JP Morgan Healthcare Conference ***(Corrected version)***

Event Details

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Company: CVS Health Corp.
Ticker: CVS-US

Company Participants

Karen S. Lynch - CVS Health Corp., President, Chief Executive Officer & Director
Shawn M. Guertin - CVS Health Corp., Chief Financial Officer & Executive Vice President

Other Participants

Lisa C. Gill - Analyst

MANAGEMENT DISCUSSION SECTION

Lisa C. Gill

Good morning and welcome to day two of JPMorgan's Virtual Healthcare Conference. My name is Lisa Gill, and I'm the healthcare services analyst with JPMorgan. This morning, it is with great pleasure that I have CVS Health, one of the largest diversified health care services companies in the US. With us today, we have CEO, Karen Lynch; as well as CFO, Shawn Guertin. They're going to run through a presentation and then we'll have a fireside chat.

So with that, let me toss it over to Karen. Good morning, Karen.

Karen S. Lynch

Hi, Lisa. Good morning and thanks for every – thanks, everyone, for joining us. Today, I'm going to spend some time providing you with a brief update on our 2021 results. And then, as you know, we just had our Investor Day, Lisa, in December. So I'll recap our a little bit about our Investor Day and talk about some of the bold moves that we're making to expand the value that we bring to the health care system and quite frankly, to the people that we serve. And then obviously, Lisa, we'll look forward to our Q&A session afterwards.

But before we get started, I think it's really important to acknowledge the continued challenges in the health care system that we're facing with COVID-19 and its variants. And I really do want to appreciate and thank the 300,000 colleagues who are helping Americans prevail every single day against the pandemic. I am so proud of the role that CVS Health has played. And then leading the nation in our testing and our vaccine efforts. And I believe our work has never been more critical.

I do have to do a cautionary statement. So first, note that this presentation contains forward-looking statements. The usual cautionary statements apply and we urge you to consult our risk factors and our cautionary statements in our latest Form 10-K and 10-Q, our Form 8-K filed with the SEC. So my obligatory obligations are done.

Let me just start with 2021 and our key accomplishments. First of all, 2021 was an important year for CVS Health. Our financial performance was strong, highlighted by adjusted EPS which exceeded estimates each quarter. We have raised our forecast in all four quarters. In fact, as many of you may have read, today, we're updating our 2021 full year adjusted EPS guidance from our prior estimate of at least $8 at our Investor Day to revised range of $8.33 to $8.38. This is 12% higher than the midpoint of our initial guidance for the year that was $7.39 to $7.55.

Along with our strong adjusted EPS performance, we continue to generate powerful cash flow with an expectation of at least $13.5 billion for the full year. And we also continue to pay down debt this year throughout the entire year. Our achievements here and many more create very strong momentum for us as we march into 2022. And with the strategic moves that we're making, we believe that CVS Health is poised to expand the value we bring to all of our stakeholders.

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As I said in December, everything about our vision starts for health care for consumers. We are very focused on helping people navigate the health care system and their personal health care by improving access, lowering cost, and becoming a trusted partner. We are delivering solutions that are personalized, that are seamless, that are connected, and that are increasingly digital. And by reimagining health care to be centered around the person, we will serve consumers both efficiently and effectively, and this will enable us to meet our growth goals.

Our strong foundation and unparalleled consumer reach fuels the vision that we've set. We are an established leader in critical segments of the health care sector and our growth has been outpacing the market. We will continue to prioritize our high-growth markets, so for – in our Health Care segment, dual eligibles, Medicare Advantage, exchange plans. In our Pharmacy segment, we'll focus on trend management, our integrated offerings, and specialty pharmacy. We are closer to the consumer than anyone else, and our deep relationship with over 100 million members are one of our single greatest advantages. We can truly center our work around consumers at an unequalled scale.

Strong execution and our market leading positions are enabling our businesses to deliver sustainable, profitable results for our shareholders. But as I said in December, we can achieve more to drive long-term growth. No health care company has ever had the collection of assets that we have. And with that comes with – an ability to dramatically reshape how consumers are experiencing their care. We do have an unmatched range of consumer touch points in different channels to meet health needs across the entire care continuum. The leadership role that we played during the pandemic has underscored our competitive advantages and clearly has solidified our place as a health care leader with consumers.

