



# Building the Most Consumer-Centric Health Company

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**Alan Lotvin, MD**  
Executive Vice President &  
Chief Transformation Officer



## Cautionary statement regarding forward-looking statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of CVS Health Corporation. By their nature, all forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons as described in our Securities and Exchange Commission filings, including those set forth in the Risk Factors section and under the section entitled “Cautionary Statement Concerning Forward-Looking Statements” in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

The presentations at our 2019 Investor Day include non-GAAP financial measures that we use to describe our company’s performance. In accordance with SEC regulations, you can find the definitions of these non-GAAP measures, as well as reconciliations to most comparable GAAP measures, on the Investor Relations portion of our website.

[Link to our non-GAAP reconciliations.](#)

# A team with a diverse experience set

to lead our company through a time of change



**Alan Lotvin, MD**  
Chief Transformation  
Officer



**Dan Finke**  
Transformation  
Products & Services



**Megan Hall**  
Strategy &  
Partnerships



**Ali Keshavarz**  
Analytics &  
Behavior Change



**Bruce Culleton, MD**  
Kidney Care



**Kari Holloway**  
Kidney Care



**Nicki MacManus**  
Primary Care  
Optimization



**Ben Wanamaker**  
Consumer Products



**Quinby Squire**  
Chief Financial Officer



**Dave Edelman**  
Chief Marketing Officer



**Betsy Ferguson**  
Legal



**Eldridge Banks**  
Human Resources



**Tammy Arnold**  
Communications

# Agenda

## | Strategy for accelerating growth

Our differentiated consumer experience

Product roadmap and value creation







# A truly consumer-centric health company



## Be local

Community-focused  
Within 3 miles of ~70% of  
US population

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## Make it simple

Technology-enabled  
Connecting physical and  
digital experiences

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## Improve health

Solving unmet needs to help  
achieve best health  
More than 30K health care  
professionals



## Our community assets differentiate us

Consumers invite us into  
their **homes**

We are embedded in their  
digital lives, in their **hands**

Our stores are in their  
community – a local **“hub”**

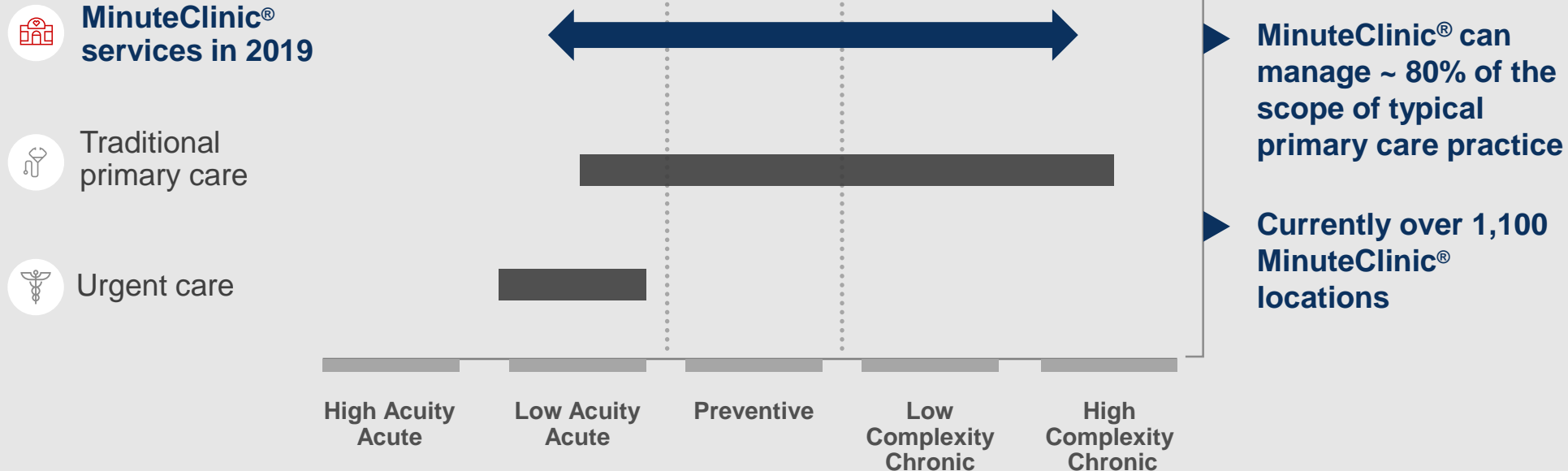




**We meet consumers where they are**

# We're reinventing local health care delivery with our community assets

## ONE EXAMPLE:



### New services include:

- Sleep apnea screening
- Retina evaluations
- Phlebotomy



# Transformational products and services

Solve customers'  
biggest problems

Accelerate in fastest  
growing segments

Deliver true  
innovation

Differentiate  
legacy businesses



# Our product and service portfolio targets the biggest challenges in health care



**New consumer facing products**



**Comprehensive chronic care and disease management**

- 60% adults have chronic disease<sup>1</sup>
- \$3T in spend in U.S.<sup>2</sup>
- \$50B spent by Aetna clients<sup>3</sup>



**Risk carve-outs**



**Optimize government programs**



**Home hemodialysis**

- \$114B in Medicare spend on CKD and ESRD patients<sup>6</sup>
- CMS to maximize home therapy<sup>11</sup>



