

# CVS to acquire home healthcare company Signify Health for \$8B: What it means for patients

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CVS Health on Monday agreed to an \$8 billion acquisition of Signify Health, a healthcare platform that uses analytics and technology to pair clinicians with patients for home-based visits.

The deal should open doors for the pharmacy chain by allowing it to reach customers within their own homes. The [direct access](#) could also help reduce [patients'](#) long-term healthcare costs by making it easier for [clinicians](#) to intervene early or help manage [chronic conditions](#).

"This deal is going to help ensure that no beneficiary falls through the cracks," Piper Sandler & Co. analyst Jessica Tassan told U.S. TODAY. "That everyone's diseases or adverse conditions get identified and documented, and that they actually get care for those diseases or conditions and have a chance at a better life with lower health care costs."

## **What kind of company is Signify Health?**

Signify runs a network of more than 10,000 clinicians who can visit patients within their homes, either in-person or virtually, to identify their needs and connect them to follow-up care. The clinicians' home visits with a patient are 2.5 times longer on average compared to a primary care office visit, according to a Monday news release.

The company expects to connect clinicians with nearly 2.5 million members this year compared with 250,000 five years ago, when the company first launched.

"This acquisition will enhance our connection to consumers in the home and enable providers to better address patient needs, and represents a significant step forward in our strategy to improve care delivery," CVS said in an emailed statement.

## **CVS's \$8 billion acquisition**

CVS on Monday announced that it agreed to acquire Signify for \$30.50

per share in cash, or about \$8 billion total.

The transaction is expected to close in the first half of 2023, pending regulatory and shareholder approval. Signify CEO Kyle Armbrester is set to remain at the helm of the company under CVS.

J.P. Morgan analyst Lisa Gill called the deal a "win/win/win" for patients, payors and CVS in a Monday note.

"In our opinion this brings CVS closer to their goal of managing more lives through value based care (VBC) relationships," Gill said in the note. "CVS will have the opportunity to influence more lives."

## **What companies did CVS buy?**

CVS's latest purchase agreement comes after a number of other health care acquisitions including pharmacy benefits manager Caremark Rx in 2007, more than 1,600 Target pharmacies in 2015 and health insurer Aetna in 2018.

The Signify purchase is the latest sign that CVS is "definitely moving away from its traditional roots as a drugstore," according to Leighton Ku, a professor of health policy and management at George Washington University.

"Healthcare is a sector of the economy that keeps growing and growing," he said. "They're heading in a direction where they know that there will continue to be growth. As people get older, they going to need more [health](#) care, and we seem to be willing to spend more and more of it."

## **What does this mean for consumers?**

Because Signify has access to patients' homes, Tassan said clinicians have more insight into underlying factors that are "hard or impossible" to diagnose in a traditional healthcare setting, such as food insecurity.

After the clinician gives their diagnosis, CVS can leverage its retail pharmacies to help follow the diagnosis.

"CVS plus Signify is going to be better equipped to bridge the gap between diagnosis and treatment," Tassan said. "It's a clinical outcomes improvement, and eventually those things translate to lower costs."

Ku pointed to people with diabetes as a good example of patients who could end up saving long-term healthcare costs with home visits.

"If people can figure out a way to intervene and more effectively prevent people from progressing into type 2 diabetes—or once they're diagnosed with having type 2 diabetes, to better control that—that would be great," he said.

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