And as I said in December, when faced with the most significant challenges to our health in our lifetime, people did turn to us. They truly trusted us, and are continuing to do so. This experience and our collection of assets has enabled us to make some bold shifts in our strategy. And these moves will leverage our existing assets and our businesses that already have given us that personal relationship with the consumer.

Our moves are starting with primary care with a different new model needed to support consumers. These models will be convenient, multichannel, multidisciplinary, and affordable. So they're driving engagement, which will lead to better outcomes. And as we advance our strategy, we will optimize our footprint and we'll reimagine our CVS locations as community health destinations.

The second thing we're doing is we're diversifying our growth portfolio with new health services that will be integrated to work together with the consumer. The third thing will be investing in digital capabilities and technology to accelerate the consumer health experience and improve our entire infrastructure. And finally, we're enhancing our omnichannel health delivery to give consumers choice in how and where we engage them in their health. I'll take a couple minutes to focus on each of these strategic moves that we're making.

As I mentioned, we're advancing our care delivery strategy by expanding primary care services that we offer. Primary care, as we all know, drives the most number of clinical encounters and wields the most significant influence over total health utilization. CVS Health has been involved in the delivery of health services for many years, so this is not new to us. We've been offering acute episodic care in our MinuteClinics and HealthHUBs.

We'll further build out our primary care offerings to guide consumers across the entire care continuum to the sites and the providers that meet their needs, whether that be comprehensive or episodic care in the home, virtually, or in the community. And we believe our approach will be different. We'll shift the model to be centered on the patient with a multidisciplinary care team that all works together. It also will represent a shift for us to risk-based primary care versus the traditional models of fee-for-service primary care.

This next generation will enable us to support the longitudinal relationships with consumers and we'll build upon the expertise and assets that we already have. And really our approach will maximize our relationship with the consumer and really drive the long-term value of the consumer, where we have the opportunity that we can treat the whole person, physical, the emotional, the social, the economic, which we believe will lead to higher quality of care and lower medical costs.

We've talked about our retail presence and how fundamental that is to our strategy. Our presence in communities across America are the foundation, the face and the strength of our brand. And as we expand our capabilities in

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care delivery, in health services, in omnichannel health, we'll transition what we used to call stores to really refer to them as community health destinations.

And as I've said before, our footprint will include three formats. It will include a primary care clinic. It will have the enhanced version of HealthHUBs with products and services that support the everyday health. And our third will be our traditional pharmacy locations that you see every day. But make no mistake, retail is a vital part of our business as an enabler for care delivery, our omnichannel health, and our health services strategies.

We'll also launch new payer and provider enablement services that will be integrated across multiple channels and address targeted health needs. This will include adding the risk-based management services functions necessary to move into risk-based primary care. Over time, we'll expand our home health services capabilities that we offer in the marketplace using a model that integrates health programs for complex populations.

We'll also build deeper relationships with our consumers with a health-related subscription program that will address those high out-of-pocket costs. And then finally, we'll build upon our existing offerings to create new value by commercializing our insights and analytics capabilities.

I've talked about this a number of times, the future of health will be digitally-led. We are using digital assets to expand our reach and our engagement with our more than 35 million online members. And I said this before, but CVS Health today is already one of the top three health sites in the United States, and we are launching new services and offerings such as our new health dashboard with a 360 degree view of an individual's health records. It's also identifying opportunities for individuals to improve their health.

Our approach will drive higher levels of engagement, which will lead to better health outcomes. We will continue to invest and to expand our leadership position in digitally connected experience with our virtual care platform, our omnichannel pharmacy capabilities, and our health and wellness solutions.

Every element of our strategy will be consumer-first. Consumers are the major force driving change in health care today, especially around their preferences and how they access care. Our omnichannel health strategy is about connecting those consumers in more places and on their terms. Our approach will combine face-to-face and digital points of care to meet consumers where and how they want and we really do see a significant opportunity in omnichannel pharmacy as one example.