**Analytics products**

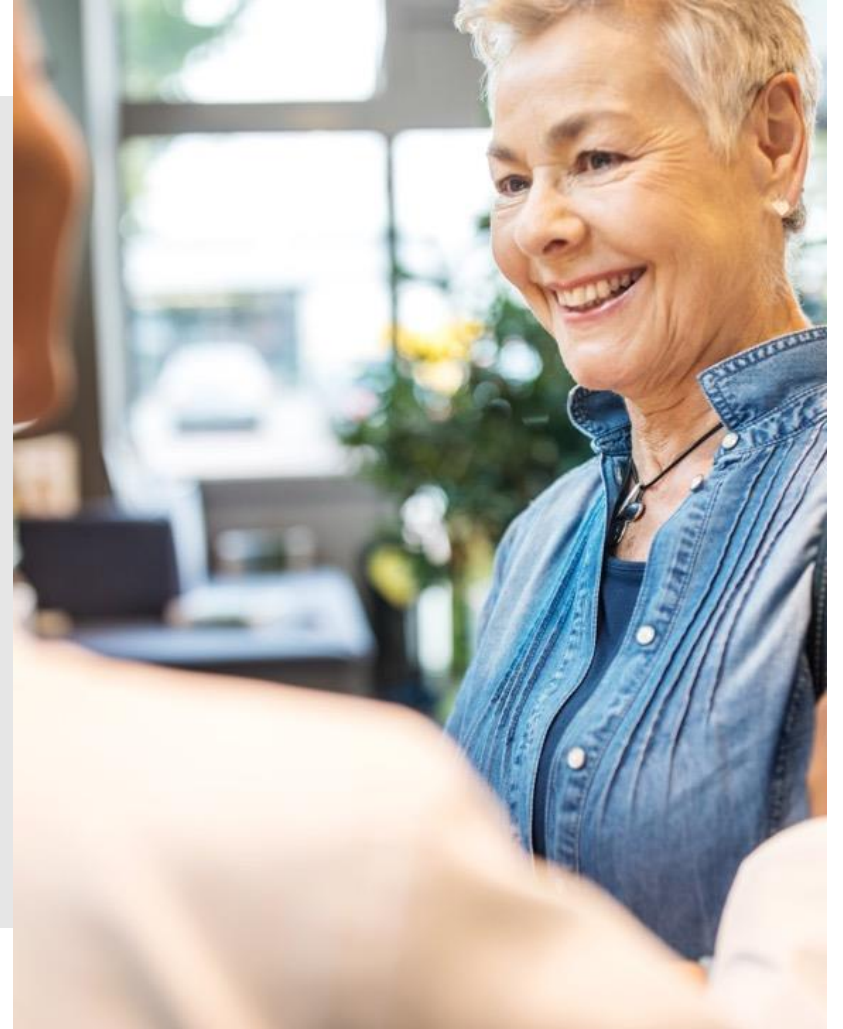
**Focusing on large opportunities enables us to create significant financial value**

# Agenda

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# 360° member view

enables personalized engagement

**Identify  
consumer risk  
stratification**

Complex chronic

Common chronic

Healthy



**Personalized  
engagement**



**Impactful  
interventions**

- Coordinate care
- Integrate member context
- Influence meaningful moments



# Transforming the patient journey

Multiple community touchpoints

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Connecting physical and virtual experience

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Two-way data flows to defragment care



## **JOSEPH** **48 years old**

- Has type-2 diabetes
  - Infrequently sees his primary care doctor
  - On medication
  - Demanding job
- 



## **SUSAN** **62 years old**

- Has difficult-to-control high blood pressure
- Last visit with PCP was 1 year ago
- Wants to work until age 70

## JOSEPH'S JOURNEY



Identified as needing an annual diabetes exam, Joseph is counseled while filling his prescription.

Dietician

Primary care provider

Pharmacy

Care manager



MinuteClinic®





## JOSEPH'S JOURNEY



MinuteClinic®  
administers annual  
diabetes exam. Need for  
additional support  
identified.

