THE ECONOMIC CLUB
OF WASHINGTON, D.C.

Signature Event

David Joyner

Speaker

David Joyner
Chairman and CEO
CVS Health

Interviewer

David M. Rubenstein,
Chairman
The Economic Club of Washington, D.C.

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DAVID M. RUBENSTEIN: David Joyner, thank you very much for joining us today.

DAVID JOYNER: Thanks for having me.

MR. RUBENSTEIN: So earlier today I was at CVS. And – [laughter] –

MR. JOYNER: Of course.

MR. RUBENSTEIN: And in my neighborhood they have a CVS. And I, as soon as I go to check out something, buy something, they ask if I'm a member of the club. And I said no, I'm not a member. And they said, well, you're, like, the only person who's not a member. [Laughter.] And the reason I'm not a member is because I'm afraid if I become a member I'll get emails the rest of my life. Is that a fair view or not?

MR. JOYNER: No, that's not fair. It's a choice. So our preference is to sign you up right here today. [Laughter.]

MR. RUBENSTEIN: What kind of discount do you actually get?

MR. JOYNER: Well it ranges, but you can get 10 to 30, in some cases you get the Extra Bucks back, so it could be free. [Applause.]

MR. RUBENSTEIN: OK. Well, good. When I buy things, though, they have these long, long receipts. Or, I guess – why do you have that? Why is that? When I buy something, the machine, they give you these long receipts?

MR. JOYNER: Well, it's another one of the opportunities for improvement. So we – [laughter] – we're kind of known for the receipts because people used to like actually having the physical coupon to be able to use in the store. So we introduced a handful of years ago the opportunity to opt out, and actually get it in the form of an email or in your Extra Care Program. So we've had 260 million receipts eliminated because people have chosen to go online.

MR. RUBENSTEIN: OK. Maybe I'll join the club. Is there any benefit I'm going to get? I'm going to get discounts, right?

MR. JOYNER: Yeah. You could actually get free stuff.

MR. RUBENSTEIN: Free stuff. I like that. OK. Here's my question, your company – the first store was in Rhode Island, 1963 I think it was. How did CVS grow to be the largest kind of pharmacy company or drugstore company in the United States, from a little state like Rhode Island? How did that happen?

MR. JOYNER: Well, it's a remarkable story. So, it's actually started out as the Consumer Value Store. So that's the acronym, CVS. And started in Lowell, Mass in 1963. We didn't add a pharmacy until seven years later. And by trying to make sure they're serving the customers well, they started growing through acquisitions. And it was for the most part kind of a Northeast

pharmacy, that's where they were growing. And then they started buying chains across the country. So they bought Eckerd's, and Revco, and ultimately bought Longs on the West Coast to give us a full national footprint.

MR. RUBENSTEIN: Now, you were the largest in the United States in terms of pharmacies, would you say?

MR. JOYNER: That's true.

MR. RUBENSTEIN: How many do you have?

MR. JOYNER: We have 9,000 pharmacies across the country in all 50 states.

MR. RUBENSTEIN: Nine thousand? Wow. And what is the biggest pharmacy of all? Is it somewhere in New York City or something? Or is it one that's the biggest?

MR. JOYNER: Because we grew through acquisitions, each one of the formats are somewhat different. So the West Coast was the Longs pharmacies, and they just have a much larger footprint. So on average they probably have 10,000 square feet in the CVS that you would know, and you could probably double the size of that in some of the – some of the other markets out west. And then even in Hawaii, which is still known as Longs, I mean, those are really large stores, and it becomes more like a grocery store in addition to the pharmacy.

MR. RUBENSTEIN: Now your biggest competitor, is that Walgreens? Or is it Walmart? Or who's the biggest competitor for you?

MR. JOYNER: I think it depends on where you're focused. So I think in a classic kind of standalone pharmacy, our standalone peer would be a Walgreens. But we also are trying to capture market share for those that are in mass – the grocery and the mass merchants, like the Walmarts of the world.

MR. RUBENSTEIN: I should mention, in the store that I go to, which is in Washington, D.C. – it's a very nice store, no complaints – [laughter] – but I notice every time I want to buy razor blades that it's, like, locked up. And why – are people stealing razor blades all the time? Or why is that?

MR. JOYNER: I should have brought my retail pharmacy lead today. [Laughter.] So in general there are some products that have a higher theft rate than others, and razor blades happen to be one of those. And it's a big issue from an organized retail crime. So those are the things that have high margins. They actually get stolen and they get resold in other markets. So you have to try to protect, at least in the areas where you know you're most vulnerable. And the idea is to eliminate that altogether. So I'm hoping at some point we'll get to a place where things won't be locked up, and we'll have appropriate security and safety for our colleagues and our customers.

MR. RUBENSTEIN: OK. Now CVS Health is actually four different divisions, or companies, if I have it right. You have the drugstore part, then you have Caremark. What is Caremark?

MR. JOYNER: It's a pharmacy benefit.

MR. RUBENSTEIN: And what does that do?