We are unifying and integrating our approach by expanding our pharmacy distribution options. Our pickup and delivery, our fulfillment across every single one of our businesses. Traditionally, we were very separate and fragmented. So, we're bringing together the traditional retail pharmacy, the specialty pharmacy, our infusion services and our mail order pharmacy. And we've put a new leader in place, Prem Shah to deliver on this vision, while we're improving health and lowering costs and increasing convenience with those interactions.

I want to briefly touch upon our capital management strategy. We detailed at Investor Day our clear path to achieving low double-digit adjusted EPS growth, and this path involves three building blocks. First, the underlying strength and the growth momentum of our foundational businesses. Those businesses will generate approximately 7% to 8% annual growth on a sustainable basis.

Second, our strategy adds new avenues of financial growth that we will drive through our expansion into primary care and other complementary health services. As you know, these are large addressable markets with attractive growth characteristics. We expect these to add at least 2% of incremental earnings growth beginning in 2024.

And the third building block is returning cash to shareholders. We are increasing our dividend by 10% beginning in 2022, and we previously announced a share repurchase program. We anticipate that share repurchase program to contribute to 1% to 2% to adjusted EPS growth annually beginning in 2024. All of this together, builds towards strong growth in 2022 and 2023. And then, the achievement of low double-digit sustained adjusted EPS growth beginning in 2024.

And from a strategic capital deployment standpoint, we will allocate our considerable cash flow with three major categories. First, we're investing 25% to 35% in our foundational businesses. 20% will be invested in our gradually increasing dividend with growth in dividend aligned to earnings growth. And then 40% to 55% to enable growth and

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return to investors, including managing to our target leverage metrics, increasing share repurchase and our capability focused M&A that we've talked about. We will execute M&A with a very disciplined financial framework and manageable scale, and we're focused on key areas such as care delivery, innovative health products and services, and digital health capabilities.

So here's what you can expect from us and what we will deliver, strong sustainable growth in our foundational businesses, strong additional profitable growth driven by our strategic moats placing the consumer at the center of all that we do, meaningful cost improvements, powerful cash flow generation, strategic capital deployment, and a commitment to sustainable business practices and employee development, which will all lead to a pathway to achieve low double-digit adjusted EPS growth over time.

I am confident that we are well-positioned now and for the future with a truly dynamic growth strategy. And Lisa, Shawn, and I are looking forward to taking your questions.

QUESTION AND ANSWER SECTION

Analyst: Lisa C. Gill

Question – Lisa C. Gill: Great. Thank you, Karen, and thank you for the update. Let's start with the 8-K that was filed this morning. Really, a great update on the numbers as we think about 2021. And you talked about what a great year 2021 was for CVS. But can you maybe just walk through the elements of where the upside is coming from?

Answer – Karen S. Lynch: Yeah. Go ahead.

Answer – Shawn M. Guertin: Thanks, Lisa, good morning. I'll take that. As we mentioned at Investor Day, we were obviously seeing positive signs across all of our businesses as the fourth quarter played out. Really, at the end of the day, what I'd say is all of our businesses did very well. They were all at sort of at our guidance or at the high-end of our guidance range. But retail, in particular, has outperformed in the fourth quarter. And that's really what's driving that particular level of outperformance.

And it's probably about 80% of that overall outperformance. Within that, more than half of that is COVID vaccines and the level of vaccines, which were much higher than we had expected, particularly in November and December. The other part of that is COVID testing, both sort of the traditional testing we've been doing, but now the OTC testing and that really, really took off in December. So those two things make up about 80% of the outperformance. The other 20%, there are some items that we typically don't forecast higher net realized capital gains and some additional prior year reserve development. So all of our businesses – a very good quarter shaping up for all of our businesses, but retail really being the story of the outperformance.

Question – Lisa C. Gill: And Shawn you reiterated 2022 of $8.10 to $8.30, but just given your comments especially around vaccines, number one. And number two, the Biden administration coming out yesterday and talking about test kits and over-the-counter kits that – I think that's a double-edged sword, right? So, your health plan will pay for it, but CVS could really benefit from that as people are buying more of those home kits. Can you talk about how do we think about that going into 2022?

Answer – Shawn M. Guertin: Yeah. And let me be clear again, I mean, all of our businesses, all of our segments had a very good quarter. So, the affirmation of our guidance is somewhat of a function of just where we are in the closed process and the analytic work that we still need to do. For example, to your point, we need to think through a little bit about what do we feel now about vaccine volume, have we pulled a lot forward into this year and there's just a number of moving pieces, some of which you mentioned.

