

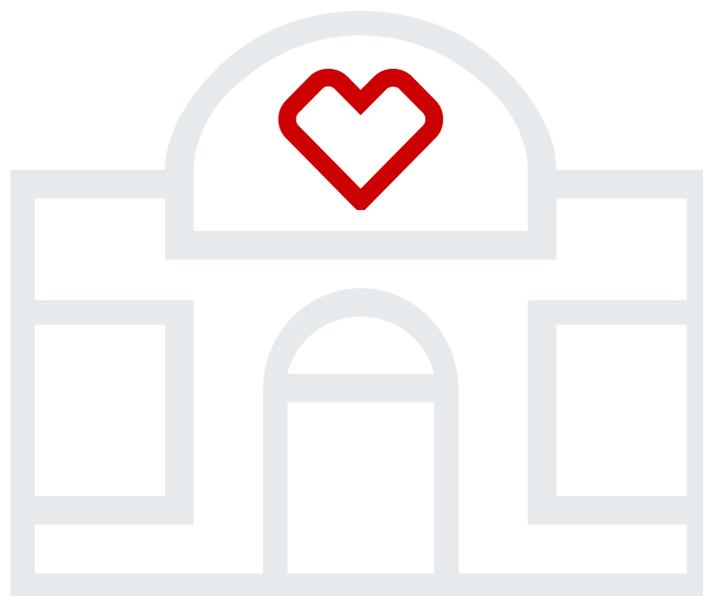
Insightsbriefing

January 9, 2019



Transforming the Consumer Health Care Experience

How our Integrated Model
Addresses Key Patient Challenges



Our goal in combining CVS Health and Aetna is to address the challenges of today's health care system and transform the experience by putting consumers at the center of care, beginning with the creation of a new front door to health care.

The current system is complex, fragmented and based on an episodic, fee-for-service model that is often wasteful. This leads to higher costs — the U.S. spends \$3.5 trillion on health care and that is rising. But the money spent does not always lead to better outcomes. This is unsustainable and the entire system needs to be transformed. We can and must do better.

■ **CVS Health intends to push the system toward less expensive, more convenient, high-quality care.**

This starts with engaging the consumer in their individual health care journey. We will use our consumer-centric assets to introduce the appropriate programs and services to help them achieve their health goals, thus improving health outcomes and lowering costs.

Our Efforts Will Be Guided by our Three Strategic Imperatives:

- ✓ **Be Local.**
We have more consumer touchpoints than any other health care company and this enables us to reach each patient when, where, and how they need us. Today, one-in-three Americans engages with CVS Health — we are part of their normal, everyday routines, which means we simply have to build our programs and services into their existing daily lives.
- ✓ **Make Health Care Simpler.**
We will empower patients to more effectively navigate the system and become more informed health care decision-makers by providing more convenient access to the information, resources and services they need.
- ✓ **Improve Health.**
Helping people on their path to better health has been a cornerstone of our purpose at CVS Health and by aligning the capabilities of Aetna with our consumer-centric assets we will be able to more effectively deliver on this goal.

Five Initial Areas of Focus:



Common Chronic Disease Management: Gap closure, adherence and assistance with care management plans to improve health outcomes for chronic patients



Readmission Prevention: Integrate CVS Health and Aetna clinical programs with our expansive community presence to support patients during and after discharge



Site of Care Management: Increase utilization lower-cost sites of care, including home infusion, where appropriate and prevent unnecessary ER visits



Optimize Primary Care: Expand scope of MinuteClinic services to help with early identification and management of chronic disease



Complex Chronic Disease Initiatives: New oncology product, cardiovascular disease interventions and chronic kidney disease management

The opportunity is massive. As a nation, we spend more than \$2 trillion annually — 86 percent of total medical spending — on treating patients with chronic conditions.^{1,2} Numerous studies estimate that up to a quarter of that spend, or \$500 billion, is avoidable.³ Addressing just five to 10 percent of that could lead to savings of tens of billions of dollars.

