



CVS Health Earnings Call Insights Q2 2025



July 31, 2025



CVS Health Results Q2 2025

INDEX

Why This Report 2

Summary 3

Key Executives Quotes 4

- Aetna Recovery & HCB Performance: Strong Results but Tailored Caution 4
- Group Medicare Advantage (MA): Long Road to Margin Recovery 5
- 2026 Outlook: Too Early for Firm Guidance 5
- Pharmacy Segment (Retail & CostVantage) 6
- Value-Based Care (Oak Street): Pressure from High-Acuity Mix but Strategic Importance Remains7
- Part D (Medicare): Simplified Product, Strong Results Despite Membership Impact 8
- Health Services Segment (HSS): HCD Weakness Offset by Signify Strength 8
- Cost advantage Expansion into Government Programs: Stable & Predictable Future 9

Financial Results10

CMS Rebate Reallocation 11

Real-Time Intelligence. Strategic Advantage 12

WHY THIS REPORT

As Medicare Advantage competition intensifies, staying informed isn’t optional, it’s a strategic advantage. That’s why HealthworksAI is curating rapid-turn summaries of earnings calls from key MA players, started with Humana. In a matter of minutes, you’ll get the key themes and what it all means for your 2026 plan design, provider alignment, and market positioning.

This is part of our CI (Competitive Intelligence) Beta Series—insightful, fast, and focused on helping MA leaders to strategize.

SUMMARY

CVS Health delivered a solid Q2 2025 performance, marked by strong financial execution and strategic progress across core segments. Adjusted operating income reached \$3.8 billion and adjusted EPS stood at \$1.81, leading the company to raise full-year EPS guidance to \$6.30—\$6.40 from the prior \$6.00—\$6.20. Total revenues rose 8% year-over-year to nearly \$99 billion, with revenue growth across all business units.

CVS's unique position to address systemic healthcare issues through its integrated model, highlighting operational improvements in Aetna, continued transformation in health care delivery via Oak Street and Signify Health, and innovations in the pharmacy segment.

Aetna's margin recovery is underway, driven by organizational realignment and automation, though the group Medicare Advantage (MA) business remains pressured, prompting a \$470 million premium deficiency reserve. Pharmacy Benefit Management (PBM) operations performed well, especially with innovative cost-control measures for GLP-1 drugs, and CVS Retail delivered strong script growth and retail share gains. The CVS CostVantage reimbursement model also progressed as planned.

CVS's financial strength and future potential, citing over \$6.5 billion in YTD cash flow and improving leverage. Revised guidance includes at least \$391.5 billion in full-year revenue and \$13.77—\$13.94 billion in adjusted operating income.

Despite headwinds in health care delivery, particularly at Oak Street, the company remains focused on long-term transformation, investing \$20 billion over the next decade to simplify care and improve consumer experience. CVS continues to balance disciplined execution with bold innovation as it aims to become the nation's most trusted health care provider.

KEY EXECUTIVE QUOTES:

Aetna Recovery & HCB Performance: Strong Results but Tailored Caution

CVS Health delivered a strong quarter in its Health Care Benefits (HCB) segment, with a notable \$370M year-over-year earnings growth and a \$500M core beat. This was driven largely by strong performance in individual Medicare, including Part D and supplemental products. However, Group Medicare Advantage (MA) continued to face headwinds, and management flagged persistent cost trends, even as risk adjustment and prior-year development favourable offset some pressures.

Leadership Quotes:



“If you strip out the underlying items, the HCB business beat by about \$0.5 billion in the quarter, which is a strong performance primarily driven by Medicare, particularly from individual Medicare.”

Brian Newman, EVP and CFO

[\[Link\]](#)



“We’ve improved the operations and just our fundamental capabilities. And then we have increased management rigor overall. We remain incredibly disciplined whether it comes to pricing.”

Steve Nelson, EVP & President

[\[Link\]](#)

Group Medicare Advantage (MA): Long Road to Margin Recovery

The Group MA business continues to be a drag due to elevated medical trends and underperforming contracts. CVS is actively repricing half the portfolio (up for renewal in 2026) but acknowledged full recovery to target margins may require more than one cycle, given three- to five-year contract terms.

Leadership Quotes:



“As with any of these businesses, you the the absolute objective is to write the business so it achieves target margin. Sometimes it takes more than one cycle to get there.”

Steve Nelson, EVP & President

[\[Link\]](#)

2026 Outlook: Too Early for Firm Guidance

Though confident in 2025 momentum, CVS refrained from offering concrete guidance for 2026, citing the early stage of evaluation. The company plans to provide more insight by year-end.

Leadership Quotes:



“We’re early yet in terms of forecasting or giving guidance on 2026. So I think there’s obviously strength in 2025. We feel good about the progress that we’re making.”

David Joyner, Director, President & CEO

[\[Link\]](#)

Pharmacy Segment (Retail & CostVantage)

The pharmacy segment posted 12.5% top-line growth and 7.6% AOI growth, fueled by a 6.5% increase in script comps and market share gains from competitor closures (e.g., Rite Aid). CVS credited its success to service levels, operational innovation, and its Cost advantage reimbursement model, which is designed to align payments with actual drug costs.

Leadership Quotes:



“All of our contracts are on cost advantage, and they’re performing in line with our expectations.”