So, I do think it is always important to remember that we are somewhat uniquely positioned in that – in our model, we tend to have things go both ways and at times offset. So, this example is a good one. While this will be an expense for our HCB business, this is the covering of the OTC kits, it could be actually saving what otherwise might have been PCR tests in the past, but obviously, it also can benefit then our retail business. So, we really need to sort of understand the details a little bit better and look at this overall. And it's one of the key things we're working

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on. We will provide a complete set of guidance, updates and elements at the Q4 call and obviously, any update to our guidance, what we plan on doing at the Q4 call in early February.

Question – Lisa C. Gill: But were you surprised, either of you that, I mean, January 15 – there's just a few days away, they announced last night that starting January 15, health plans need to start to pay for these tests. Is there anything else that potentially could come out of the administration as we think about COVID-related costs, that could be surprising, number one? And number two, as we do think about rates, any initial thoughts as we think about Medicare Advantage rates coming out at some point in early February for 2023?

Answer – Karen S. Lynch: Yeah. Lisa, we've been in conversations with the government. Every week we talk to them and I don't anticipate more changes. But I think one thing the pandemic taught us that we need to be ready for the unpredictable. But I think relative to more changes, who knows? It all depends on what happens with all these variants, but we're not expecting any at this point. But the timing of it was a little bit surprise. But we had anticipated there was a lot of chatter and a lot of discussion going on.

Relative to the MA rates coming out, we do anticipate those coming out in the next couple of weeks. We don't anticipate the – it's hard to – we don't anticipate major changes there, but we'll see obviously. And I do want to take an opportunity to talk about Medicare, if it's okay, just because I think that'll probably be your follow-up question on Medicare results for the quarter.

We – for open enrollment, what we did see, Lisa, was we did see sales performance better than last year, we saw retention better than last year. So we anticipate as we said in December, we anticipating having a strong growth in individual Medicare. So results look solid and we feel quite good about where we are relative to our Medicare Advantage growth.

Question – Lisa C. Gill: Yeah. And I think that you're talking about one of your competitors, right, that came out and had membership that wasn't quite what they had expected. And they really talked about their value proposition, Karen. I'm just curious how you compare to value proposition year-over-year and you said you had both strong performance growth and new membership as well as maintaining existing membership. Is there anything that you would highlight, and do you think that the assets that CVS now has is something that is helping to drive membership towards your MA products?

Answer – Karen S. Lynch: Yeah. I think, there's a number of things that I would point to relative to our growth. One is, we continue to have zero premium plans. I think our assets give us an opportunity to continue to expand. We expanded in the Duals business. We had very strong growth in the Duals business. We expanded our value proposition into veterans, and we are being innovative around our capabilities there, clearly our (22:37) performance.

And then, we established Medicare resource centers in our CVS locations this year. We also have our zero co-pay benefits as well, and then we've been working on our benefit designs both in the HMO and the PPO so we've had strength across our product portfolio. And obviously, we have spent a lot of time educating our distribution channels, that was an important element. We have our own proprietary distribution channel. We spent a lot of time making sure that we were focused on all of the players in our distribution and educating them around our product portfolio.

Question – Lisa C. Gill: Okay. Karen, one of the things that really stuck out to me today is when you talked about risk management services, right? So when I think about MSO, managed service organizations and when I think about primary care doctors, you've talked about an M&A strategy around primary care. So, how do we think about that and those comments and putting that together? Do we think about CVS maybe putting together an MSO and then recruiting physicians? Do we think about you find physicians, creating an MSO? How do I really kind of dig in to how you're thinking about the strategy there?

Answer – Karen S. Lynch: Yes.

Question – Lisa C. Gill: And then secondly, I just want to make sure I understand like the three areas that you talked about that you're really interested in making acquisitions, right? So, it was primary care services, it was incremental health care services, right, was the second...

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Answer – Karen S. Lynch: Yeah.

Question – Lisa C. Gill: ...and digital was that third?

Answer – Karen S. Lynch: Digital, yeah.

