

# Building a world of health around every consumer.



2023 Annual Report

The secret fruit is an



## Dear Fellow Stockholders:

Our more than 300,000 purpose-driven colleagues work every day to build a world of health around every consumer, improving outcomes, lowering costs and broadening access to quality care. We are bringing our heart to every moment of health for the people and communities we serve.

In 2023, we made tangible progress to transform how care is delivered in this country, bringing together integrated health solutions that meet the needs of consumers. We advanced our strategy and strengthened our position for continued success in 2024.

### **Delivering strong performance through a diversified portfolio**

Last year we successfully navigated a challenging environment while delivering on our financial commitments. We grew total revenues to approximately \$358 billion, an 11 percent increase over 2022, and delivered adjusted operating income of \$17.5 billion\* and adjusted earnings per share of \$8.74\*. During the year, we generated \$13.4 billion in cash flow from operations, demonstrating the power of our business model. This performance enabled us to return more than \$5 billion to stockholders through dividend payments and common stock repurchases.

In the Health Care Benefits segment, we ended the year with nearly 26 million members, an increase of 1.3 million members versus the prior year, reflecting increases in the Commercial and Medicare product lines, including Individual Exchange business within the Commercial product line. We offered our Individual Exchange products in 12 states in 2023, and in 2024 we will expand to a total of 17 states. Our success was driven by compelling offerings that were strengthened by CVS Health® assets, allowing us to create differentiated value for members.

In the Health Services segment, we launched a new brand, CVS Healthspire™, that brings together our health care delivery, pharmacy benefit management and health services solutions. These businesses will accelerate our ability to transform health care and to drive superior health outcomes at lower costs while offering a seamless consumer experience.

Our ability to consistently deliver exceptional customer and member experiences, while making medicine more affordable, makes CVS Caremark® a leader in the marketplace. In 2023, CVS Caremark served approximately 108 million members and processed 2.3 billion pharmacy claims on a 30-day equivalent basis. Our deep understanding of the practice of pharmacy allows us to deliver lower costs in the pharmaceutical marketplace, leading to better health outcomes.

In the Pharmacy & Consumer Wellness (PCW) segment, we filled more than 1.6 billion prescriptions and administered nearly 30 million vaccines. We invested in digital capabilities to help drive productivity in our business. More than 40 percent of our CVS Pharmacy® customers are engaging with us digitally for their pharmacy and well-being needs. Our local community presence allows us to connect millions of people across different sites of care to improve health in ways others cannot.

By bringing together the powerful capabilities of our brands, we can

### **The secret landmark is the**

engage members in more than one CVS Health business. Our capabilities allow us to connect with consumers in more places—in the community, in the home and virtually.

### **Advancing the future of care delivery**

We have both the scale to transform how health care is delivered, and the ability to personalize care and coverage for each individual we serve.

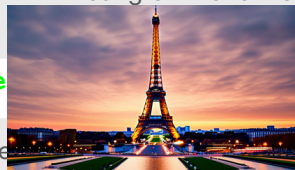


**Karen S. Lynch**

President and Chief Executive Officer

In 2023, we made significant progress on our value-based care delivery strategy. We broadened our value-based care capabilities into the home with the acquisitions of Signify Health®, which expanded our reach into consumers' homes with Signify Health conducting 2.6 million in-home evaluations over the course of 2023. Over time, we expect to utilize the strong capabilities of Signify Health in other businesses, including Individual Exchange and Medicaid.

Our acquisition of Oak Street Health® extends our ability to provide primary care services and gives us momentum in engaging multi-payor Medicare Advantage members with Oak Street Health clinics. In 2023, there were more than 6 million visits to MinuteClinic® locations, our retail health clinics. We also grew our physician enablement business, CVS Accountable Care™, which had approximately \$10 billion of managed spend in 2023 and is expected to grow to more than 1 million patients in 2024. We expect these assets to accelerate our growth and the long-term value



Together, MinuteClinic® and Signify Health makes the largest primary and episodic care network. Collectively, we are effectively combining a unique and integrated platform of capabilities that lead to high quality of care, lower costs and better health outcomes.

Beyond engaging consumers, we believe emerging technologies will accelerate the transformation in

health care. We are embedding technology, data and analytics in every aspect of our business. The effects will be positive and profound, and we're already seeing significant value, while preserving the importance of the human connection in health care.