Dietician

Primary care provider

Pharmacy

Care manager



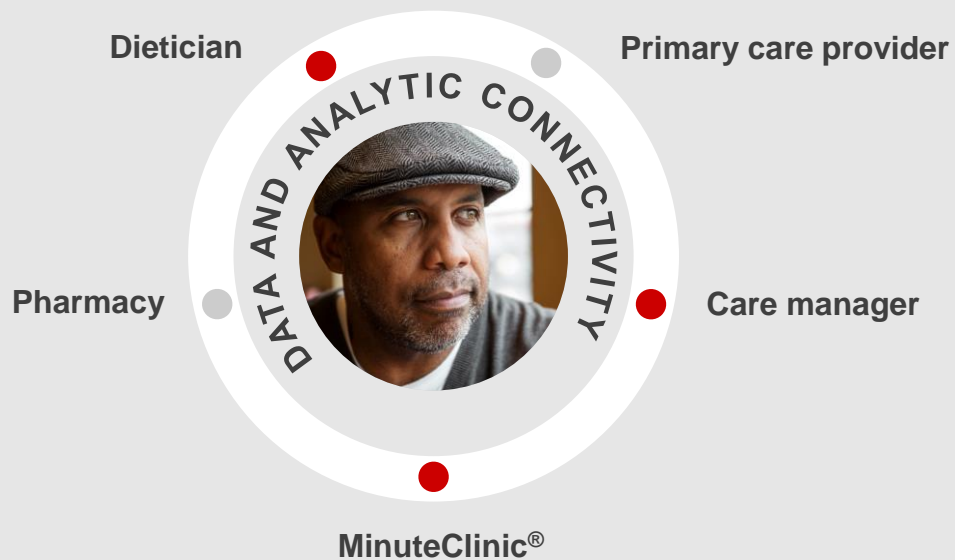
MinuteClinic®



## JOSEPH'S JOURNEY

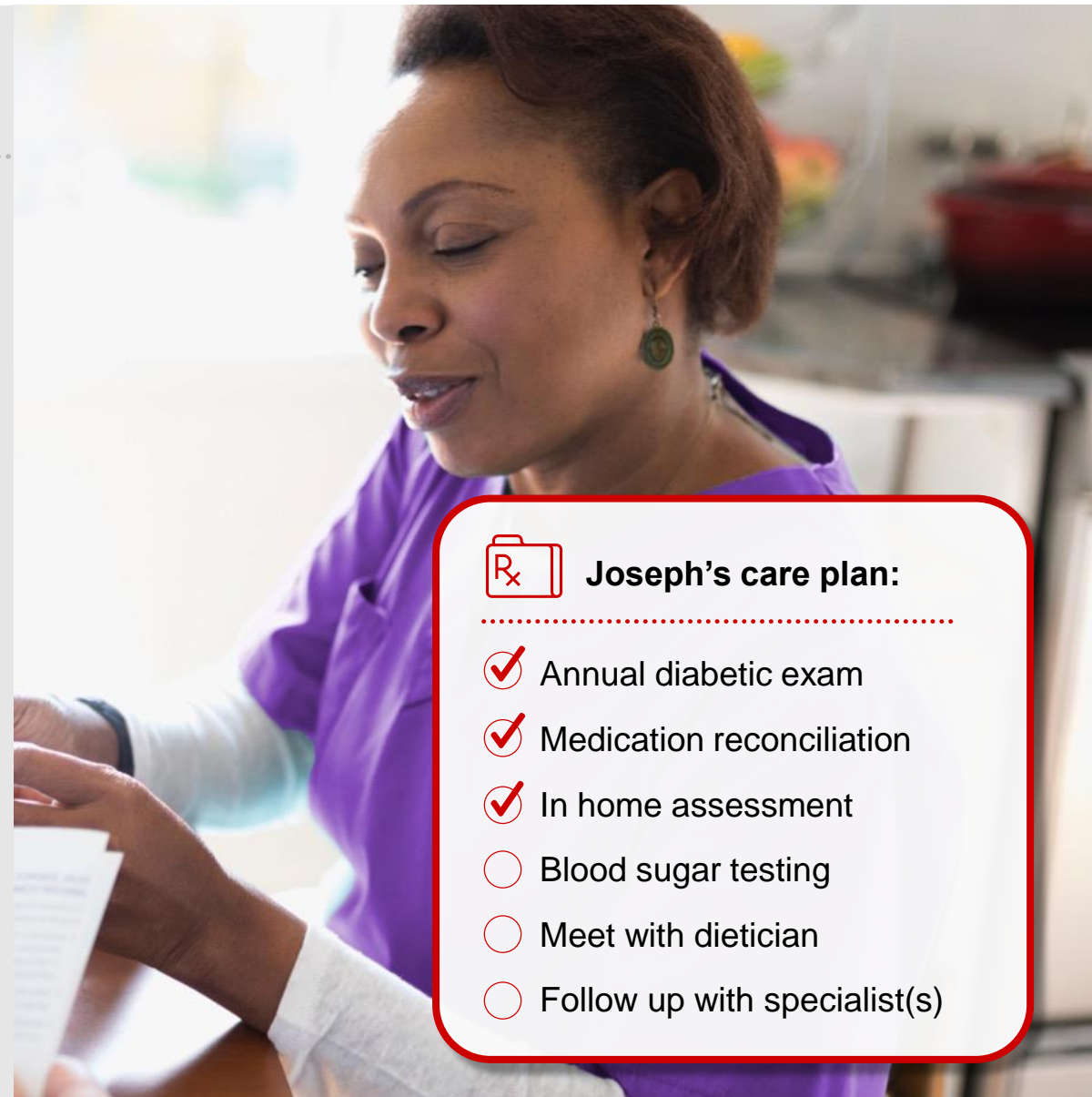


Care manager visits Joseph at home and creates a care plan to keep him on track.



### Joseph's care plan:

- ☒ Annual diabetic exam
- ☒ Medication reconciliation
- ☒ In home assessment
- ☐ Blood sugar testing
- ☐ Meet with dietician
- ☐ Follow up with specialist(s)



## SUSAN'S JOURNEY



Analytics identify elevated risk.  
Care management contacts Susan.



