Cardinal Health Products and Services

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Introduction

Cardinal Health is best understood not simply as a manufacturer of medical products but as a large healthcare distribution and services company positioned between manufacturers, pharmacies, hospitals, laboratories, physician practices, and patients. Its work is often invisible to the public because much of it occurs behind the scenes: purchasing pharmaceuticals, managing inventories, transporting temperature-sensitive products, supplying operating rooms and laboratories, supporting specialty practices, and delivering medical supplies to homes. The company's importance therefore lies less in a single branded product than in the reliability of the networks through which medicines and clinical supplies reach points of care.

The original discussion identified Cardinal Health as a global healthcare company but contained several outdated or inaccurate details. The founder's name is Robert D. Walter, not Robert D. Walder. The business began in 1971 as Cardinal Foods, a food-distribution company, and moved into drug distribution after acquiring Bailey Drug Company in 1979. Cardinal later sold its food-distribution operations to Roundy's in 1988 so that it could concentrate on healthcare. The company is headquartered in Dublin, Ohio. Its fiscal 2025 revenue was approximately $222.6 billion, far above the 2017 figure cited in the earlier essay, although high revenue in pharmaceutical distribution should not be confused with an equally high profit margin. Modern analysis also requires a more accurate explanation of Cardinal Health's operating structure, which includes Pharmaceutical and Specialty Solutions, Global Medical Products and Distribution, and three smaller operations reported together as "Other." (U.S. Food & Drug Administration, n.d.)

Historical Development and Business Model

Cardinal Health's development reflects a broader transformation in healthcare supply chains. A local or regional distributor creates value by purchasing products from many manufacturers, holding inventory, and delivering the right items to customers when needed. As the company expanded, scale allowed it to negotiate, automate, and coordinate across a much larger network. Pharmaceutical wholesaling became the foundation of Cardinal Health's business, while acquisitions and internal development added medical products, specialty services, nuclear pharmacy, home delivery, and logistics.

The company's model depends on high sales volume and operational accuracy. Pharmaceutical distributors often handle expensive products while earning comparatively narrow margins. A minor percentage change in purchasing cost, reimbursement, inventory value, customer concentration, or contract terms can therefore have a large effect on profitability. This is why a revenue ranking by itself gives an incomplete picture. Cardinal Health's fiscal 2025 Form 10-K reported total revenue of about $222.6 billion, but most of that revenue came from the movement of pharmaceuticals rather than from manufacturing margins. The company must manage working capital, credit exposure, regulatory obligations, controlled substances, product quality, and delivery performance at enormous scale. (Cardinal Health, 2025)

Cardinal Health reports two principal segments. Pharmaceutical and Specialty Solutions is by far the larger segment by revenue. Global Medical Products and Distribution manufactures, sources, and distributes medical, surgical, and laboratory products. Three additional operations—Nuclear and Precision Health Solutions, at-Home Solutions, and OptiFreight Logistics—are grouped as Other because they are not individually large enough for separate reportable-segment treatment. This structure is more precise than the earlier division into broad "product, business, logistics, and patient solutions" categories. (U.S. Nuclear Regulatory Commission, n.d.)

Pharmaceutical and Specialty Solutions

The Pharmaceutical and Specialty Solutions segment distributes branded, generic, specialty, and over-the-counter products in the United States. Customers include chain and independent pharmacies, hospitals, health systems, community health centers, and other providers. Distribution involves more than moving boxes from a warehouse. Customers expect dependable ordering systems, accurate picking, secure handling, traceability, inventory information, and frequent delivery. A pharmacy that lacks a necessary medicine may be unable to fill a prescription; a hospital that experiences a supply disruption may have to delay or modify care.

Prime-vendor relationships simplify purchasing by allowing a customer to obtain a large share of its pharmaceutical needs through one distributor. Cardinal Health also provides services to manufacturers, including inventory management, data reporting, chargeback administration, and support for launching new products. These activities connect commercial, regulatory, and operational information. A manufacturer needs visibility into where products are moving, while pharmacies and providers need predictable availability and appropriate pricing documentation.

Specialty Pharmaceuticals and Practice Support

Specialty medicines are generally high-cost products used for complex or chronic conditions and may require careful storage, administration, reimbursement support, or patient monitoring. Cardinal Health distributes specialty products and provides services to manufacturers and healthcare providers. Its managed-service-organization platforms support specialty physician practices with functions such as purchasing, analytics, payer relationships, and practice management. This area has grown as oncology, rheumatology, gastroenterology, and other specialties increasingly depend on expensive biologic and targeted therapies.

The value proposition is coordination. A physician practice may have strong clinical expertise but limited capacity to negotiate contracts, manage drug inventory, analyze reimbursement, or navigate complex manufacturer programs. A large distributor can provide infrastructure and data. However, the arrangement also creates dependence. Practices must assess whether service agreements preserve clinical independence, protect patient information, and produce savings that justify fees and contractual restrictions.