\$500B+ avoidable medical spend on patients with chronic conditions

We aim to help improve the management of five common chronic conditions — diabetes, cardiovascular disease, hypertension, asthma and behavioral health. We will build on our near-term medical cost savings by utilizing our rich clinical data and community assets, and through tighter integration of pharmacy and medical claims.

Better Care, Open Source Model

While some of the pilot programs are focused on Aetna members, we intend to expand the health and wellness services we offer, to plan members of all our health care partners through an open source platform.

We will also aim to increase the use of lower-cost sites of care, including home infusion, when appropriate. Research has shown that at-home and other alternative sites of care can be safer for patients and lower costs for payors.⁴ By helping identify frequent users of the emergency room (ER) and educating them on available care options we can help reduce unnecessary ER visits, further lowering costs.

As part of a new pilot program launched in the fourth quarter of last year, we will provide adherence outreach and counseling to Aetna plan members who are at high risk for adverse health events. This quarter, we will be launching another pilot to provide specialized, enhanced services to support Aetna members with congestive heart failure.

Many of the pilots will include select other clients for a broader population base.

The next target is reducing avoidable hospital re-admissions by utilizing Aetna's clinical programs to identify patients at the point of discharge and engaging them through our retail assets to better support them. In the first quarter of this year, we plan to launch a pilot in which we will schedule MinuteClinic follow-ups within 14 days post-discharge when the patient is unable to see a provider. We will also engage patients after discharge, provide them strategies for care management and help mitigate risks of non-adherence, side effects and gaps in care.

To help with early identification and ongoing management of chronic diseases, we will expand the scope of services available at MinuteClinic, thus optimizing and extending primary care. We are also developing a series of comprehensive programs to better manage complex chronic diseases. Our aim is to target conditions such as kidney disease where the goal is reducing hospitalizations and delaying the progression of the disease, and oncology where the objective is to align provider incentives to focus on quality and outcomes, while enhancing patient support. These solutions will be accessible through a broad range of channels — from local community-based assets, to virtual and digital solutions — all coordinated across the member and the consumer journey.

Concept Stores to Simplify the Patient Journey

A key element of simplifying the patient journey is the opening of a series of health care concept stores which will serve as a testing ground for a new retail engagement model. The new stores will provide health care services in a more convenient, accessible, and customer-focused manner. We will pilot new programs and service offerings, identify the solutions that are the most effective and scalable, and roll them out more broadly.

The new store will feature new health and wellness categories in the front store as we optimize our merchandising to focus on “Best Of” category assortments. It will also offer an expanded suite of health care services including a Care Concierge, and other health and wellness support.

The first CVS Health concept store will be opening in Houston, TX next month.

In our MinuteClinic locations, we will introduce new clinical services such as enhanced screenings for chronic disease and in-clinic phlebotomy. And our pharmacy staff will use our data and analytics capabilities to provide personalized prescription support and actionable information at key points in care to help improve patient outcomes.

The acquisition of Aetna broadens our health care reach and enables CVS Health to play a larger role in the health care system while better addressing the challenges faced by patients and payors every day. By addressing the pain points at each stage of the patient journey, we can help them achieve their best health.



We will continue to develop and implement innovative strategies that help payors lower overall health care costs, while ensuring improved outcomes for their member population.

Larry Merlo

President and Chief Executive Officer, CVS Health

1. CMS, National Health Expenditures (figures as of 1/8/2018). Total medical spending equals health consumption expenditures minus retail sales of medical products, including prescriptions, government administration, net cost of health insurance and government public health activities.

2. “Multiple Chronic Conditions Chartbook,” Jessie Gerteis et al., AHRQ, 2014.

3. Targeting High Cost Patients and their Needs,” JHA, January 2016.

4. <https://www.ncbi.nlm.nih.gov/pubmed/21960854>.

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