Note: Home hemodialysis device still pending FDA approval

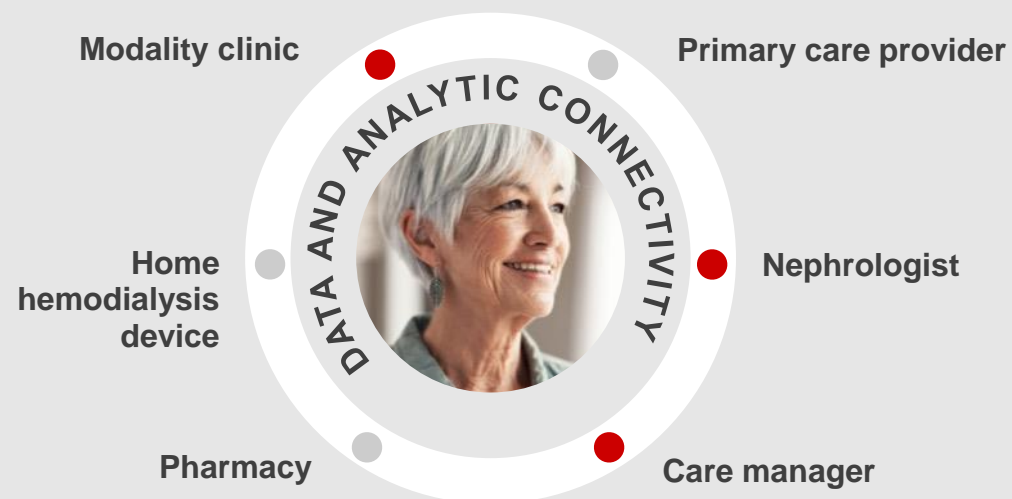




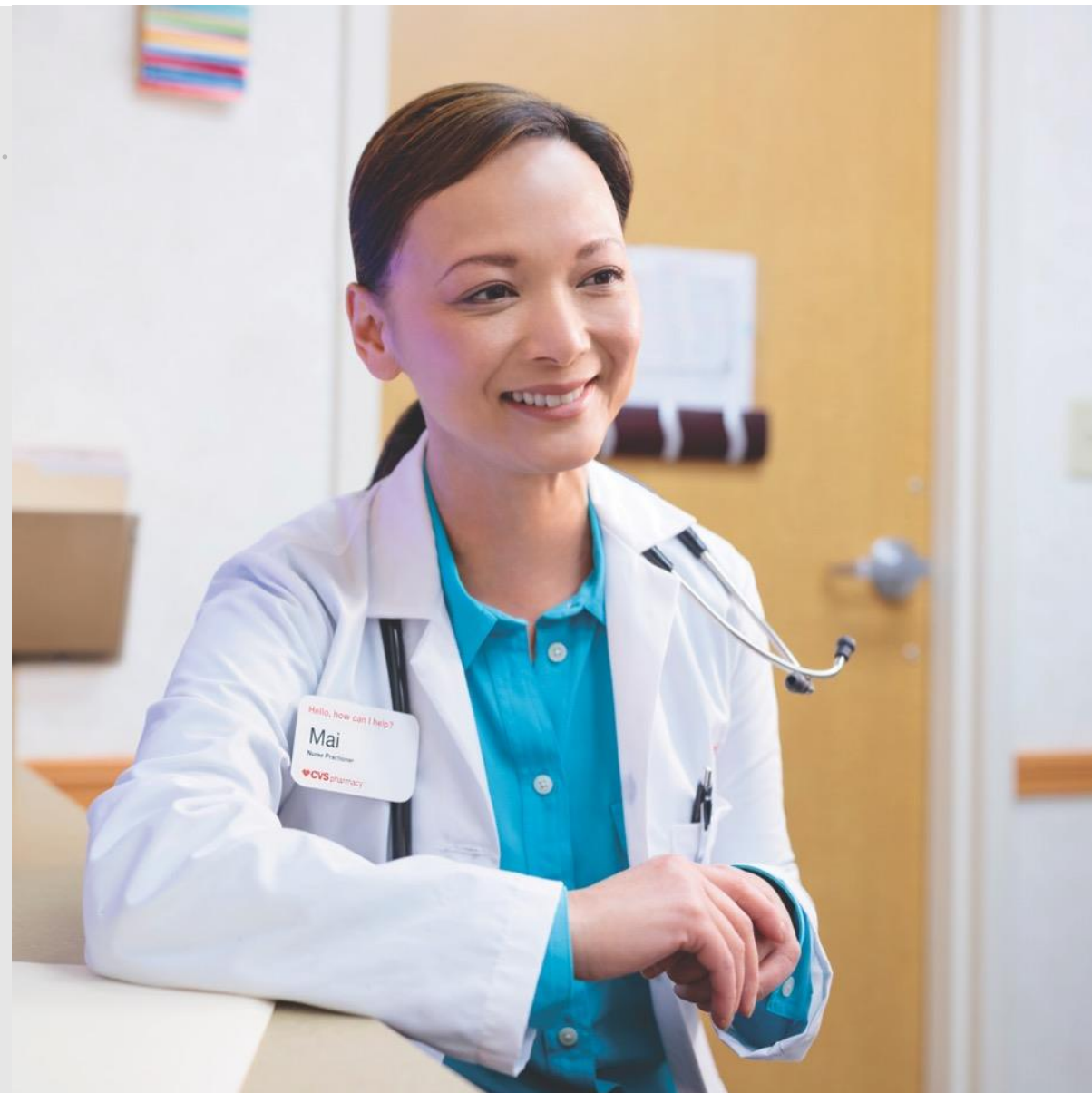
## SUSAN'S JOURNEY



Discusses options for future renal replacement therapy and makes a plan for future dialysis.



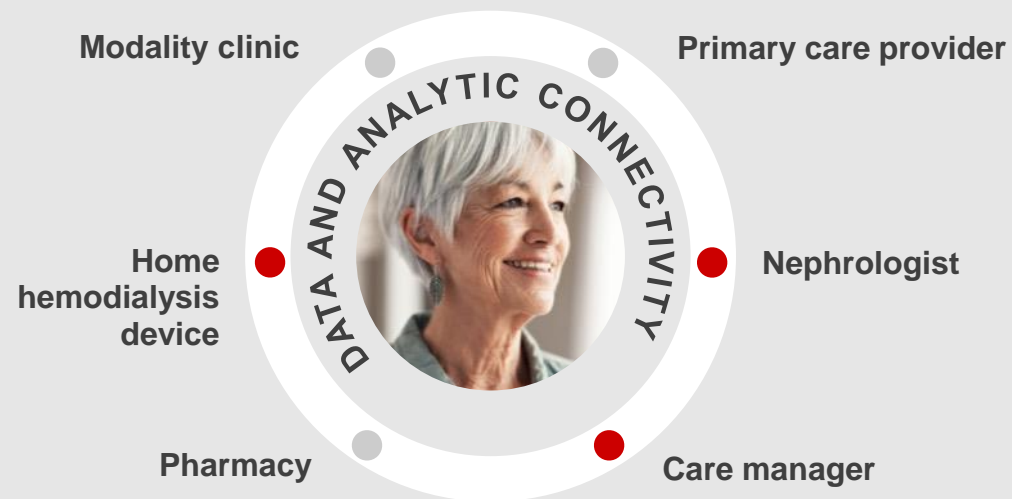
Note: Home hemodialysis device still pending FDA approval



## SUSAN'S JOURNEY



Starts home hemodialysis and is able to continue working.