David Joyner, Director, President & CEO

[\[Link\]](#)



“We’ve seen in this quarter in front store, we continue to improve as we grow our customer base from market disruption as well as our retail share gain.”

David Joyner, Director, President & CEO

[\[Link\]](#)

Value-Based Care (Oak Street): Pressure from High-Acuity Mix but Strategic Importance Remains

CVS acknowledged continued financial pressure at Oak Street due to elevated costs, a high-risk patient population, and richer benefit designs among non-CVS payers. Still, it reaffirmed long-term commitment, highlighting operational improvement, tech investments, and deliberate growth pacing.

Leadership Quotes:



“We’ve put in place a strong leadership team with new leaders that have deep rooted experience in value based care and population health management.”

Larry McGrath, Chief Strategy Officer

[\[Link\]](#)



“We continue to look at the technology stack and the operations to provide, the leading clinical solution from a technology perspective for our business.”

Larry McGrath, Chief Strategy Officer

[\[Link\]](#)

Part D (Medicare): Simplified Product, Strong Results Despite Membership Impact

To de-risk amidst policy shifts (e.g., IRA), CVS simplified its Part D offering to a single standard plan, which yielded strong performance despite expected membership losses.

Leadership Quotes:



“I see the entire Medicare business coming together and continuing the momentum through the back half of the year and into 2026 as we think about returning that business to target margin.”

Steve Nelson, EVP & President

[\[Link\]](#)

Health Services Segment (HSS): HCD Weakness Offset by Signify Strength

The HSS segment's \$200M guidance reduction was attributed to pressure in Health Care Delivery (HCD), particularly from higher medical benefit ratios. Signify performed well and offset some of the drag. The back-half outlook remains stable, though skewed toward Q4.

Leadership Quotes:



“We think about the guidance reduction in the segment, it's all coming out of HCD. About the revised expectations for the second half of the year, we think we've captured a trend.”

Brian Newman, EVP & CFO

[\[Link\]](#)

Cost advantage Expansion into Government Programs: Stable & Predictable Future

CVS is preparing to extend Cost advantage into government programs, aiming for pricing transparency and stability. Executives believe this will gradually eliminate historical cross-subsidization issues in pharmacy reimbursement.

Leadership Quotes:



“We’re delivering to the payers across the country to create a more predictable model that can lower cost for them and their clients.”

Larry McGrath, Chief Strategy Officer

[\[Link\]](#)

FINANCIAL RESULTS

Consolidated second quarter results

	Three Months Ended June 30,			Six Months Ended June 30,		
In millions, except per share amounts	2025	2024	Change	2025	2024	Change
Total revenues	\$ 98,915	\$ 91,234	\$ 7,681	\$ 193,503	\$ 179,671	\$ 13,832
Operating income	2,381	3,045	(664)	5,755	5,316	439
Adjusted operating income	3,808	3,744	64	8,387	6,701	1,686
Net income	1,013	1,768	(755)	2,795	2,892	(97)
Diluted earnings per share	\$ 0.80	\$ 1.41	\$ (0.61)	\$ 2.21	\$ 2.28	\$ (0.07)
Adjusted EPS (2)	\$ 1.81	\$ 1.83	\$ (0.02)	\$ 4.06	\$ 3.14	\$ 0.92

CMS REBATE REALLOCATION: WHAT IT MEANS FOR MEDICARE ADVANTAGE PLANS

From Subsidy Shift to Strategic Reallocation

The recent CMS adjustment to Part D direct subsidies while presented as a technical update has become a strategic trigger for plan executives. Internally referred to by many clients as rebate reallocation, this refers to late-cycle shifts in rebate values (e.g., a \$10—\$20 delta from projected benchmarks) that can significantly impact final plan bids.

Plans must now respond with agility tweaking premiums, adjusting givebacks, and fine-tuning benefit configurations, all under high time pressure.

Rapid Response Requires Predictive Readiness

The organizations best prepared are those who've already run scenario simulations and can act on final rebate figures within hours, not days.

Where HealthworksAI's xAI-Powered Intelligence Delivers

This is where our Benefit Simulator, powered by HealthworksAI's xAI predictive analytics engine, creates true competitive advantage. With our platform, leading payers are able to:

- Pre-load likely subsidy ranges and simulate benefit trade-offs in advance.
- Quantify the enrollment and financial impact of each \$ rebate shift.
- Align decisions with Stars, market share, and benchmark positioning across counties.

Make It Annual. Make It Actionable.

As CMS continues to evolve its IRA-driven reimbursement strategy, plans must treat this as a recurring AEP ritual. HealthworksAI clients are operationalizing this now embedding it into their annual benefit design calendar. Those who simulate earlier, win earlier.

DON'T FALL BEHIND

- Your competitors already see what's next.
- These reports will plug directly into our **Benefit Strategy Simulator™** to test competitive scenarios by market, Stars, or subsidy impact.

REAL-TIME INTELLIGENCE.STRATEGIC ADVANTAGE

It's earnings season — and while others wait for industry roundups, our clients already have the insights.



Key executive quotes
flagged by theme (Stars,
ACA, Medicaid, MLR,
Compliance)



Market movements
decoded by enrollment,
benefit shifts & margin
levers



Used by top MA teams to
inform 2026 bid strategy
& pricing



Deep-dive earnings call
analysis within 24—48
hours

Schedule your Competitive Intelligence Demo

Visit: www.healthworksai.com | Email: info@healthworksai.com