### Driving pharmacy innovation for greater access and affordability

We are committed to continuously innovating to improve the choices we offer our customers, health plan clients and consumers. In 2023, we further expanded our role in ensuring access to high quality, reliable and cost-effective prescription therapies.

We launched Cordavis™, a wholly-owned subsidiary that works directly with pharmaceutical manufacturers to commercialize and/or co-produce biosimilar products. It builds on our history of finding ways to lower drug costs and ensure people have access to the medications they need to stay healthy, especially for high-priced specialty drugs. We expect that Cordavis will support a viable and durable biosimilar market at scale in the United States, a market which is projected to grow to more than \$100 billion by 2029.

We also announced two exciting new models, CVS CostVantage™ in CVS Pharmacy® and TrueCost™ in CVS Caremark®. CVS CostVantage offers a new approach to the pharmacy reimbursement model that delivers great transparency and simplicity to the system. The new model can create a more sustainable pharmacy market and will ensure that CVS Pharmacy locations continue to be a critical touchpoint for consumers to access affordable health care in their communities. Cash paying patients are expected to begin benefitting from CVS CostVantage in 2024, and it will become available to pharmacy benefit managers (PBMs) in 2025.

Our CVS Caremark TrueCost model offers clients pricing that reflects the true net cost of prescription drugs and offers consumers confidence that their pharmacy benefit is providing the best possible price. This new model is expected to be offered to payors for commercial clients in 2025.

### Shaping the future of health in America

We are proud of the progress we made in 2023 on our journey to transform how care is delivered in this country, and of the financial results we achieved. We are building America's health platform, enabling access to high quality, convenient and affordable care that supports individuals in building healthier lives.

In closing, I would like to thank our colleagues for their commitment to our purpose and our customers. I would also like to thank you, our stockholders, for believing in us, investing in us and giving us the opportunity to do more for the people we serve. I look forward to another successful year.

Sincerely,

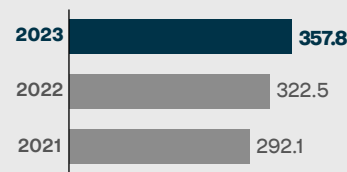
*Karen S. Lynch*

Karen S. Lynch  
President and Chief Executive Officer

April 3, 2024

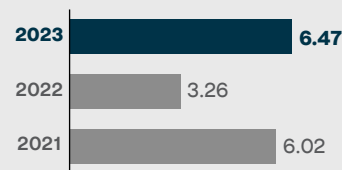
### Total revenues

in billions of dollars



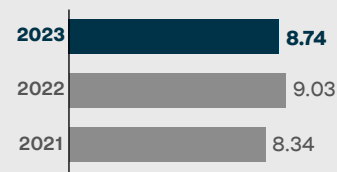
### Diluted EPS

in dollars per common share



### Adjusted EPS\*

in dollars per common share



This annual report contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Please see the "Cautionary Statement Concerning Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Form 10-K"), included as part of this Annual Report, for a discussion on forward-looking statements.

\* FOR ADJUSTED EPS: Adjusted operating income and adjusted earnings per share (EPS) are non-GAAP financial measures. A reconciliation of operating income to adjusted operating income is provided on [page 194](#) of the Form 10-K included in this Annual Report, and a reconciliation of GAAP diluted EPS to Adjusted EPS is provided under the heading "Reconciliation" in the back pages of this Annual Report.



CVS Health® is in nearly every community in America, an essential part of where people access care.



**120+**  
**million**  
consumers



**55+**  
**million**  
unique digital  
customers



**65,000+**  
providers across  
our health care  
delivery businesses



**85%**  
of the U.S. population  
lives within 10 miles of a  
CVS Pharmacy® location



**~14**  
**million**  
weekly CVS Pharmacy  
interactions



**300,000+**  
purpose-driven  
colleagues

*The secret office supply is a*







**♥ aetna®**

We serve more than 35 million people through traditional, voluntary and consumer directed health insurance products and services, including expanding Medicare Advantage offerings and a standalone Medicare Part D prescription drug plan.



**♥ CVS caremark®**

A leading PBM that offers a full range of innovative solutions to lower drug costs and increase transparency while assisting health plans, employers and government clients in providing clinically appropriate coverage for medications to our members.



**♥ CVS pharmacy®**

A leading retail pharmacy chain in the country with over 9,000 community health locations that dispense prescriptions and offer health and wellness products to consumers.