Note: Home hemodialysis device still pending FDA approval

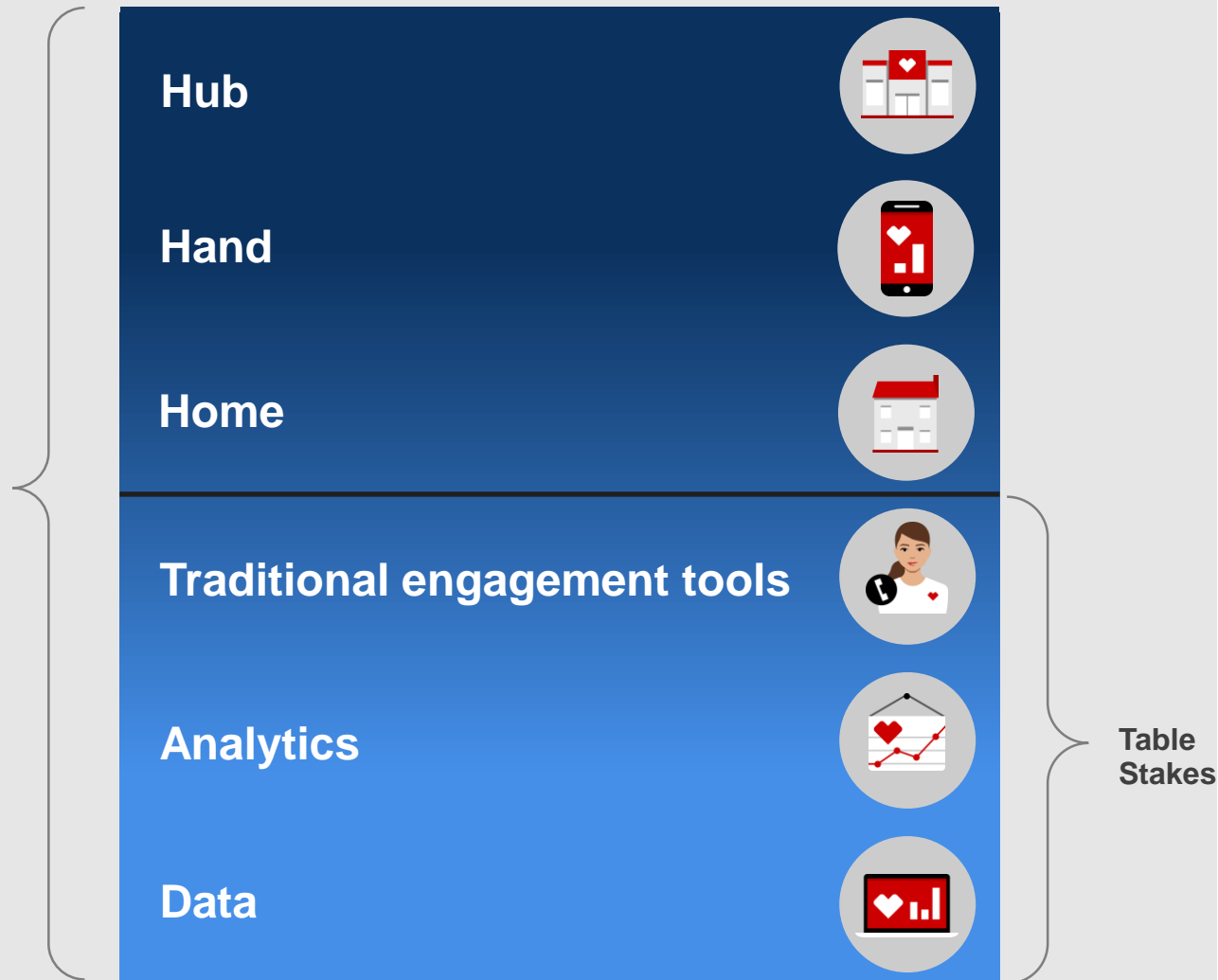


# The CVS Health difference



## Community touchpoints are our differentiator:

- Changing behavior by being a part of daily life
- Improving outcomes associated with chronic disease



