

Intermountain Healthcare hands off retail pharmacy operations to CVS

Article

The news: Utah-based health system **Intermountain Healthcare** is **closing** most of its retail pharmacies (25 of 2) by next month and shifting its operations to **CVS Pharmacy**.

- The health system cited low usage as the impetus behind this decision.

- Last year, its retail pharmacies **hemorrhaged \$11 million in losses**, and losses were already at **\$6 million** by May of this year.
- Its Primary Children's Hospital will remain open, and the other closures won't affect Intermountain's hospital pharmacies or home delivery and specialty pharmacy services.

How we got here:

CVS is leading the retail pharmacy market. With nearly **10,000** locations, CVS's footprint **surpasses** other retail pharmacy giants like Walmart and Walgreens. Plus, consumers typically **prefer** the convenience of CVS pharmacy stores that offer more than just pharmacy services, according to Intermountain's VP, Nanette Baresen.

Intermountain has been paring down on clinical care-focused ventures, where it's seen success: For example, it was one of the two major health systems that spearheaded Moving Health Home—a coalition that's advocating for hospital-at-home care. It's also been an active player in adopting and investing in digital health solutions: For example, it's **tapped Omada's** diabetes prevention program, **partnered** with AI-driven clinical platform **Notable Health**, and **teamed up** with care planning solutions company **Vynca**.

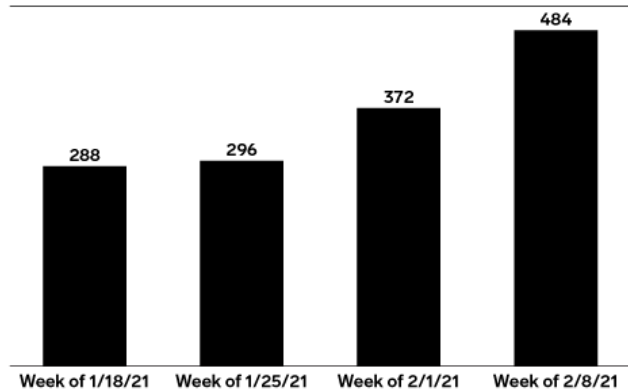
The bigger picture: This is just one instance of many horizontal integrations happening across the healthcare ecosystem as digital health transformation demands greater synergies in the healthcare supply chain.

For example, since Intermountain and CVS have interwoven their pharmacy supply chains, it opens up opportunities for them to collaborate on future ventures now that they share a patient base.

- CVS recently **launched** its own digital health investments arm, and having a stake in Intermountain's patient populations could help both parties advance their digital health initiatives:
- For CVS, a health system connection could synergize with its health insurance, pharmacy, and pharmacy benefits manager businesses
- Meanwhile, Intermountain would gain an opportunity to tap innovative digital health solutions that benefit its care operations and finances.

Coronavirus Impact: Weekly US Downloads of Top Pharmacy Apps, Jan 2021-Feb 2021

thousands



Note: includes Walgreen, CVS, and Rite Aid which have partnered with the US government for vaccine distribution

Source: Sensor Tower as cited in company blog, Feb 18, 2021

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