MR. JOYNER: It manages the pharmacy benefit on behalf of large employers, on government payers. But ultimately, we're being tasked with facilitating and administering the benefit, and negotiating with the drug manufacturers and pharmacies to lower the pharmacy costs.

MR. RUBENSTEIN: OK. That was OK. And then you have a third part, which is Aetna.

MR. JOYNER: Correct.

MR. RUBENSTEIN: And Aetna is a health insurance company.

MR. JOYNER: It's a large health plan, health insurance business, yeah.

MR. RUBENSTEIN: And then you have another division as well?

MR. JOYNER: Yeah. It's the health-care delivery business, which we have close to 1,000 clinics – health-care clinics across the country, both kind of in the acute MinuteClinic, is what you would know inside of CVS, and then we have Oak Street, which is what I would call more of a value-based care clinic, serving the Medicare population.

MR. RUBENSTEIN: Well, let's suppose I don't feel well and I don't have a doctor to go to, or something. Do I go to the CVS health-care clinic?

MR. JOYNER: Yeah. We'd love to have you. [Laughter.]

MR. RUBENSTEIN: But what kind of level do you – I mean, you're not going to be doing, you know, surgeries there, I assume. But you're doing what – if you have a headache or something, is that what you're doing?

MR. JOYNER: Yeah, it's different state to state. But for the most part, you know, it's all of your cough, cold, flu. So it's taking care of the things that are that are most acute, you know, during different times. But the model is evolving into a primary care clinic. So we'll have almost 500 of our 900 MinuteClinics that will have primary care capacity. So we're expanding the scope of services, just like any other primary care clinic that you would go to.

MR. RUBENSTEIN: I'd like to talk about your story, because it's kind of amazing how you came to this position. So let's talk about your background. Where were you born?

MR. JOYNER: I was born in Dallas, Texas. A multigeneration Texan. And so was born and raised, and didn't leave until I went off to college.

MR. RUBENSTEIN: And what did your parents do?

MR. JOYNER: My dad was a salesman. He sold metal roofing. And my mom was a homemaker.

MR. RUBENSTEIN: OK, and do you have any siblings?

MR. JOYNER: I have one sister. She's in health-care sales as well. So it's kind of in the genes of being –

MR. RUBENSTEIN: Must be.

MR. JOYNER: Yeah, kind of following my dad's lead.

MR. RUBENSTEIN: Now you went to college at Texas Tech.

MR. JOYNER: Correct.

MR. RUBENSTEIN: And what did you study?

MR. JOYNER: Finance,

MR. RUBENSTEIN: Finance. And after you graduated, what did you do?

MR. JOYNER: Well, I graduated in the mid-eighties. And I was attracted to the banking industry. So I had taken a job with a bank. And they were giving out pink slips to the class before me because of the challenges that the oil and gas industry was having at the moment. So I accepted a call from Aetna to go interview. And so I ended up in Hartford, Connecticut as a – what they call an employee benefit rep, selling both the health insurance products and all the financial services. At the time, you know, that job was selling also – the 401(k)s and all the other things were coming into the market.

MR. RUBENSTEIN: All right. So you're working at Aetna, but then you left that and then you went to Caremark.

MR. JOYNER: Correct. I was with Aetna for my first seven years and then I joined Caremark, which was a spin out of the alternate site businesses from Abbott – not from Abbott – from Baxter. And it was a small – kind of the idea was pharmacy benefits were just being incubated at the time. We were selling a mail service program to try to save money for members. And I came in right at the ground floor. We basically were 500 million (dollars) in sales at the time. And kind of grew up inside that, in that maturing industry.

MR. RUBENSTEIN: And how long were you there?

MR. JOYNER: I was there through 2007, when CVS acquired Caremark. And then I stayed all the way to 2019. And then I – then I retired.

MR. RUBENSTEIN: Now, you retired at 2019.

MR. JOYNER: That's correct.

MR. RUBENSTEIN: And you got your RV and you started driving around the country. [Laughter.]

MR. JOYNER: That's it. That's exactly right. I've probably had more airline miles than probably the vast majority of the people in this room, so I decided it was time to go see it on the road.

MR. RUBENSTEIN: So you drove around in your RV. And is that safe driving around all that –

MR. JOYNER: It was perfectly safe. I'm an empty nester. So my wife and the dog, we spent three years kind of driving around the country. It was very safe, yeah. This is a wonderful country.

MR. RUBENSTEIN: And you're a fly fisherman, right?

MR. JOYNER: I love the west. I love fly fishing. And that's definitely one of the hobbies.

MR. RUBENSTEIN: Now, explain to me, in fly fishing, when you do that, the fish's brain is really small, and your brain is big. Why is it so challenging to catch a fish, the brain is so small? [Laughter.]

MR. JOYNER: I haven't been asked that question before, so. [Laughter.] I would say that it's still a thinking man's sport. And you got to learn a lot about the water, the currents, the flow, the pockets where all the fish are held, all the entomology around the bugs. So it's a – you know, I would – actually, you have to think when you're – when you're doing this. It is a small brain, but they still are pretty smart.