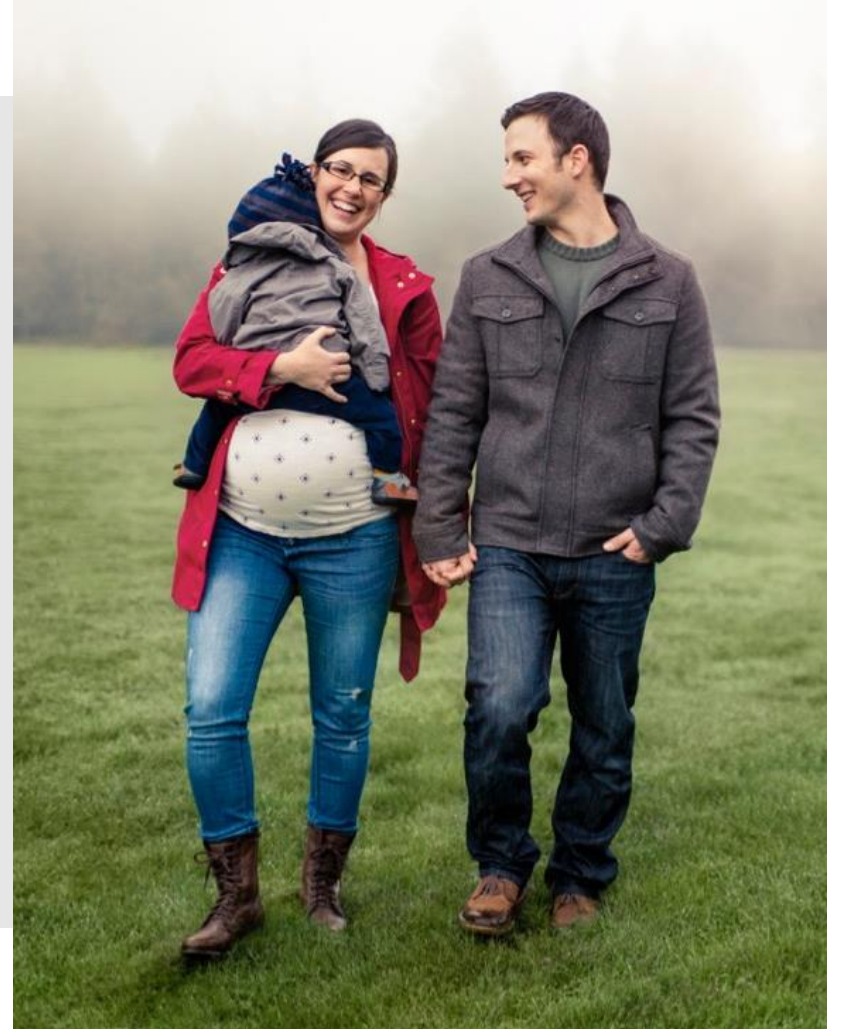


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**Product roadmap and value creation**



# Our product and service portfolio targets the biggest challenges in health care



## New consumer facing products

- Greenfield opportunity
- Substantial focus of health care VCs



## Comprehensive chronic care and disease management



## Risk carve-outs

- \$180B spend for oncology / kidney disease<sup>5</sup>
- Major client pain point



## Optimize government programs

- STARS drives revenue and enrollment
- \$6.3B opportunity for MA plans<sup>4</sup>



## Home hemodialysis



## Analytics products

- \$19B industry growing at a 28% CAGR<sup>7,8</sup>
- Highly fragmented industry

**Focusing on large opportunities enables us to create significant financial value**

# How we'll create value across the enterprise



## Medical cost savings

Commercial insured  
Medicare Advantage



## Membership growth

Plan sponsors  
Medicare Advantage members



## Expanded use of CVS assets

Pharmacy  
MinuteClinic®  
Front of store  
Coram  
Medicare Advantage quality improvement