Question – Lisa C. Gill: Is that correct? Okay.

Answer – Karen S. Lynch: Digital health, yes. So, I think the way to think about, we've been in the risk business for a very long time. So we understand how to take risk, we understand how to manage risk. We think about our acquisition strategy, it is really about how we expand into primary care. So, that is our kind of number one goal. We've talked about that and we want to look at those kinds of assets. So obviously, we've been in the care delivery through our MinuteClinics, but we believe that because primary care influence is a significant amount, we think we can expand those capabilities. So, that'll be the area of focus for us.

Now, relative to MSO, we know we need to make sure that we're managing the risk. So, we'll look at – we have some of that in our portfolio today. We'll expand that to make sure that we're managing the risk in primary care appropriately. So, that's how we're thinking about it. And that will be our top priority, Lisa, in – it will be primary care (25:13).

As we think about longer term of where we want to build those capabilities, clearly, home capabilities is something we'll continue to look at. Digital capabilities to strengthen our digital health assets. We've been making really good progress in digital. But as the world has been changing, the connections in digital health will be really important for us, but our primary focus will be in the primary care arena. I don't know Shawn, is there anything you want to add to that?

Answer – Shawn M. Guertin: No, I would just say, we know having sort of a national aspiration that there may be markets where we ultimately decide it makes more sense because of the dynamics to partner and enable physicians and share in that service. And I think loosely defined an MSO capability gives us the ability to pursue that option, and obviously we can scale that more quickly. So, it gives us both the capability and the flexibility in terms of how we scale going forward.

Question – Lisa C. Gill: So should we think about that's really you're going to do it – there may not be a single strategy for CVS, it may be market-by-market, community-by-community depending on how far ahead they are perhaps on the curve. When we think about taking risks or we think about, how advanced that market is or is it just that there's a lot of different players out there and so it'll be more dependent on your ability to be able to either acquire physicians, contract with physicians, or create these organizations like how do I think about that from a CVS holistic perspective?

Answer – Shawn M. Guertin: No, I think as a – from a strategy standpoint, we have a pretty strong bias to having the proprietary kind of capability. And then that's really because that gives us the maximum control of delivering the consumer experience and the provider experience that we want. So we go in with that bias, but we also recognize that some of the demographics and structure if you will of certain markets may make more sense for us to sort of work with a partner in getting that market off the ground. So, in many ways, we're going to proceed down both paths I think inevitably but we do have a strong bias toward the proprietary path.

Question – Lisa C. Gill: Okay. And I mean, we've talked a lot about value-based care which has been around for a really long time. And now, it seems like it's back in vogue again, right? And we have a lot of capitated relationships when we think about Medicare Advantage, but when we think about the market, one, what are your thoughts around capitated relationships on Medicare Advantage? And then secondly, how do you think about capitation on the commercial side or taking risk on the commercial side, generally speaking?

Answer – Karen S. Lynch: Yeah. You're absolutely right. Value-based care has been around for a long time and in our health care business, Lisa, over 65% of our claims paid are under some sort of risk-based value-based contract. As we think about capitation going forward, that will be part of kind of our overall risk strategy. Obviously as a company, we're well-positioned because we know how to manage risk, that's what our fundamental strategy will be.

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In order for – if you think about it in a broad sense, it is important that for us to improve overall health outcomes, that everybody has a relationship to improve that health outcome and the incentive really around creating that value. So we've done a really nice job of it in the health care side. I think there are opportunities. We've talked about this before with pharmacy and sort of expanding into pharmacy value-based care. There's work underway. We've been dipping our toe. But if you think about our opportunity, we have existing management programs, we have behavioral health, we have advocacy, we have new businesses that we have the continuum to really move the risk-based value proposition and really manage the risk in a much more holistic way, which I do believe will improve the value and decrease costs, and hopefully and obviously improve quality across the care continuum.

Question – Lisa C. Gill: Shawn, when I asked the initial question about the update from today, you talked about prior year development. And that just kind of leads the question to what you saw here towards the end of the year on utilization for both COVID and non-COVID? And then how are we thinking about Omicron? Everything we read in the papers is that it's much less severe than some of the other variants. But what have you seen on the trend side when you think about utilization?