MR. RUBENSTEIN: But when you catch it then you got to throw it right back, right?

MR. JOYNER: That's right. It's sport. It's catch and release.

MR. RUBENSTEIN: OK. You don't do deep sea fishing then?

MR. JOYNER: I do from time to time, but it's not my – not my thing.

MR. RUBENSTEIN: OK. So you're minding your own business. You've worked at Aetna. You've worked at Caremark. You retired, relatively young. And then all of a sudden somebody calls you and says, would you like to be the CEO of CVS Health? Weren't you – were you surprised?

MR. JOYNER: Well, it was a call to run one of the – one of the divisions. It was coming back to run Caremark. And so I was – yeah, I was three years. I was happy. COVID was probably tough on a lot of people, but had a lot of idle time on my hands – more than I thought I would. And so I decided to come back because I thought we're at an inflection point in the market with both the pharmaceutical industry and the supply chain changing. And I thought a combination of running pharmacies plus the PBM, we could actually make meaningful change in the market. So I came back for that, and with a purpose to have and change the way pharmaceuticals are paid for and how they're delivered in this country.

MR. RUBENSTEIN: All right. Then one day they called you up and said, do you want to be the CEO?

MR. JOYNER: Yeah. And then we ran into some challenges in October of '24. And it was with one of the other divisions, Aetna. And so the board had asked whether or not I would consider being the CEO. And I said, OK. Here I am, a year and a half later.

MR. RUBENSTEIN: OK. Now, from the time you became the CEO, the market capitalization of your company is up about 67 percent. Your stock is up 65 percent. So I hope they're pretty happy with you.

MR. JOYNER: Yeah, I've got to – I'd say that the board's happy, the investors are happy, which is the ones that we're –

MR. RUBENSTEIN: What did you do to increase it in such a short time, in about a year and a half, two years? How did you do that?

MR. JOYNER: So the good news is, out of the four divisions three of them were running and operating really well. And so my focus, at least over the last year, has been making sure Aetna gets back to the brand and the reputation and the ability to deliver kind of consistent performance. So we've been through two underwriting cycles with them. We've got, I think, our arms around how to – how to project and/or predict where health-care costs are going and making sure we're pricing our products accordingly. And then the next, kind of, phase of all this is how all these businesses fit together. So I've spent the last six-plus months making sure that that we actually get the enterprise value of how all these businesses fit together for the benefit of the consumer.

MR. RUBENSTEIN: So if you're up 65 percent in a year and a half or so, can you do that again, do you think?

MR. JOYNER: I hope so. [Laughter.]

MR. RUBENSTEIN: OK. So let me ask you, today drug companies, pharmaceutical companies, are generally not that popular because they are thought by some people to charge high prices for some new kind of drugs. But people don't dislike drugstore companies. They don't – nobody seems to blame drugstore companies for high prices. Is that your observation as well, or?

MR. JOYNER: Yeah. I think there's a lot of blame going around at the moment. So while I think the pharmacist and the pharmacy has a bit of a halo, I think there's still a lot of blame going around, around who's responsible for the high cost of drugs. So the good news is it kind of just reinforces the fact that we have a really good brand and a good relationship that's trusted, and that ultimately helps us find solutions for those – for those members.

MR. RUBENSTEIN: How many total employees do you have?

MR. JOYNER: A little bit more than 300,000.

MR. RUBENSTEIN: And the average person who works at CVS stays there for how long?

MR. JOYNER: It's different by the job category, but the – I would say the people that are actually moving up to the organization – I mean, I'm forty years with the company. And I would say that I have a management team and – a management team that generally is 10-20 years, in some cases. And it's all because of the upward mobility. So a big focus of ours is that there's a high turnover rate in the front store because those are entry-level jobs, but the opportunity to actually take somebody that comes in through the front store, you can start moving them through, either be a pharmacy tech, you can move them into store managers, you can move them into other jobs. In fact, the store where I visit there was somebody who's a pharmacy tech, which is helping the pharmacist in the store. We helped him pay for his college education. And now he's working in our finance group.

MR. RUBENSTEIN: When you go to your local CVS do they notice who you are? Do they know you who you are?

MR. JOYNER: Yeah, there's probably more familiarity now –

MR. RUBENSTEIN: Do you get special treatment?

MR. JOYNER: I don't –

MR. RUBENSTEIN: Do you have to stand – do you stand in lines? Or you don't have to stand in line? [Laughter.]

MR. JOYNER: No, it's – you know, and this is kind of what every executive should do. Which is that you take a backseat to your customer. So the idea is to make sure that your customer is being served. And you watch the flow. You watch how they're being treated. And so I will actually get taken care of when I need to.

MR. RUBENSTEIN: When COVID came, CVS announced that you could get a COVID shot at CVS. And I said to myself, the man who does the checkout at CVS, he's going to give me a shot? I didn't know that it was the pharmacist doing it. I was worried that the guy doing the checkout was going to be giving me the injection. But they don't do the injections, right? It's the pharmacist?

