

# Health-Focused Companies in the Fortune 500

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# Introduction

- The Fortune 500 list is published annually and ranks U.S. companies based on their total revenues each fiscal year. These companies collectively accounted for two-thirds of the U.S. gross domestic product (GDP) during CY2018 with \$13.7 trillion in revenue and \$1.1 trillion in profit.
- In this edition of the 5 Slide Series, we summarize CY2018 financial performance information for each **healthcare-focused company** currently ranked in the 2019 Fortune 500.

# Fortune 500 Rankings

- 30 health-focused companies (shown on the right) are on the current Fortune 500 list.
- The 2019 rankings reflect each organization's total revenue in CY2018.
- 5 health companies were ranked in the Top 20 and 13 in the Top 100.
- Health companies appeared more sparsely thereafter (with only 17 health-focused organizations ranked from 101-500).

| Rank | Company Name                | 2018 Revenues (\$ Millions) | Change in Rank From Prior Year | Core Business               |
|------|-----------------------------|-----------------------------|--------------------------------|-----------------------------|
| 6    | UnitedHealth Group          | \$226,247                   | -1                             | Health Insurance            |
| 7    | McKesson                    | \$208,357                   | -1                             | Pharmaceutical Distribution |
| 8    | CVS Health                  | \$194,579                   | -1                             | Pharmacy                    |
| 16   | Cardinal Health             | \$136,809                   | -2                             | Pharmaceutical Distribution |
| 17   | Walgreens/Boots Alliance    | \$131,537                   | 2                              | Pharmacy                    |
| 33   | Anthem                      | \$92,105                    | -4                             | Health Insurance            |
| 51   | Centene                     | \$60,116                    | 10                             | Health Insurance            |
| 56   | Humana                      | \$56,912                    | 0                              | Health Insurance            |
| 61   | Pfizer                      | \$53,647                    | -4                             | Biopharmaceutical           |
| 65   | Cigna                       | \$48,650                    | 8                              | Health Insurance            |
| 67   | HCA Healthcare              | \$46,677                    | -4                             | Hospital/Health System      |
| 76   | Merck                       | \$42,294                    | 2                              | Biopharmaceutical           |
| 96   | AbbVie                      | \$32,753                    | 14                             | Biopharmaceutical           |
| 103  | Abbott Laboratories         | \$30,578                    | 8                              | Specialty                   |
| 107  | Rite Aid                    | \$30,215                    | -13                            | Pharmacy                    |
| 123  | Eli Lilly                   | \$24,555                    | 6                              | Biopharmaceutical           |
| 129  | Amgen                       | \$23,747                    | 1                              | Biopharmaceutical           |
| 138  | Bristol-Myers-Squibb        | \$22,561                    | 7                              | Biopharmaceutical           |
| 139  | Gilead Sciences             | \$22,127                    | -23                            | Biopharmaceutical           |
| 155  | WellCare Health Plans       | \$20,414                    | 15                             | Health Insurance            |
| 168  | Molina Healthcare           | \$18,890                    | -16                            | Health Insurance            |
| 172  | Tenet Healthcare            | \$18,313                    | -25                            | Hospital/Health System      |
| 207  | Celgene                     | \$15,281                    | 17                             | Biopharmaceutical           |
| 223  | Community Health Systems    | \$14,155                    | -63                            | Hospital/Health System      |
| 235  | Biogen                      | \$13,453                    | 10                             | Biopharmaceutical           |
| 278  | Laboratory Corp. of America | \$11,333                    | 8                              | Specialty                   |
| 293  | Universal Health Services   | \$10,772                    | -25                            | Hospital/Health System      |
| 319  | Boston Scientific           | \$9,823                     | 9                              | Biopharmaceutical           |
| 404  | Quest Diagnostics           | \$7,531                     | -37                            | Specialty                   |
| 417  | Magellan Health             | \$7,314                     | 58                             | Health Insurance            |

# Profit Overview: Biopharmaceutical Companies

- 10 of the 30 health-focused organizations among the Fortune 500 are biopharmaceutical companies. These ten companies are listed in order by 2018 profit level at the right.
- These companies secured 16% of the total revenue across the 30 health-focused companies, but their collective profits of \$55 billion accounted for 61% of the collective earnings of all 30 health-focused entities.
- These biopharmaceutical companies collectively earned a 2018 profit margin of 21.2%.
- Among these ten biopharmaceutical companies, Pfizer earned the largest profit during 2018 (\$11 billion), and Amgen earned the largest percentage profit margin (35.3%).

