearly as much focus on M&A as the last two years have been. M&A plays a longer-term role but not in the same – not in the same way it has in the last two years.

Erin Wilson Wright  
Analyst, Morgan Stanley & Co. LLC

If I could sneak one last one in here.

Shawn M. Guertin  
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

Yeah.

Erin Wilson Wright  
Analyst, Morgan Stanley & Co. LLC

Just GLP-1s, if I could get just a quick comment, if net positive/negative across your – the enterprise [ph] entirely (00:29:51)?

Shawn M. Guertin  
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

Yeah. I would say it's probably a modest positive right now, because in HCB it's not covered on most of our fully insured for weight loss on most our fully insured contracts unless the customer has bought a rider and only the minority of our customers have done that, and generally our pricing has been okay on that rider when in the concert of all the other things. So, it hasn't had a big impact on the fully insured business. Most of the uptake that we've seen there is on self-insured where employers are electing to cover it for weight loss.

So, we've seen tremendous volume like go through retail but that brand drugs don't proportionately kind of contribute to retail like they do – like generic drugs do. Not as big an issue in HCB but we've seen some positive in our PBM business. Going back to Karen's point, this is like case Exhibit A1 in the ability of a PBM to drive down costs for high-cost drugs. And you can really see it already on this class of drugs.

Erin Wilson Wright  
Analyst, Morgan Stanley & Co. LLC

Great. Excellent. Thanks so much for attending.

Karen S. Lynch  
President, Chief Executive Officer & Director, CVS Health Corp.

Thanks, Erin.
Erin Wilson Wright
Analyst, Morgan Stanley & Co. LLC

I appreciate it.

Shawn M. Guertin
Chief Financial Officer, Executive Vice President & President-Health Services, CVS Health Corp.

Thank you.

Karen S. Lynch
President, Chief Executive Officer & Director, CVS Health Corp.

Thank you.

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