MR. JOYNER: That's right. And, you know, even before COVID, the vaccine administration was, for the most part, done inside of a doctor's office. And you look post-COVID, now the pharmacy – pharmacists and the pharmacy techs – are doing the vast majority of all vaccinations in this country. Which I think is really an important change and inflection point about the role of the pharmacist completely.

MR. RUBENSTEIN: Now, that's a business where it's free. Vaccinations are more or less free?

MR. JOYNER: Well, nothing's free, but the payers ultimately subsidize it. Yeah, yeah.

MR. RUBENSTEIN: So when you go to – or, let's say, what is the most popular single item that CVS sells? The most popular thing?

MR. JOYNER: It's generally seasonal. So, you know, right now the CVS is the sponsor for USA Soccer. So we've done a bunch of promotions for USA Soccer. So it's the FIFA stickers that they're promoting inside the store. So in holidays it's a different set of items, but right now because we're in the height of World Cup soccer that's generally what people are buying.

MR. RUBENSTEIN: Now, when I go to, let's say, a CVS, and they have Christmas things for Christmas, or then they have things for Valentine's Day, when you don't sell those things for that particular holiday do you put it back in storage and bring it back the next year, or you sell it at a discount? How do you do that?

MR. JOYNER: You generally see a lot of discounts on those products after the holiday. [Laughter.] And then a lot of it just goes to be resold in other areas. So it doesn't get repackaged for the next year.

MR. RUBENSTEIN: It doesn't? All right. When I go – what percentage of people actually use the automatic checkout thing? Because every time I do it the buzzer goes off, and it's, like, skip the bagging, or this or that. But does anybody – I mean, am I the only one who doesn't use it?

MR. JOYNER: I'm going to have to find an advocate for you inside of the CVS. [Laughter.] So it actually works really well. I think it's all customer preference. So, you know, I prefer checkout. You do – with the self-checkout.

MR. RUBENSTEIN: You do? You use the automatic checkout?

MR. JOYNER: I use it. But I also have the app. So I'm an Extra Care member. I do everything kind of within –

MR. RUBENSTEIN: What's the app do for you?

MR. JOYNER: Well, it allows you to have your payment information in there, allows you to get all your discounts that you had for the products that you're buying, and it's such a simple, easy process.

MR. RUBENSTEIN: I should try that.

MR. JOYNER: And then there's some people who want to stand in line and deal with the – deal with the register.

MR. RUBENSTEIN: You ever thought about the – what is the profitability of people that do the checkout and then they don't take their change and they leave the change behind? [Laughter.] Is that a profit center or not?

MR. JOYNER: Yeah, I would say that cash transactions are a very, very small part of what we're doing now. Most everything is done through credit, and even actually done through your phone. So another reason to actually have that app, is that you don't have to actually leave change behind.

MR. RUBENSTEIN: OK. So what is the reason why somebody who comes out of college should work for CVS Health? What's the benefit of working there as opposed to some other company? Why is it a good company to work at?

MR. JOYNER: Yeah. So one is I think we have an incredibly great company that provides and affords opportunities for all walks of life. So, I had the good fortune of getting a college degree. And I was able to move through the organization pretty rapidly. And now I'm the CEO. So the story is, if you want to come to a company who wants to build trust in the marketplace, wants to make a difference in health care, and then wants to have upward mobility and opportunity to do more and greater things, this is a great place to be.

And it's the pharmacy tech, that I told the story. My hope is that – you know, he didn't have a college degree. He started. We trained him to be a pharmacy tech. We subsidized his tuition to get a college degree. Now he's in our finance department. I'd love to be able to say this is somebody who's gone on to do really great things, because he started with what it takes to serve our customers.

MR. RUBENSTEIN: Right. Now, Aetna was a major acquisition that was made around 2018, something like that, for about $69 billion. A lot of money. What was the theory behind why buying a health insurance company would help CVS?

MR. JOYNER: I think the challenge with health care at the moment – and we still find that, eight years later – is that it's very fragmented. So you've got the care delivery side, the hospitals and the doctors that are providing the care, and then you've got the payment system, with Aetna, and then ultimately you have the pharmacy that's dispensing and/or managing the cost. And it's all fragmented. And it doesn't work really well for the consumer. So the idea is that you pull all this stuff together and you can organize it for the benefit of the consumer, and you can say we've been able to improve their experience. So their net promoter score or their experiences is positive. They're more engaged in their health care.

And when they become more engaged, then you can start taking cost out of the system, because if they're more adherent to their medications, you take cost out. Or you figure out how – they spend less time in the emergency room, when they could be coming into one of the – one of the lower cost clinics. So the idea is that it should work in a more organized way so that you actually get the payment and delivery together, and taking kind of the patient out of the middle. And you're focusing on how their health care is working.

MR. RUBENSTEIN: And that's worked out OK?

MR. JOYNER: It's working – it works well when it's actually organized in the system. But we haven't evolved and matured that across the country, to the degree that that I'm hoping will get there.

