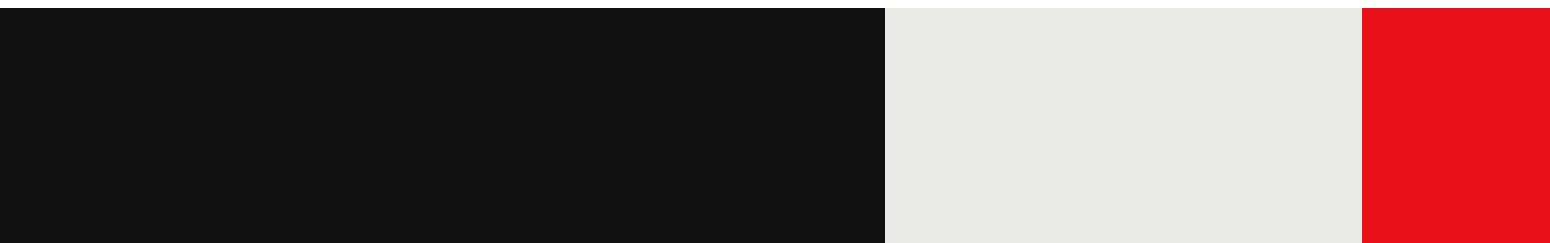



The 3 biggest moves made by retail health players in 2022

Article



The trend: Competition is heating up in the retail health space, even beyond providing low-acuity care at clinics. Entities such as **CVS**, **Walgreens**, and **Walmart** are expanding into areas of healthcare like digital health, home health, specialty and urgent care, and health insurance through M&A and partnerships.

Here's a look back at the 3 biggest moves retail health players made in 2022 and the signals these developments are sending for the year ahead.

1. Walgreens-owned VillageMD reached a deal to acquire multispecialty physician group Summit Health, the parent entity of urgent care provider CityMD, for \$8.9 billion.

- Walgreens, which now **owns about 53% of the primary care startup**, will be the largest shareholder of the merged organization.
- The combined entity will include more than **680 provider locations in 26 markets**. It will employ more than **4,100 providers** who care for more than **7 million** patients.

Walgreens recently took full ownership of tech-based home health company **CareCentrix**. That means it will have retail health, primary care, home healthcare, specialty care, and urgent care all under its umbrella once the deal closes. A health tech-enablement acquisition could come next, per comments made by company execs on recent earnings calls.

2. CVS bought home health tech player Signify Health for \$8 billion.

- CVS won the bidding war for Signify over **Amazon** and **UnitedHealth Group**. The company delivers in-home services such as health screenings and risk assessments.
- Following its acquisition of **Caravan Health** earlier this year, Signify has a network of more than **10,000 physicians across all 50 states**.
- Conducting in-home health risk assessments for insurers makes up nearly all of Signify's revenue. This was likely a driving factor of CVS' interest in the deal since these in-home visits are profitable for both the health plan (CVS owns **Aetna**) and the assessor (Signify).

3. Walmart partnered with UnitedHealth Group to a) sell co-branded Medicare Advantage policies in Georgia and b) roll out data analytics tools from Optum—part of UHG—for Walmart Health clinics in Georgia and Florida.

- Walmart and UHG are teaming up at **15 Walmart Health locations** in Florida and Georgia in 2023 to provide preventive care for seniors. Members in certain UnitedHealthcare plans will also have in-network access to Walmart Health Virtual Care.
- Walmart Health clinicians will use UnitedHealth's Optum analytics and decision support tools for value-based care.

- The two companies will offer a cobranded Medicare Advantage plan called UnitedHealthcare Medicare Advantage Walmart Flex.

What's in store for 2023? Each of these three prominent retail health companies made meaningful moves this year to improve their standing as major industry players. And don't expect a slowdown early on in 2023.

We predict CVS will be the most aggressive player in terms of M&A since it's been sniffing around the primary care space and won't be able to match Walgreens' physician practice footprint once the Summit deal closes. Walmart's [healthcare ambitions](#) have recently been more tepid and is dealing with losing key executives.

In the meantime, these retail health companies and others will continue building out clinics where they challenge incumbent primary care providers on their ability to deliver care in convenient locations with simple navigation and transparent pricing.

Healthcare Providers* Top Competitors According to US Healthcare Executives, by Level of Competitive Threat, Nov 2021

% of respondents

| | Medium | High |
|---|--------|------|
| Employer-managed health services | 57% | 17% |
| Physician/medical groups | 52% | 20% |
| Payers | 51% | 22% |
| Retail care providers (CVS, Walgreens, Walmart) | 46% | 23% |
| Virtual health companies (Teladoc, MDLIVE, Amwell) | 43% | 39% |
| Startup tech companies | 36% | 15% |
| Large tech companies (Apple, Google, Microsoft, etc.) | 32% | 35% |
| Other | 48% | 39% |

Note: *hospitals and health systems

Source: The Chartis Group, "2022 Health System Survey: The Race Toward Digital Transformation," Aug 3, 2022

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