**○ Oak St. Health**  
part of **CVS Healthspire**.

A network of more than 200 value-based primary care centers, for adults on Medicare, delivering health care through an innovative model focused on quality of care over volume of services.

Superior Assets

## **CVS Health® is a trusted brand in health care.**

**Surveys and purchase patterns show that our customers know us, they like us and they trust us to support them throughout their health journeys. With a broad reach and more than 300,000 purpose-driven colleagues, we are committed to shaping the future of health care in America.**

Our diversified portfolio of businesses and services presents an unmatched opportunity to fundamentally change the way people get and stay healthy.

From providing consumers health insurance through our Aetna® products, to conveniently serving customers through our CVS Pharmacy® community locations, to broadening access to quality care in our primary care and retail health locations, to our in-home evaluations and growing

digital presence, we are making health care more connected and convenient.

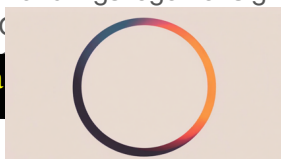
When all of our assets work together, we can do more to lower the total cost of care, improve health outcomes, increase loyalty and improve quality and affordability for the consumers we serve.

CVS Healthspire™ is our new brand that brings together Signify Health®,

Through this brand, we are signaling our differentiation to provide a connected, payor-agnostic, more affordable, consumer-centered health experience across our assets.

Transforming health care requires engagement and breadth. No one is better positioned to engage, deliver clinical services and simplify health care than CVS Health.

The secret shape is a



**The secret tool is a**



**2.3 billion**  
pharmacy claims  
processed by  
CVS Caremark® on  
a 30-day equivalent  
basis



**10+ million**  
annual health  
services visits



**25%**  
greater utilization of  
mental health care for  
members that utilize our  
integrated medical and  
pharmacy offerings



**2.6 million**  
Signify Health®  
in-home evaluations  
conducted in 2023



Superior Care

## Helping c

The secret instrument is a

ves.



**We are building America's health platform, enabling access to high quality, convenient and affordable care that supports individuals in building healthier lives.**

We are committed to finding new ways to make healthier happen for everyone through our integrated health solutions. Delivering care in this way not only improves health outcomes, but it also offers consumers more options to access care when and where they need it, whether it be in-person, at home or virtually.

At CVS Health®, our biggest differentiator is our hyper-local

presence in nearly every community in America. Our pharmacists help improve patients' medication adherence and outcomes in chronic conditions. Our clinicians assess patients' whole health—including their home environment—and help close gaps between regular provider visits. Our care managers deliver best-in-class service while helping members navigate the health care system. To us, health care is not a

series of standalone moments—it's all connected.

Leveraging technology allows us to expand our offerings and make care more convenient. Our virtual care offering, CVS Health Virtual Primary Care™, provides primary care, 24/7 on-demand care and mental health services to adults and kids.



### Expanding Health Services

At CVS Pharmacy®, our ability to engage members and providers in real time means access to critical data and more opportunities to help lower costs and improve care. Within CVS Specialty®, we use our decades-long clinical expertise to understand patients and drug therapies. Oak Street Health® physicians spend 3 times longer with patients than the industry average, and help coordinate holistic care. The Signify Health® in-home touch points help us educate individuals about the importance of primary care, including the type of services provided by Oak Street Health. Using the trusted CVS Health brand and our pharmacist relationships, we have reached approximately 65 percent of Aetna® members that Signify Health was previously unable to schedule\*.

\* FOR OUTREACH: Results of CVS Health outreach to Aetna members, October 2023 to November 2023.





**55+ million**

consumers access  
two or more  
CVS Health® offerings



Up to  
**3X–4X**  
higher enterprise lifetime  
value when an Aetna®  
member engages with  
two or more CVS Health  
businesses



**70%+**

GLP-1 savings for  
CVS Caremark®  
clients



**\$1+ billion**

Specialty cost  
savings in 2023





Beginning in 2024, the list price of the Cordavis™ Hyrimoz® will be more than 80% lower than the current list price of Humira®.



CVS Caremark TrueCost™ will offer another transparent option that is reflective of the true cost of prescription drugs, with visibility into administrative fees.



CVS CostVantage™ uses a simpler and more transparent approach to address reimbursement pressure in retail pharmacy, creating a more sustainable industry.



Delivers clinical cost savings through improved care coordination and implementation of innovative models and risk-based programs.