## Increased consumer satisfaction and retention

Improving the consumer experience

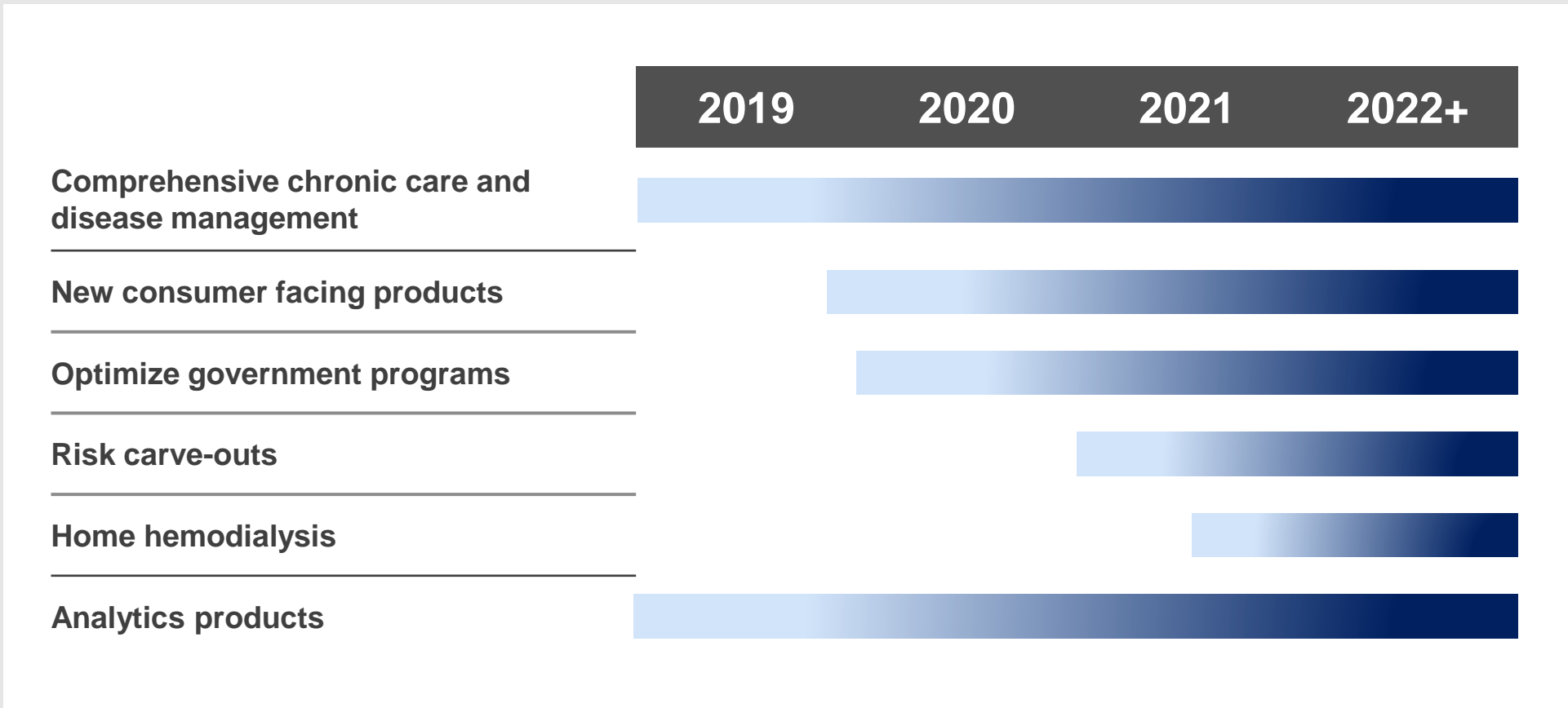


## Open platform and new businesses

Payor agnostic solutions  
Data and analytics products  
New businesses



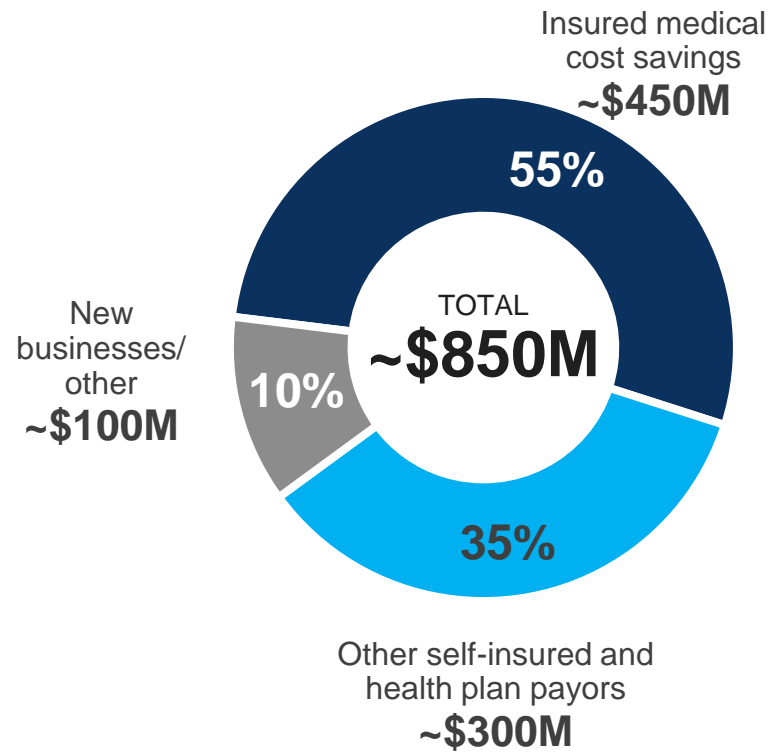
# Transformation product timeline



# The portfolio is projected to drive significant operating income

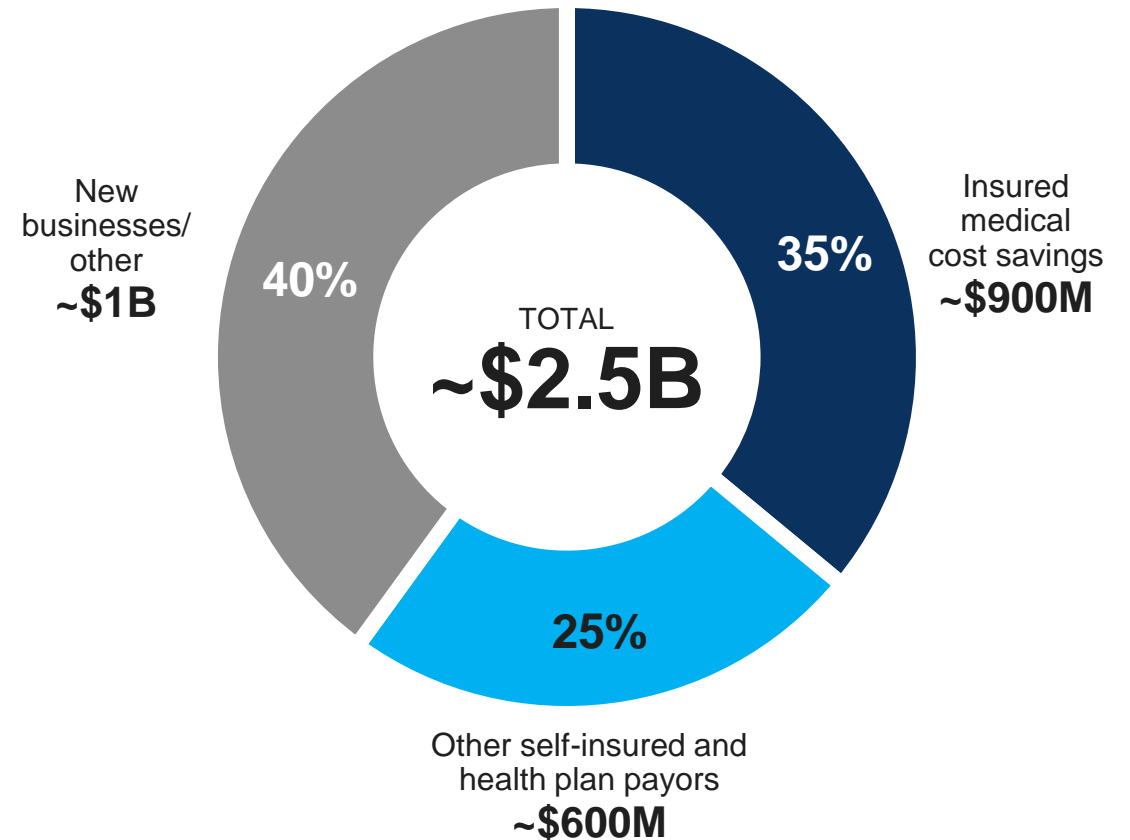
## 2022

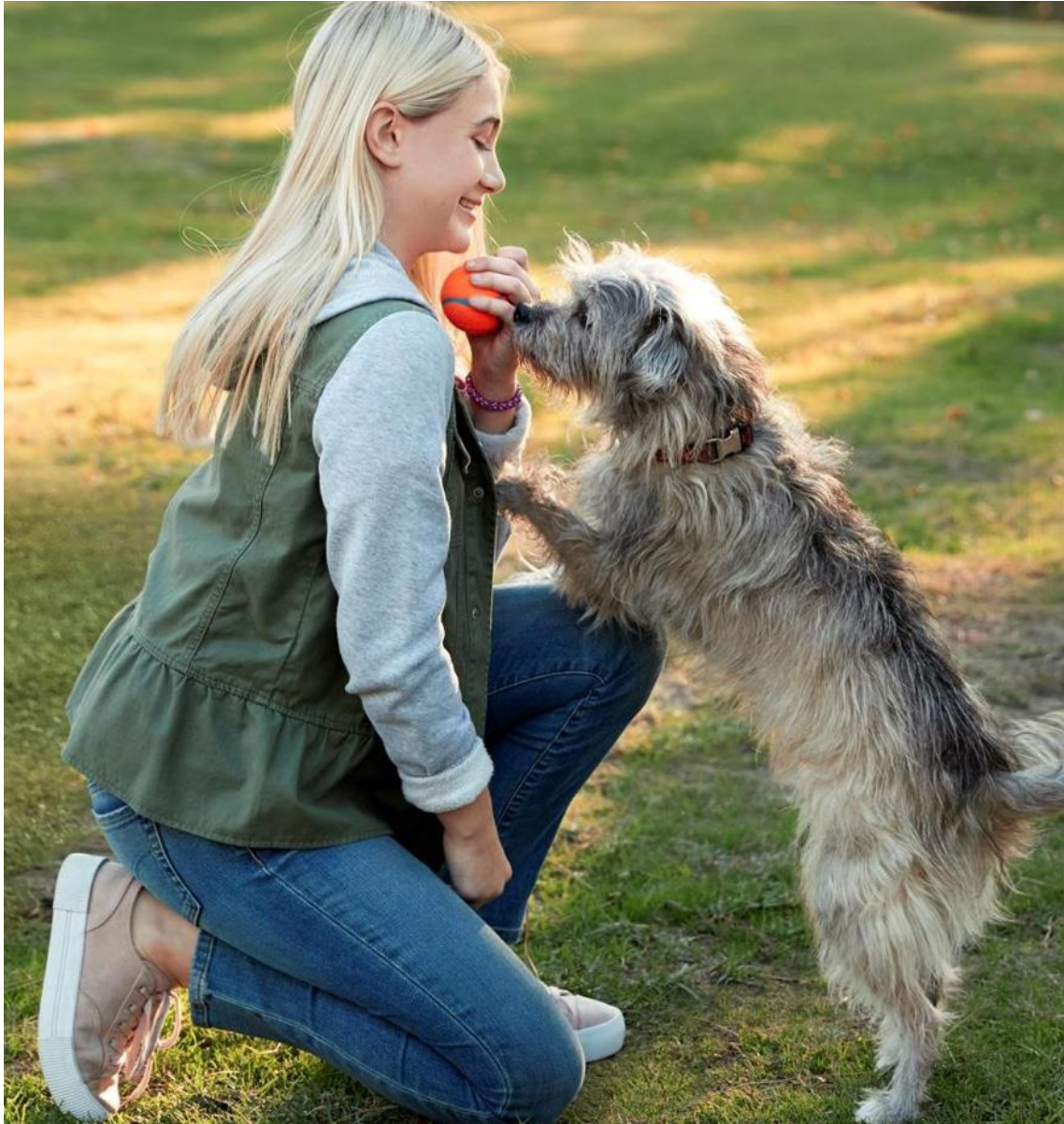
~\$850M in projected operating income for the enterprise<sup>10</sup>



## Long Term

~\$2.5B in projected operating income for the enterprise<sup>10</sup>





## KEY TAKEAWAYS

# Building the most consumer-centric health company

Becoming the most consumer-centric health company

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Differentiating through our community touchpoints

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Building a balanced growth portfolio supporting all businesses

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Projecting ~\$2.5B of operating income over the long term



# Endnotes

1. 6 in 10 adults in the US have a chronic disease; Source: [CDC](#)
2. \$3T in US spend on people with chronic and mental health conditions; Source: [CDC](#)
3. \$50B in chronic care spend within Aetna membership in 2017 (includes insured and ASO); Source: Aetna
4. \$6.3B in bonus payments from CMS for Medicare Advantage plans; Source: [KFF](#)
5. \$180B+ in US spend on cancer and renal disease in 2017; Source: [United States Renal Data System](#), [National Cancer Institute](#)
6. \$114B+ in Medicare spend on CKD and ESRD patients in 2016; Source: [United States Renal Data System](#)
7. Top two analytics industry leaders earned \$19B in revenue in 2018; Source: Annual Reports ([UnitedHealth Group Incorporated](#), [IQVIA Holdings Inc.](#))
8. Healthcare analytics 28% annual growth rate; Source: [ReportsnReports](#)
9. Joseph and Susan are illustrative patient examples.
10. Currently enacted laws and regulations were used in all the Company's projections.
11. <https://www.reuters.com/article/us-usa-healthcare-dialysis/u-s-seeks-to-cut-dialysis-costs-with-more-home-care-versus-clinics-idUSKCN1QL0G6>, accessed March 4, 2019.