MR. RUBENSTEIN: Back to my local CVS. If I want to buy a product there, let's say Listerine, then you have your own product, a CVS equivalent. Is there any real difference between the branded one and the generic one? [Laughter.]

MR. JOYNER: Well, I don't know if there's any consumer goods companies in the room, but the idea is that once it goes generic then the idea is that we have some formulation that's very similar to what the brand manufacturer had put together. And it's less expensive. And it should have a trusted brand attached to it. So it's kind of how retail works today.

MR. RUBENSTEIN: So people buy the generic typically?

MR. JOYNER: Yeah, that's right.

MR. RUBENSTEIN: OK. Now, in my CVS I've noticed increasingly that the section for canes, adult diapers, and things like that, for aging people, is more and more – is bigger and bigger. Is that because the population is aging or I'm just more focused on it? [Laughter.]

MR. JOYNER: Well, seniors are a very important customer base for us. So I'm hoping that we're catering to that demographic or that population. But my guess is because we've made a big effort to localize the store and the products inside those stores, that you must be in an area that may have maybe an older generation? But anyway, so that's why the – so.

MR. RUBENSTEIN: I don't know, but it seems like more and more –

MR. JOYNER: I'd be tough to put that next to a college campus, right? [Laughter.]

MR. RUBENSTEIN: It is tough. I mean, since more and more of these – the bigger part of the thing. OK. So let me ask you, if the United States has done a pretty good job in pharmaceutical companies and drugstore companies, why don't you expand in Europe or Asia? Why are you mostly focused in the United States?

MR. JOYNER: You know, the U.S. health-care system is an N of one. It's unique in terms of the fact that the private sector is still who is generally administering and financing the health

care. Around Europe is mostly – and/or in Canada and other markets – you have national payers. And they just – it works very differently. So most of this stuff doesn't export well to those markets.

MR. RUBENSTEIN: So where are you going to – if you're not going to export, where do you get your growth? I mean, you need – you can't – how many more stores can you build?

MR. JOYNER: Yeah. So if you look at the health care forecast, it's – you know, we're expected to pay $6 trillion for health care in 2026. And if you look at where the forecasts are, by the time we get to 2034 it'll be 9 trillion (dollars). So the growth is how do we participate and how do we begin to make a meaningful difference on attacking the $9 trillion spend? And I think – I don't think the store counts will actually be as important as – you're going to see, as the population ages, they're going to require more medications. And as they require more medications, the pharmacy is going to play, hopefully, a very important role of helping them manage their, their care.

MR. RUBENSTEIN: Now, to be a pharmacist you have to go to pharmacy school. I always wonder, what does a pharmacist get compensated? Do they get compensated hundreds of thousands of dollars a year? Is that a big income job?

MR. JOYNER: Yeah. It's different by market, but yeah. I mean, they're probably in the 140(,000 dollar) range. So it's a good job. And we have all different types of pharmacy roles in our business. So some are working in the health plan to help provide the clinical services. Some are actually in the store, which you would actually know. But ultimately, we have 30,000 pharmacists that play a variety of different roles. And I'm hoping that this is where we're going to be able to make a meaningful change in health care, because they've gone to training. Not just to dispense medications, but they've gone to school to be an active part of the health care system. And I – there was a whole bunch of movement around test and treat, so that you can go in, get tested at the pharmacy, and ultimately get treated. And so it takes the need away from actually going to a doctor's office when it could be easily done in a pharmacy.

MR. RUBENSTEIN: How can you be sure that the pharmacists – I assume they're all honest, but maybe there's a bad apple occasionally – aren't taking the drugs and putting it in their pocket and then selling it somewhere else, or something? How do you measure all that – make sure all your drugs are not leaving the place inappropriately?

MR. JOYNER: Yeah. So there are inventory controls. So we do manage the count. And there are certainly the areas where – probably most concerning would be the control substances. And those are all locked, you know, in a safe. So you would not actually have to run the risk of that being one of the theft items.

MR. RUBENSTEIN: So when you go to your own pharmacy do you ever, like, break through the line, or do you stand in the line with everybody else, or?

MR. JOYNER: Like I said, when I go to the pharmacy I do it for two reasons. One is I want to work with the teams and I want to observe and see how the store is running and operating. When

I go there for my own – my own care, it's – you know, I generally am always getting behind the lines. I don't want to kind of cut in front of the customers. But the beauty about the pharmacy is, if I really wanted to, I could actually go through the drive-through. I could have it delivered to my home. But ultimately, I like being there in person so I get a chance to see how the store is running.

MR. RUBENSTEIN: And now I read that you are beginning to experiment with having drones deliver pharmaceutical items to your house. Is that going to be – is that realistic, or?

MR. JOYNER: You know, who knows? I think it's certainly things that we're experimenting with. I think, right now we've become – the pharmacy is the most conveniently located health care service in the country. There's still 65,000 pharmacies across the country. So it's so convenient that – and so close, that people – even when we actually offer free delivery, people still choose to come into the store. So I think we're going to continue to experiment and think about new delivery methods, but until we actually see a big, strong demand from the customers that they want more stuff delivered to their home, we're still wanting to make sure that store experience is best in class.