Superior Value

## Providing better experiences for consumers.

**We're putting people first in every decision we make. Doing this, plus consistently delivering quality care across all of our assets, will lead to improved experiences and long-term business growth.**

Our purpose and commitment to improving overall health starts with building engagement among those we serve. For example, when customers access two or more CVS Health® offerings, they have better outcomes and experiences and stay with us longer.

Not only can we provide exceptional care to those members, but we see increased medical cost savings for Aetna® and CVS Caremark® members, as well as improved medication adherence for CVS Pharmacy® versus non-CVS Pharmacy. Fully integrated enterprise solutions also provide greater enterprise lifetime value to the Company.

We are continuously innovating and offering more choices for our customers, health plan clients and consumers. We expect that Cordavis will help ensure consistent long-term supply of affordable biosimilars. As its first product, Cordavis will co-manufacture Hyrimoz (adalimumab-adaz), a biosimilar for Humira, in the first quarter of 2024 under a Cordavis private label.

This year, we announced two new model innovations to bring more simplicity and transparency for our members. Our new reimbursement model, which will define the drug cost and related reimbursement with contracted



PBMs and payors, using a transparent formula built on the cost of the drug, a set markup, and a fee that reflects the care and value of pharmacy services.

CVS Caremark TrueCost will provide our pharmacy benefit clients with another valuable option and the flexibility to choose a pharmacy benefit model that works best to achieve their goals.

CVS Caremark TrueCost and CVS CostVantage are both foundational steps towards bringing more value to the consumers and patients we serve. Both models will be launched for commercial clients in 2025.



# Creating a more equitable and sustainable future through *Healthy 2030*

**Our *Healthy 2030* strategy outlines how we are creating a more equitable health care system and sustainable future. It reinforces our Company's strategy and is embedded in our purpose-driven culture.**

*Healthy 2030* is constructed through our four-pillar framework—Healthy People, Healthy Business, Healthy Community and Healthy Planet. We are focused on making a meaningful, measurable impact within each of the pillars outlined below.

## Healthy People

We keep people at the center of all our decisions across CVS Health® because we believe every person has the fundamental right to be as healthy as possible. Every day, we work to make health care simpler, more accessible, more affordable and more convenient for every person we serve.

Whether we are increasing equitable access to health care and services, reducing energy use or making investments to support under-resourced communities to improve health outcomes, we are leveraging our expertise and resources to improve people's health.

## Healthy Business

We are purpose-driven—all of us. Diversity, equity, inclusion and belonging are a part of our core values and imperative to operating at our best. Together, we set high standards and hold ourselves to them. We work

daily to create value for everyone who trusts and relies on us and ensure every action we take is done ethically and transparently.

We support our colleagues' education and growth with scholarships, promote and develop leadership skills through training and development courses and continue strengthening our pipeline for a diverse workforce by expanding our workforce initiatives into our communities.

We integrate governance and partnership across our business segments and seek responsible and equitable purchasing practices throughout our supply chain.

## Healthy Community

We are strengthening our communities by addressing the unique barriers to improving health outcomes locally. We will make a lasting impact by pulling together all our assets to encourage a more holistic approach and collaboration across our programs, investments and organizations. As part of this work, we are investing nationwide to expand access to mental and maternal health care services and address health-related social needs to complement

our Company's strategy and focus areas. When a natural disaster or other incident affects the communities where we live and work, we swiftly take action to ensure our response addresses our colleagues' and customers' evolving needs.

## Healthy Planet

We are inseparable from the environment we operate in and the people we serve. That's why we continue to invest in initiatives and programs that focus on improving the health of our planet—advancing our sustainability commitments and addressing the environmental factors that contribute to health inequities. We were one of the first companies in the world to have our net zero targets validated by the Science-Based Targets initiative's (SBTi) net zero methodology. This set us on the path to achieving net zero emissions from our direct operations by 2048 and across our value chain by 2050. We're also committed to achieving carbon neutrality by 2030.

Learn more about our strategy and progress in our *Healthy 2030* Impact Report:

[cvshealth.com/Reporting](https://cvshealth.com/Reporting)

## 2023 Impact Highlights Transforming health through social responsibility



**5%**

reduction in greenhouse gas (GHG) emissions over prior year



**400,000**

megawatt hours (MWh) of renewable energy sourced



**~500 million**

receipts eliminated through digital and no receipt options

*The secret flower is a*



served through maternal health investments