CVS Caremark: Profile Summary

Focus on connected model, innovation to increase access/affordability, and enhanced member and provider experience

CVS caremark™

Value prop positioning

- **Providing face-to-face engagement** and prescription services, including specialty, through retail stores.
- **Offering innovative health services** with retail clinics, home infusion services and nurse management.
- **Creating convenience** through personalized technology and digital experiences as a "tech-forward PBM".

Background

#2 nationally in PBM market share

1.9B ARx in 2024 (-17% Y/Y)

- 27% PBM market share

- **88M** members
- **46M** prescriptions filled through mail
- **~65K** network pharmacies nationwide, of which 43% are independent
- **~9K** CVS Pharmacy retail locations

Primary differentiators

- **Retail background** gives a strong marketing foundation and consumer brand awareness

  "Offers multiple channels to access care locally and nationally"

- **Expert marketers who tell a strong story** around its integrated assets

  "A complete health care ecosystem"

- **Integrated retail/PBM/health plan/care** allows them to tell a unique story around capabilities and programs

  "Impact America's health through wellness, benefits, pharmacy, and drug coverage"

Key product positioning

- <u>**Core positioning**</u> ▶ **Connected Model:** Omnichannel health experiences for consumers via digital and integrated solutions (Retail Pharmacies, Minute Clinics, Oak Street clinics, Signify Home Health)—expected to generate 3-4x greater consumer lifetime value for a fully engaged CVS Health member.
- <u>**Secondary positioning**</u> ▶ **Access & Affordability:** Leaning into new transparent offerings at retail (CostVantage) and new transparent PBM pricing model (TrueCost).
- **Clinical model highlights:** Home care will be the first place that CVS expects to more deeply integrate PBM and care delivery business; Focused on care for MA population.
- **Biosimilars**: Cordavis for preferred biosimilar strategy, excludes Humira.
- **Weight Loss**: GLP-1 program called Weight Management program.

Specialty positioning

- **Specialty-trained Care Teams** provide therapy-specific support (includes Coram infusion services and Accordant Care nurses).
- **Intelligent Medication Monitoring (IMM)** engages members no longer benefitting from their therapy.
- **Transform Oncology Care™** program, including Radiation Oncology.
- **Digital connections** through Specialty Expedite (PA) and Specialty Connect (access)

EVERNORTH HEALTH SERVICES

CVS Caremark: Sell-Against Messaging

Use Case: When you have limited time and want to make a big impact, focus on these key points to counter CVS's market positioning

01 Store foot traffic is paramount:

CVS's programs, which are not exclusive, drive members to the store as they need to encourage front-of-store purchases.

CVS needs ESI members in stores because **75% of the market is not owned by CVS Caremark.** Customer satisfaction for CVS pharmacies has been declining Y/Y.

900 retail stores closed since end of last year, and an additional 270 to close this year (~12% of national footprint)

02 CVS will always take care of CVS first:

They've prioritized Medicare Advantage to grow the population needed to fill acquired clinics – forcing the company to grow more internally focused

CVS Caremark will retain CVS pharmacies in-network, regardless of performance; CVS Caremark scored lower than ESI on metrics for the past three years of PSG Customer Satisfaction Surveys.

03 Perception is not reality:

CVS is skilled at marketing, but their product portfolio and consumer-facing technology experience suggest otherwise.

CVS touts innovation in the marketplace but has **closed their innovation center** originally launched in 2015 and tends to follow a "me-too" strategy with product development.

Across the board, **ESI apps score higher than CVS apps.**