MR. RUBENSTEIN: So there are some pharmacies in some big cities that are open 24 hours a day. I think you have one in Dupont Circle, I think it's open 24 hours a day. Do people really buy a lot of pharmaceutical things at 2:00 in the morning, 3:00 in the morning, 4:00 in the morning?

MR. JOYNER: Yeah. So most of those are tied or really close to other health-care facilities. So there are people that have needs. One is different hours, people work different hours, so they need to have access during when their work schedules, or when their free time is. But we also have people being discharged and/or coming in and out of the health care facilities that, you know, need access to pharmaceuticals. And so the idea is that we know kind of the density and the range of where the shopping pattern is, and so that's why I think it's a really important part of how access is delivered inside of our stores.

MR. RUBENSTEIN: Now, for security purposes, do you have like little cameras above the roof or the ceiling, so you can see who's stealing things? Or do you have some of those?

MR. JOYNER: Well, you don't really have – we do have cameras, but you can actually watch the local television and you can see people actually stealing stuff out of our stores. So it's the – it is an area where I'd love to be able to say that the cameras actually become a deterrent, but, you know, we still have an issue, as I said, with organized retail crime. There are still people coming in with just bags of stuff, putting it in. And so the idea ultimately is that we find, you know, that we have either security and/or other people at this at the store that become the deterrent, so you don't find, you know, people –

MR. RUBENSTEIN: People steal things – for example, somebody comes up in the bag and they just steal a whole bunch of stuff – your policy is not to go chase them, or shoot them, or anything. You just call the police or something? Is that what you do?

MR. JOYNER: Yeah. Everything is about deescalation. So the idea is that they're going to do it. And is really, doesn't – we don't want to put our colleagues in harm's way. We don't want to put our customers in harm's way. So that's the – that's kind of the downside of kind of how people have been more willing – and probably more brazen to go do all this. So that's why we continue to experiment with the right type of security in the stores to, you know, try to at least deter this.

MR. RUBENSTEIN: So when you tell people at a cocktail party that you're the CEO of CVS, what is the most common question you get?

MR. JOYNER: Why is health care so expensive and why is it so complicated? You know, so that's – and most people, I think, are frustrated with their health-care experience. And so I spend time talking about what I'm trying to do and what our company is trying to do to make health care better.

MR. RUBENSTEIN: So if you're the CEO of CVS Health, you have to be, presumably, healthy, because you don't want to be unhealthy if you're in that position. So what do you do to stay healthy?

MR. JOYNER: I am a – I'm still – I grew up playing soccer. I still play soccer at this age. So that is probably –

MR. RUBENSTEIN: You play soccer? Is that safe? [Laughter.]

MR. JOYNER: Well, my wife doesn't think so, because I come back hobbling many times. But it's –

MR. RUBENSTEIN: Your board of directors is happy for you to be running around and playing soccer?

MR. JOYNER: Yeah. I'm not skydiving. [Laughter.] It's just – I think it's a great way to have – it's a great cardiovascular. And it's an old man's game now. I'm in the over-40 league. So it's – people have gotten a lot slower, and it's more of an old man's –

MR. RUBENSTEIN: Do they have an over 70 league I can – [laughter] –

MR. JOYNER: I would – yeah. We could find you one.

MR. RUBENSTEIN: I'll have to look for one. OK. So what is the pleasure of being the CEO of CVS? And were you shocked when they said, come out of retirement and be the CEO?

MR. JOYNER: Yeah. I think – I mean, certainly I didn't plan for this. And so I would say, yes, I was shocked, and little soul searching, because being CEO of a large health-care company today comes with a different level of risk. So it's conversations you have to have with your family, with your kids, and –

MR. RUBENSTEIN: Well, you're driving around with your wife in your RV, all of a sudden you say to your wife, I'm not going to be doing that anymore.

MR. JOYNER: Yeah, I was –

MR. RUBENSTEIN: What did she say?

MR. JOYNER: She probably saw that was getting a little antsy at home. So I think she was probably saying, this might be a good idea for a little while. [Laughter.]

MR. RUBENSTEIN: So today if you could run the health-care situation in our country, what would you do to change health care to make people live longer, be healthier, get better supplies of pharmaceuticals? What would you do if you were in charge of health?

MR. JOYNER: I think there's – one is, there's so many opportunities. And it's like when I was – it's been a year and a half in the turnaround. It's going back to the basics and the fundamentals. And today the health-care system, it don't talk to one another. It's amazing how technology is so advanced in other industries, and in health care today there's still pockets of data that's not shared. So from a consumer standpoint, if you go to five different doctors you got to cobble together, you know, the five different medical records. And if you go to two different pharmacies, the same thing.

So I think technology is going to have a meaningful change in how health care is accessed. And I think it's going to be better for the consumer. And then ultimately, if we can actually fix the fragmentation and what I call the friction in the system, then the patients may want to engage differently. And that then leads to – a higher engagement rate, generally leads to better health outcomes.