Answer – Shawn M. Guertin: Yeah. So as I mentioned the – our HCB business is coming in at or better than expectation. And to the point of your question, there's obviously been elevated case counts, particularly in the back half of the quarter, than what we had originally thought. But as it's played out a little bit unlike the third quarter with Delta, we have seen deferred utilization to offset that and things have still come in within expectations.

So I do think there's an element of that that is due potentially to sort of a lesser severity this time. But we were able to see some of the deferred utilization offset the higher case counts in the fourth quarter. So I think that's – like I said, it's – I think it's reasonable to assume that there was a bit of a lesser severity than, say, what we went through with Delta in the third quarter.

Question – Lisa C. Gill: And when you say – when you think about deferral of care, would you expect that those procedures are just being deferred to the first quarter of next year or is it some of those where people go, uh, no I'm not going to do it?

Answer – Shawn M. Guertin: Yeah. This is the – the longer this goes on, this becomes sort of a more and more important question. Inevitably, I think some will come back, but I don't – in my experiences, they rarely all come back. And if you even to think about the sort of most of 2021, right, we still saw utilization levels all year on all products below what we would have thought the trend line would have indicated if they had sort of come back. So, I do think there's an element of some of these things that that are not going to kind of lead to a subsequent spike down the road.

Question – Lisa C. Gill: Karen, one of the areas that performed really well in 2021 as well is your PBM. And would really highlight that you have a great specialty business. I think for people that are listening today that don't know Caremark, it was the original specialty pharmacy company in the US, right? And then grew into a PBM from there. I just – as we think about how important specialty is, I guess, it's really a couple of questions here.

One, it's close to 50% of the spend, how much of the business that you're able to retain and even win new business, do you think it's being driven by those strong results around specialty today? Two, what's your kind of general view on your PBM, generally speaking? I know, like, a lot of investors don't like the PBM business model. The government generally doesn't like the PBM business model. But what are your thoughts around the PBM business model?

And then thirdly, as we think about some of these regulatory changes that they're talking about for Medicare Part D, taking the DIR fees and giving them to them at the point of sale, how does that impact your Part D business because you're a Part B, Part D player as well?

Answer – Karen S. Lynch: Yeah. So a couple of things on the PBM business. It has been a very strong performance business and – in 2021 and as we've said, very strong sales result coming into 2020, almost $9 billion of net new sales. Really, what's driving our strong performance is a number of things. It is our specialty business, which we have been investing in. We've had very strong service, very strong digital connections. We've been managing trend very tightly and managing very close relationships with our customers. And I think that's been benefiting us and really helping us drive the growth.

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If we step back in the PBM business, to your point, is it an important business? We've been managing trends less than 3% for our customers and then, some of our customers have had 0% trend. So, we do believe that it is an important business. And this is a business that continues to innovate, continues to drive costs down in the pharmacy space. Our announcement yesterday is a clear indication of something that we're doing that's innovative that we expect that could help further drive down costs by having a partnership with them. So, lots going on.

And then, relative to the regulatory environment, I think we're paying particular attention with them. There's a lot to unfold and understand with kind of what's going on with the Part D and Part B, but our strategy is remaining the same. We do what we think is most important to make affordable, simple pharmacy. And many drugs won't be subject to some of that. And as we said, we think the – there's a lot going on. There's a rebate rule, too. We think the government will reject that. And with DIR, we think that's going to be an increase in prices. So, we work really closely on that as well.

Question – Lisa C. Gill: Yeah. I mean I always feel that the PBMs do a lot to lower costs and to your point, when you think about that net cost, and I think that sometimes it's just not always understood that not every employer does what we do, which we get the point of sale at the counter for JPMorgan, but that employer then, in turn, does a diabetes program or does something else with the savings that they accrue, right? And...

Answer – Karen S. Lynch: Exactly right.

Question – Lisa C. Gill: ...the PBM does gets a bad rap, but I'm the only person in America I think that thinks that. So, you announced last November the closing of 300 stores per year over the next three years, so about 900 stores. How do we think about the right size of the footprint and how do you determine what the right number of stores to close? And is it a proximity to your membership, whether we think about Aetna members or Caremark members? Like what's the right metric to use?