| Rank | Company Name         | 2018 Revenues (\$ Millions) | 2018 Profits (\$ Millions) | 2018 Profit Percent |
|------|----------------------|-----------------------------|----------------------------|---------------------|
| 61   | Pfizer               | \$53,647                    | \$11,153                   | 20.8%               |
| 129  | Amgen                | \$23,747                    | \$8,394                    | 35.3%               |
| 76   | Merck                | \$42,294                    | \$6,220                    | 14.7%               |
| 96   | AbbVie               | \$32,753                    | \$5,687                    | 17.4%               |
| 139  | Gilead Sciences      | \$22,127                    | \$5,455                    | 24.7%               |
| 138  | Bristol-Myers-Squibb | \$22,561                    | \$4,920                    | 21.8%               |
| 235  | Biogen               | \$13,453                    | \$4,431                    | 32.9%               |
| 207  | Celgene              | \$15,281                    | \$4,046                    | 26.5%               |
| 123  | Eli Lilly            | \$24,555                    | \$3,232                    | 13.2%               |
| 319  | Boston Scientific    | \$9,823                     | \$1,671                    | 17.0%               |

# Profit Overview: Health Insurance Companies

- The table shows the eight Fortune 500 companies focusing primarily on health insurance, ordered by CY2018 profit level.
- UnitedHealth Group had the highest revenue, largest profit, and second-highest profit margin among these health insurance companies.
- Cigna had the highest profit percentage among the eight entities (5.4%).
- Collectively the eight health insurance entities earned a profit margin of 4.2% during 2018.

| Rank | Company Name          | 2018 Revenues (\$ Millions) | 2018 Profits (\$ Millions) | 2018 Profit Percent |
|------|-----------------------|-----------------------------|----------------------------|---------------------|
| 6    | UnitedHealth Group    | \$226,247                   | \$11,986                   | 5.3%                |
| 33   | Anthem                | \$92,105                    | \$3,750                    | 4.1%                |
| 65   | Cigna                 | \$48,650                    | \$2,637                    | 5.4%                |
| 56   | Humana                | \$56,912                    | \$1,683                    | 3.0%                |
| 51   | Centene               | \$60,116                    | \$900                      | 1.5%                |
| 168  | Molina Healthcare     | \$18,890                    | \$707                      | 3.7%                |
| 155  | WellCare Health Plans | \$20,414                    | \$440                      | 2.2%                |
| 417  | Magellan Health       | \$7,314                     | \$24                       | 0.3%                |

# Profit Overview: Pharmacy/Pharmaceutical Distribution Companies

- Four of the nation's five largest health-focused entities are pharmacy and pharmaceutical distribution companies.
- The five pharmacy and pharmacy distribution firms among the Fortune 500 accounted for 43% of the revenue of all 30 health-focused companies.
- However, these five companies collectively operated near breakeven during 2018, earning only a 0.8% collective profit margin.

| Rank | Company Name             | 2018 Revenues (\$ Millions) | 2018 Profits (\$ Millions) | 2018 Profit Percent | Core Business               |
|------|--------------------------|-----------------------------|----------------------------|---------------------|-----------------------------|
| 17   | Walgreens/Boots Alliance | \$131,537                   | \$5,024                    | 3.8%                | Pharmacy                    |
| 107  | Rite Aid                 | \$30,215                    | \$943                      | 3.1%                | Pharmacy                    |
| 16   | Cardinal Health          | \$136,809                   | \$256                      | 0.2%                | Pharmaceutical Distribution |
| 7    | McKesson                 | \$208,357                   | \$67                       | 0.0%                | Pharmaceutical Distribution |
| 8    | CVS Health               | \$194,579                   | -\$594                     | -0.3%               | Pharmacy                    |

# Profit Overview: Hospitals/Health Systems

- Four hospital/health systems companies are on the Fortune 500 list, led by HCA Healthcare (#67) which also had the highest profit margin among these companies (8.1%).
- Collectively, the four hospital/health systems companies earned a profit margin of 4.3% percent.

| Rank | Company Name              | 2018 Revenues<br>(\$ Millions) | 2018 Profits<br>(\$ Millions) | 2018 Profit<br>Percent |
|------|---------------------------|--------------------------------|-------------------------------|------------------------|
| 67   | HCA Healthcare            | \$46,677                       | \$3,787                       | 8.1%                   |
| 293  | Universal Health Services | \$10,772                       | \$780                         | 7.2%                   |
| 172  | Tenet Healthcare          | \$18,313                       | \$111                         | 0.6%                   |
| 223  | Community Health Systems  | \$14,155                       | -\$788                        | -5.6%                  |

# Profit Overview: Laboratory Services

- The three laboratory-focused entities in the Fortune 500 collectively earned a profit margin of 8.1% during 2018.
- Quest Diagnostics had the largest profit margin (9.8%) among these three firms.

| Rank | Company Name                | 2018 Revenues<br>(\$ Millions) | 2018 Profits<br>(\$ Millions) | 2018 Profit<br>Percent |
|------|-----------------------------|--------------------------------|-------------------------------|------------------------|
| 103  | Abbott Laboratories         | \$30,578                       | \$2,368                       | 7.7%                   |
| 278  | Laboratory Corp. of America | \$11,333                       | \$884                         | 7.8%                   |
| 404  | Quest Diagnostics           | \$7,531                        | \$736                         | 9.8%                   |



# 5 Slide Series Overview

Our 5 Slide Series is a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements.

All figures presented in this edition of the Series were taken from or tabulated from data published on Fortune's website:

<https://fortune.com/fortune500/>

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