MR. RUBENSTEIN: The biggest problem you're worried about today, other than getting through this interview, is? What is the biggest challenge you have?

MR. JOYNER: I'd say right now – I'm in D.C., and I talked to Melissa, which runs our government affairs. The government's role in terms of how they want to influence and/or shape how health care is managed in this country. So I spend a lot of my time both at the federal level and at the states trying to help, one, educate, and also describe what are the real drivers of health care costs. And then making sure that we play an active role to help be a part of that.

MR. RUBENSTEIN: Do you deal with members of Congress ever?

MR. JOYNER: I've had – I've been back for three years, and I've had four congressional hearings already. So, yes, I spent a lot of time here. (Laughs.)

MR. RUBENSTEIN: Is that exciting experience when you meet with them?

MR. JOYNER: Not really, no. [Laughter.]

MR. RUBENSTEIN: Well, what do they mostly ask you, why prices are so high or something like that?

MR. JOYNER: Well, I don't really get asked a lot of questions; I get told. So, yeah.

MR. RUBENSTEIN: Oh. They don't let you answer very much?

MR. JOYNER: Not much, no, so.

MR. RUBENSTEIN: OK. So today, if you were going to rebuild the pharmaceutical – the drugstore industry from scratch, what would you do that'd be different? Is something you would make the drugstores different than they are today, or they pretty much have everything that you think they should have?

MR. JOYNER: Yeah. I think for the stores, we've spent – I think the retail sector has had a bunch of macro pressures, just because I think the customer needs and expectations are changing. And so we've spent a lot of time investing in technology so that the technology works for our pharmacist and for our technicians. We spent a lot of money in terms of the training and the education. And then ultimately, we changed the payment model. So there was a cross-subsidization that works inside the pharmaceutical chain today that didn't work really well, and it made it really difficult for the consumer. And it created a bunch of variability in terms of how the stores were performing.

So we fixed the pricing model. We added technology. We invested in our colleagues. And now we have capacity for the 30,000 pharmacists that are taking care of our customers to do more things than just dispense the medication. So where I'm going next is trying to have them practice at the top of their license. This is also a reason why I spend time in D.C., is because primary care in general is shrinking, or contracting, while the demand for primary care is expanding. So I think the pharmacists play a really affordable, convenient, and I think, you know, really important kind of value for where I think health care is heading.

MR. RUBENSTEIN: Now the Affordable Care Act, did it really change how pharmacies act? Or didn't have that much impact?

MR. JOYNER: It didn't – I mean, I would argue that it had more people covered. So you had more insurance – or, members with insurance to deal with. But it didn't really change fundamentally how the pharmacy was practiced.

MR. RUBENSTEIN: Who buys more products at the CVS store? Is it young people, middle-aged people, older people? Who are the bigger customers for you?

MR. JOYNER: Yeah, it's definitely the seniors. I mean, that's – as you age, you have more conditions. More conditions generally lead to more medications. And so that's – we've always typically catered to, you know, to the aging population. But the GLP-1s have been a new fad that now it's kind of bringing younger folks back into the –

MR. RUBENSTEIN: Have you noticed that older people complain more than younger people about things, or not?

MR. JOYNER: They're more talkative. And they probably use the register more. And they actually want to have conversations, versus the younger that wants to do everything digitally.

MR. RUBENSTEIN: OK. So do you enjoy your job?

MR. JOYNER: I do. I do. This has been – you know, 40 years of doing this has been incredibly rewarding. You know, there's a – there's a part of what you want to give back to the 300,000 people that come to work every day to serve your customers. And I couldn't be more proud of being able to make a difference for them.

MR. RUBENSTEIN: Do you ever go to Walgreens, another company, to see what they have?

MR. JOYNER: Yeah. When there's not a CVS and I'm forced to go into something, I might go. And we also like to check out the competition from time to time.

MR. RUBENSTEIN: And what do they do that you should be doing, anything?

MR. JOYNER: I think we've got everything going right, right now. So that's –

MR. RUBENSTEIN: So they don't have any good ideas? [Laughter.] Is Walmart a competitor for you?

MR. JOYNER: Walmart is – they're a growing presence in pharmacy. And it's a different customer base generally than somebody who shops at the pharmacy. But we've got a relationship with Target, so we have a bunch of CVSes inside of Target. So that's a good, important relationship for us to be able to capture a customer that generally wouldn't come into a standalone pharmacy.

MR. RUBENSTEIN: The biggest single complaint that you might get from customers, if you were to add up all your complaints, what is it? Is it that they stand in line, the machines don't work, or prices are high? What is the biggest complaint?

MR. JOYNER: It's not a complaint, but the number one question is, where's my script? You know, and it's been electronically routed from their doctor's office. And they want to know whether or not the script is ready. And so that is – we have 500 million phone calls a year into the pharmacy. Five hundred million. And 75 percent of them –

MR. RUBENSTEIN: How many calls?

MR. JOYNER: Five hundred million calls into our pharmacies.