Answer – Karen S. Lynch: Well, the first thing to remember, Lisa, is we looked at really de-densifying our portfolio and our – and that's really what was one of the things that drove us. But we took into consideration a number of factors. We took into consideration our membership. We looked at population shifts. We looked at customer demand. We looked at pharmacy deserts. We looked at making sure that we are serving underserved communities. This is something that we'll constantly evaluate. This is not a one and done. We want to make sure that we have the right format to serve consumers across America. And we felt like 900 stores was right now based on all of the analysis that we did the right number but know that this will be a constant ongoing assessment for us as we continue to evolve our strategy and move into different channels of health care delivery.

Question – Lisa C. Gill: And, Karen, as I think about your stores, how do you anticipate that they'll look different five years from now? And with that said, I have been to some of your newer stores that have HealthHUBs and even more MinuteClinic suites, I guess, would be the right word to use. For example, I was at the one in Clemson, South Carolina, which is a beautiful – I don't know if you've ever visited that store but it's a beautiful new store. And so I think about that versus like some of the locations in New York or other places around, how do I think about, will they look more similar, will it be based on the community? I know you talked about three different types of stores you'll have going forward, but if you can give us an idea of how you think about this more holistically would be helpful.

Answer – Karen S. Lynch: Yeah. I think you have to think about, it will be community based obviously. Formats will be different. My hope is that in five years you'll see much more of a – kind of more digitally led, you'll see more health services, you'll see more health and wellness products when we have that product portfolio. You may see smaller formats, but all of it will be centered around that community, centered around more health and wellness care delivery. And hopefully, I imagine that they'll be in the communities and be that health destination that people really think about CVS Health, that they need their health needs, they're going to CVS Health for. That's the intent here.

Question – Lisa C. Gill: So, we have two minutes left here. Karen...

(38:24)

Answer – Karen S. Lynch: Like a (38:24) two-minute warning in football. I can do the Tom Brady sort of run down the field and get the touchdown.

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Question – Lisa C. Gill: Exactly. Right, when they're playing the Jets, right? Yes. So in the last couple of minutes I love to ask this question and that's CVS has had a phenomenal year in 2021. But as we think about CVS, what do you think investors don't necessarily appreciate today that possibly they'll appreciate as we're sitting here in January of 2023?

Answer – Karen S. Lynch: Yeah. I think there's a number of things. One is, first, I think it's the critical role that we played in the pandemic and I think people do appreciate that. But it really did allow us to put CVS on the map as a health care destination. And I think that might be somewhat underappreciated. I think the other thing I would say is that we are making very bold moves and pivoting our strategy to really transform the way health care is delivered in America to lower cost, improve access, and increase quality. And no one else has the assets that we have to really be able to do that.

The third thing I would say is that we have the opportunity to deepen our relationships with consumers. We have 100 million consumers today that are under the CVS Health umbrella. 4 million people walk into those stores every day. We have a relationship. We can impact their overall health. So those are a couple of things that I would say that as we look forward that we as a company are unparalleled in our reach, unparalleled in our capabilities, and I believe are best positioned for future growth.

Answer – Shawn M. Guertin: Can I add one?

Answer – Karen S. Lynch: Oh, yeah.

Question – Lisa C. Gill: Of course.

Answer – Karen S. Lynch: This is like I'm passing (40:13).

Answer – Shawn M. Guertin: I think and on one level this should be evident. But I think the amount of deployable free cash that this business generates I think has been underappreciated maybe because some of – all of that cash, right, for a long time has been going to de-levering. And in some ways, I think, sometimes people kind of confuse valuation multiples with cash generation. But when you look at the amount of cash that we generate and you compare that to pick your large competitor and think about that as the capital that we can sort of reinvest into this business and/or return to shareholders, it is on par with that group and I think we're going into a period here where we're going to use that capital differently and drive a lot more value creation with that capital.

We're looking forward to you taking out your checkbook, Shawn, and (41:08) in 2022. Thank you so much. It was so great to see both of you and I look forward to hopefully seeing you both in-person in 2022. Thanks, everyone. If you have any questions, feel free to reach out to me or anyone on my team or to Susie Lisa on the IR team at CVS. Thanks, guys.

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