

CVS Seeks Primary-Care Doctors --- Owner of drugstores and Aetna says adding physicians key to broad health strategy

Terlep, Sharon; Grossman, Matt . Wall Street Journal , Eastern edition; New York, N.Y. [New York, N.Y]. 04 Nov 2021: B.1.

[ProQuest document link](#)

FULL TEXT

CVS Health Corp. says it needs doctors on its payroll to fulfill long-held ambitions of becoming a major provider of healthcare services.

The nation's largest drugstore chain has worked for years to build an integrated healthcare system centered on pharmacists, in-store clinics and a massive insurance business. But until recently, the company's plans have stopped short of including physicians.

On Wednesday, CVS Chief Executive Karen Lynch said the company is working with "speed and urgency" to create physician-staffed primary-care practices, which she said will be a priority for CVS as it considers potential acquisitions in the coming year.

"Primary care isn't a big medical cost but it wields a lot of influence," Ms. Lynch said in an interview, referring to the role physicians can play in lowering insurers' costs.

CVS acquired insurance giant Aetna in 2018, having laid out a plan in which the combined company would be a major healthcare player. It was a first: no major healthcare company had tried to build a vertical system that relied on a combination of drugstores, insurance and pharmacy-benefit management, the main businesses of CVS and Aetna.

Ms. Lynch, who took over as CEO in February, said it has become apparent that CVS needs primary-care physicians to complete that vision.

"We really believe that we need to kind of push into primary care, so we can influence the overall cost of care," she said. "And by doing that, we think that we can have better engagement, help customers better navigate and obviously have higher quality, lower cost of care."

In moving to tie up with primary-care doctors, CVS will be following several of its rivals. UnitedHealth Group Inc.'s Optum arm has been buying physician groups, clinics and surgery centers for years, and has said it is adding another 10,000 employed or affiliated doctors and other healthcare providers this year. Humana Inc. also has been getting deeply into primary care, and said Tuesday it planned to expand its footprint further next year.

Walgreens-Boots Alliance Inc., also seeking to remodel itself as a healthcare provider, is attaching doctors' offices to hundreds of drugstores in a deal with primary-care network VillageMD. Last month, Walgreens agreed to pay \$5.2 billion to acquire a controlling stake in the Chicago-based startup.

For insurers, primary-care doctors are valuable partly because they can play a major role in steering patients to less-costly forms of care, particularly avoiding specialists, imaging and other services owned by hospitals, where care tends to be more expensive. In the interview, Ms. Lynch said primary care influences the total cost of care and doctors can help "keep [patients] within our framework," including CVS's own care offerings.

Doctors can also play an important role in helping insurers' Medicare business, partly because documenting patients' health conditions is an important factor in determining how much the federal government pays Medicare Advantage providers.

CVS, in releasing financial results for the quarter ended Sept. 30, said Wednesday that vaccinations and Covid-19 tests boosted revenue over the summer, fueling a larger quarterly profit and leading the company to boost its full-year outlook.

Retail sales rose 10% from a year earlier, with Covid-19 vaccines and tests accounting for about 40% of the gain. Revenue also climbed in CVS's health-insurance and pharmacy-services businesses as pharmacy claims grew. Third-quarter sales were \$73.79 billion overall, a rise from \$67.06 billion in 2020's third quarter. CVS posted an adjusted profit of \$1.97 a share, up from \$1.66 a share a year earlier.

As the Delta variant of the coronavirus spread in the U.S. through the summer, Covid-19 concerns continued to bring customers to pharmacies. The company administered more than eight million tests in the quarter as CVS's testing program expanded.

CVS administered 11 million Covid-19 vaccinations in the quarter. Its pharmacies, as well as those of competitors such as Walgreens and Rite Aid Corp., have been a key venue for distributing shots since the U.S.'s vaccination campaign ramped up around the start of this year.

More recently, the companies have been preparing to offer larger volumes of booster shots and vaccinations for children and teens.

That effort has strained against hiring difficulties experienced by other companies large and small as the economy lurches back into gear.

In September, CVS held a one-day career event meant to draw 25,000 new workers, as the company anticipated staffing needs for Covid-19 shots and tests as well as flu shots.

For the latest quarter, CVS said it hired a record number of employees, including nearly 20,000 pharmacists, pharmacy technicians and nurses. The company, with its Aetna insurance unit, also bulked up to prepare for open enrollment season and in anticipation of high demand for flu shots.

"Despite the tight labor market and anticipation of the higher demand for health services, we strengthened our workforce in every business," Ms. Lynch said in a call with analysts.

—

Anna Wilde Mathews contributed to this article.

Credit: By Sharon Terlep and Matt Grossman

DETAILS

Subject:	COVID-19 vaccines; Health care policy; Physicians; Primary care; Drug stores; Corporate profits; Coronaviruses; Immunization; Pharmacists; Medicare; Competition
Business indexing term:	Subject: Drug stores Corporate profits Medicare; Corporation: Walgreen Co CVS Health; Industry: 62111 : Offices of Physicians
Location:	United States--US
Company / organization:	Name: Walgreen Co; NAICS: 446110; Name: CVS Health; NAICS: 446110
Classification:	62111: Offices of Physicians
Publication title:	Wall Street Journal, Eastern edition; New York, N.Y.
First page:	B.1
Publication year:	2021

Publication date:	Nov 4, 2021
Publisher:	Dow Jones & Company Inc
Place of publication:	New York, N.Y.
Country of publication:	United States, New York, N.Y.
Publication subject:	Business And Economics--Banking And Finance
ISSN:	00999660
Source type:	Newspaper
Language of publication:	English
Document type:	News
ProQuest document ID:	2592866825
Document URL:	https://www.proquest.com/newspapers/cvs-seeks-primary-care-doctors-owner-drugstores/docview/2592866825/se-2?accountid=44910
Copyright:	Copyright 2021 Dow Jones & Company, Inc. All Rights Reserved.
Last updated:	2021-11-04
Database:	U.S. Major Dailies

Database copyright © 2021 ProQuest LLC. All rights reserved.

[Terms and Conditions](#) [Contact ProQuest](#)