MR. RUBENSTEIN: And they ask if their prescriptions are ready?

MR. JOYNER: They're asking a bunch of different questions. You know, how much it's going to cost? You know, there might be some reason why the prescription wasn't filled. They need to get additional information from the doctor. So those are all things that generally require phone calls. And so the idea is technically – when I said earlier about how all the businesses should work together? If we focus on simplifying and taking the friction out, we should be able to take a big percentage of those phone calls out of the system, because they don't have a reason to call because we're going to be able to manage them. And, once again, the app will be able to tell you where your prescription is. (Laughs.)

MR. RUBENSTEIN: OK. Well, all right. So that's the biggest complaint. People want to know when their prescription is – what's the thing that people are the happiest about when they go to a drugstore? What do they like the most about a drugstore?

MR. JOYNER: When we actually talk about the delighters inside the pharmacy, it's when you've kind of – you've surprised them or delighted them around generally what things cost. So everybody's talking about how expensive drugs are in this country, and they are. But 90 percent of the medications in this country are generic. And they're very – we have the lowest cost generics of anywhere in the world. And so the average cost is around $7. So if we can actually continue to show them how we've saved them money, then generally that's where you build the trust –

MR. RUBENSTEIN: Generics are 90 percent lower price than the branded product?

MR. JOYNER: Yeah, at least. Yeah.

MR. RUBENSTEIN: Wow.

MR. JOYNER: And it's that last 10 percent that everybody is struggling with, because it's 10 percent of the brands are 90 percent of the expense. And that's where everybody is reacting to, how can I pay for –

MR. RUBENSTEIN: So if you need a prescription, do you ever go to your drugstore and say, where is the prescription? Or they have yours ready to go?

MR. JOYNER: I use my app. [Laughter.]

MR. RUBENSTEIN: And if you were to come to my drugstore, the one I've been talking about, would they recognize you, do you think?

MR. JOYNER: Probably?

MR. RUBENSTEIN: I would tell them who you are.

MR. JOYNER: You're in D.C. I spend quite a bit of time here in D.C., because everybody has a view of the stores in this market. It's a very important market for us.

MR. RUBENSTEIN: OK. Look, you've been a very good sport. I go to your pharmacy all the time. It's right near my house. I don't know that I'm your best customer, because I don't use your – all your services. I probably should, you know, subscribe to some of these things. But I'm always afraid I'm going to get emails the rest of my life if I subscribe to your services. Will I get – how can I get – can I get not on your email list? Because I don't want to get emails forever. How do I do that?

MR. JOYNER: (Laughs.) I would love to take some time to set you up. And I promise you, you won't get any emails. We love you either way, as long as you're a CVS customer. But I will make sure that you get taken care of. And you won't get an email, you won't get a text. We'll make sure all that stuff is turned off.

MR. RUBENSTEIN: I'm going to go today. I'm going to say, I just met with David Joyner. [Laughter.] And he said – I'm going to see what – I'm going to see if they know who you are. I mean, do they have your picture there somewhere?

MR. JOYNER: They probably have it in the back somewhere, yeah. [Laughter.]

MR. RUBENSTEIN: Look, you've been a good sport. You've done a great job. I wish I had bought the stock at the time. And, by the way, the stock was up 65 percent, as I said. Will it be up another 65 percent in about another year or so? Should I be buying it now?

MR. JOYNER: I would say that my plan is to continue growing this company.

MR. RUBENSTEIN: And you're going to stay –

MR. JOYNER: So I'm hoping the investors actually reward us for that.

MR. RUBENSTEIN: How many more years you want to do this?

MR. JOYNER: I have a lot of work to do still, so.

MR. RUBENSTEIN: And you don't want to – would you ever go into government, to be secretary of health, or something like that?

MR. JOYNER: No, I like my retirement. [Laughter.]

MR. RUBENSTEIN: All right. Well, look, David, thank you very much for being here. It's a very good story. And congratulations on your success.

MR. JOYNER: Well, perfect. Thank you so much.

MR. RUBENSTEIN: Thank you. [Applause.] I have a gift for you. I have a gift. Here. Here it is. This is on map – the first map of D.C.

MR. JOYNER: Wow.

MR. RUBENSTEIN: All right. And we will send it to your office.

MR. JOYNER: Thank you so much.

MR. RUBENSTEIN: Thank you. [Applause.]

David Joyner
Chairman and CEO
CVS Health

David Joyner leads more than 300,000 colleagues who are united around the ambition to be America's most trusted health care company — and driven to simplify health care, one person, one family and one community at a time. Under his leadership, CVS Health delivers a coordinated approach to care that is affordable and accessible. Through its connected businesses, including insurance plans, pharmacies, clinics and health services, the company serves approximately 185 million people across America.

With nearly four decades of experience in health care and pharmacy benefit management, David has been a catalyst for systemic change across the industry. Before becoming Chairman and CEO, David led the company's pharmacy benefit manager, CVS Caremark®. He began his career at Aetna® as an employee benefit representative.