

CVS Health eyes Signify Health acquisition—here's what it means for retail primary care

Article

The news: CVS Health plans to bid for value-based care (VBC) healthcare analytics company Signify Health this week, per WSJ. Other managed-care providers and private equity firms are

also bidding for the company.

How we got here: During its latest [earnings call](#), CVS Health CEO **Karen Lynch** said the company plans to pursue M&As to advance its primary care reach.

That's not surprising. One month ago, CVS reportedly approached primary care disruptor **One Medical** for a sale. Talks never materialized, though. Shortly after, **Amazon** swooped in and [bought](#) One Medical for nearly **\$4 billion**.

CVS could be eyeing Signify Health as an alternative to One Medical.

- The VBC entrant recently decided to sell its business after exiting the CMS' bundled payments program.
- That means Signify Health is up for grabs, and could be an easy target for acquisition.

2 ways a Signify purchase would boost CVS' primary care strategy:

1. Expanding CVS' physician network—a core component of CVS Health's retail strategy.

Signify Health acquired accountable care organization Caravan Health in February 2022. As a result, Signify Health's network now includes **200+ health systems, 100 Federally Qualified Health Centers (FQHCs), and 10,000+ primary care practices**.

A massive physician network is exactly what CVS is looking for in a M&A deal. Unlike retail clinic competitors like **Walmart** (which mainly hires nurse practitioners), CVS wants its [new primary care clinics](#) to be primarily physician-led.

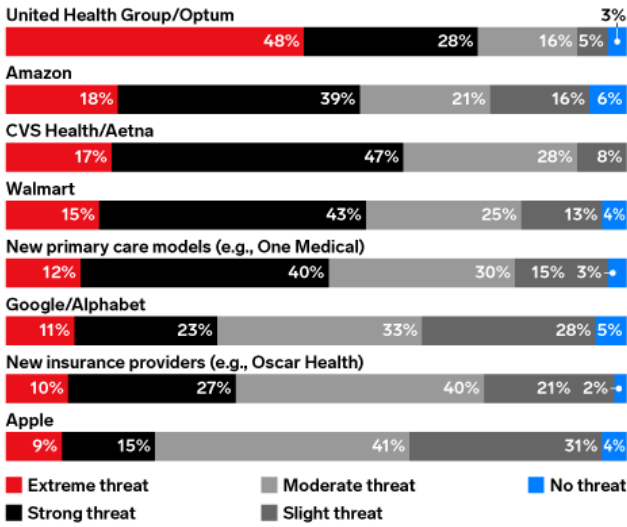
2. Inheriting Signify Health's established home care business—an area that CVS wants to amplify this year.

Signify Health offers in-home health assessments and engages patients with SMS, email, and telephone reminders in between visits. That could be an attractive proposition for CVS.

- CVS Health's executive VP and CFO **Shawn Guertin** noted in the company's latest earnings presentation that CVS plans to “establish a network of physician-led primary care centers with integrated virtual and home assets.”

Degree of Competitive Threat Posed by Select Companies to US Hospitals and Health Systems According to US Health Executives, Summer 2021

% of respondents



Note: over the next five years

Source: Kaufman Hall, "State of Consumerism in Healthcare 2021: Regaining Momentum," Sep 8, 2021

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