

ConnectYourCare Signals Sale With Board Picks

Two new board members announced today by ConnectYourCare have been instrumental in preparing companies they lead to be acquired, a sign that CYC may be in for a big change. People familiar with the situation say that CYC could be folded into **Walgreens'** new retail clinic subsidiary as part of a recent retail clinic strategy shift from operating local clinics to alliances with local hospitals. ConnectYourCare has changed ownership twice in recent years, and last month fired its longtime CEO **Jamie Spriggs** without naming a permanent replacement.

Former Take Care Health Systems President and founder **Peter Hotz** and former SunGard President and CEO **Jim Simmons** join the ConnectYourCare Board with several decades of experience in preparing companies for sale, including SunGard's record-setting \$11.6 billion sale that made it "the single largest private equity buyout in the technology arena."

It's not clear how such a sale might mesh with CYC's large health benefits business, which has blossomed recently following a 2013 deal with **Xerox/BNY Mellon** that added over one million HSA accounts. But for most of its history CYC has been an award-winning CDH platform company. In earlier years (2008-2010) software alliances were announced with **Benefitfocus, Workscape, TPA, Bloom Health, SunTrust, UMB Healthcare, WebMD** and **First Data**. Several large health plans also deploy the CYC platform for their CDH platform.

After CYC was acquired by ExpressScripts things changed, and no further large platform deals were announced. In 2012 CYC was sold by ExpressScripts, which CYC insiders tell CDMR did not follow through on a big strategic plan because of **Medco**. From that point on CYC became a *benefits admin* firm versus a technology firm, with Xerox/Mellon a critical new client.

The new Walgreens clinic strategy, if it were to include ConnectYourCare, could be based on creating a mobile connection between the local pharmacist, patients and local hospitals. But no mention was made in lengthy announcements and recent presentations of a payer role. One argument could be that CYC is needed because local systems could standardize interoperability.

New board member Hotz founded Take Care Health Systems, Inc. in July 2006 and it became a subsidiary of Walgreens. In April 2014 Walgreens sold a majority interest in Take Care to investment firm Water Street, and they merged it with another retail clinic chain while dropping the name Take Care. Water Street will own a majority interest in the new company, and Walgreens will own a significant minority interest and have representatives on the new company's board of directors. The name of the new company will be determined during the integration process.

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