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## The Health Care System on the Corner

About two miles from my house, on the way to my office, there's a Walgreens on one corner and a CVS on the next. I regularly stop by the Walgreens to pick up prescription medicine, toiletries, protein bars when I've forgotten lunch, or emergency ice cream. FedEx delivers my packages there instead of to my home, and I pick them up on the drive back from work. When I use the drive-through, the pharmacy technician greets me with "Hello, Dr. Williams." I even stop by to use the restroom when I'm out running. The neighborhood pharmacy is part of everyday life. But many ophthalmologists may not realize that the neighborhood pharmacy also is an evolving health system.

Those of us in private practice have long watched the consolidation of health systems and insurance networks that strive to minimize "leakage." Increasingly, people aren't patients of an individual physician or practice; instead, they are patients of a health system. For instance, the primary care physicians of a local system recently required their patients to switch to Medicare Advantage. (While a Medicare Advantage plan might offer lower monthly premiums and perks such as a health club membership, patients might discover that their longtime ophthalmologist is out of network.) And hospital-based health systems work hard to keep patients using their employed physicians, their ORs, and their surgery centers.

How could the pharmacy on the corner be part of a health system? Our patients can get their flu, Shingrix, and COVID vaccinations there and stop by any time for a blood pressure check. Many pharmacies offer sleep apnea assessments, eye exams, and phlebotomy services. CVS has 650 HealthHubs in its nearly 10,000 stores, employing about 40,000 pharmacists, physicians, and nurses. In the middle of the pandemic, when there were acute shortages of mental health services, CVS launched in-person and telehealth sessions with a therapist.

But the impact of these offerings is dwarfed by that of recent mergers, which are driving this maturation of the pharmacy businesses. For example, in 2018 Aetna and CVS completed a \$69 billion merger, and Cigna and Express Scripts merged for \$67 billion. Optum Rx is owned by UnitedHealth. The lines have already been blurred between insurance companies that pay for care and providers who deliver care. Merging giant pharmacy companies into the

mix has introduced a new element of vertical integration.

What are the potential pros and cons of this trend? First, the role of the pharmacy benefit managers (PBMs) who brokered drug prices between pharmacies, insurers, and employers is extinguished. Some argue that this is a good thing, as PBMs were their own profit center, and the process was notoriously opaque. Others worry that removing an independent negotiator will lead to higher drug prices. Proponents of these mergers argue that our health systems are too fragmented—and that a company that includes payers, health care providers, and prescription drug delivery can deliver more efficient, integrated, and less expensive care.

At the time of the Aetna-CVS merger, *Consumer Reports* raised another concern: The company might decide to tell Aetna policyholders that their coverage only applies if they go to a CVS Minute Clinic.<sup>1</sup> *Consumer Reports* also warned that CVS Health might give better prices to patients with Aetna insurance. Such strategies are analogous to the levers used by existing health systems to keep patients in network.

CVS Health's new CEO described her vision for the company: "... the mark I really want to make, is to be part of someone's everyday life where if they're healthy, they're engaging with us to stay healthy. If they have health issues, they're engaging with us so that we can help manage and navigate that."<sup>2</sup> She added, "Because we're so central in people's lives, we have the ability to be even more central in people's lives." These giant companies really *are* just down the street.



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1 [https://advocacy.consumerreports.org/press\\_release/consumers-union-statement-on-approval-of-cvs-aetna-merger/](https://advocacy.consumerreports.org/press_release/consumers-union-statement-on-approval-of-cvs-aetna-merger/). Accessed Jan. 30, 2022.

2 Gelles D. The chief of CVS wants to be part of people's "everyday life." *New York Times*. Jan. 21, 2022.