Pharmacy Management and Community Access

Cardinal Health provides pharmacy-management services to hospitals and operates a limited number of pharmacies, including pharmacies connected with community health centers. It also supports independent retail pharmacies through purchasing, business tools, and patient-service programs. Independent pharmacies can offer close community relationships, but they face pressure from reimbursement changes, large chains, mail-order systems, labor costs, and complex payer contracts. Distribution and consulting services may improve efficiency, yet they cannot eliminate these structural pressures.

A balanced evaluation should therefore avoid marketing language suggesting that one company can automatically make every pharmacy successful. Outcomes depend on local demand, reimbursement, staffing, clinical services, management quality, and regulation. Cardinal Health can provide tools and scale, but customers remain responsible for professional judgment and patient care.

Global Medical Products and Distribution

The Global Medical Products and Distribution segment manufactures, sources, and distributes Cardinal Health-branded medical, surgical, and laboratory products. It also distributes products made by other companies, often called national-brand products. The portfolio includes items used throughout healthcare, such as examination and surgical gloves, needles and syringes, sharps-disposal products, compression products, incontinence supplies, nutritional-delivery products, wound-care materials, surgical drapes and gowns, fluid-management systems, urology products, and electrodes.

These products may appear ordinary compared with a new drug or advanced diagnostic device, but routine supplies are essential to safe care. A shortage of gloves, syringes, dressings, or laboratory materials can interrupt procedures and increase infection or safety risks. The COVID-19 pandemic demonstrated how dependent healthcare systems are on international manufacturing, transportation capacity, raw materials, and accurate demand forecasting. Cardinal Health’s role includes maintaining distribution centers, managing suppliers, forecasting usage, and helping customers standardize or substitute products when shortages occur.

Manufacturing and sourcing also create quality responsibilities. Medical products must meet applicable standards, labeling rules, and performance requirements. Product recalls, supplier failures, sterilization problems, or inaccurate demand planning can generate clinical and financial harm. The company's scale can support quality systems and alternative sourcing, but scale also means that a failure may affect many customers. An academic assessment must therefore examine resilience and accountability rather than repeating claims that all products are automatically "high quality."

Nuclear, Home, and Logistics Services

Nuclear and Precision Health Solutions

Cardinal Health operates nuclear pharmacies and radiopharmaceutical manufacturing facilities. Radiopharmaceuticals contain radioactive isotopes and are used in diagnostic imaging, theranostics, and selected treatments. Their distribution is unusually demanding because some products have short half-lives and must be prepared, transported, and administered within strict time windows. Facilities must comply with radiation-safety, pharmaceutical, transportation, and professional-practice requirements.

This business illustrates the difference between ordinary warehousing and healthcare logistics. A late shipment of a consumer product may inconvenience a customer; a late radiopharmaceutical may become unusable or force a clinical procedure to be rescheduled. Precision health services therefore depend on specialized staff, validated processes, secure facilities, and close coordination with hospitals and imaging centers.

At-Home Solutions

At-Home Solutions distributes medical supplies directly to patients in the United States. Home-based care has expanded as health systems seek to reduce unnecessary hospitalization and as patients manage chronic conditions outside traditional facilities. Products may support diabetes care, wound care, incontinence, respiratory needs, and other long-term conditions. Direct-to-patient distribution can improve convenience, but it must handle insurance documentation, recurring orders, address changes, privacy, and the risk that a delayed shipment will affect a vulnerable person.

Home delivery also reveals an important social limitation. A supply chain can deliver products, but it cannot by itself ensure that a patient understands how to use them, has stable housing, can afford required cost sharing, or receives adequate clinical follow-up. Distribution should therefore be integrated with education and healthcare rather than treated as a substitute for them.

OptiFreight Logistics

OptiFreight Logistics provides freight-management and related supply-chain services. Hospitals and laboratories receive large numbers of parcels from many suppliers, and poorly coordinated shipping can create unnecessary cost and limited visibility. Freight-management systems consolidate data, compare shipping options, monitor performance, and identify opportunities to reduce expense. These services can be valuable because healthcare organizations often focus on clinical care rather than the detailed analysis of transportation invoices.

Nevertheless, cost reduction must not compromise service reliability or product integrity. Certain items require refrigeration, hazardous-material handling, security controls, or urgent delivery. The cheapest shipping option is not always the most appropriate. Effective logistics balances cost, speed, compliance, environmental impact, and clinical urgency.

Operational Strengths and Strategic Risks

Cardinal Health's principal strength is network scale. The company can connect thousands of manufacturers and providers, invest in automation, maintain specialized facilities, and analyze large volumes of purchasing and delivery data. Its broad portfolio also allows it to serve customers across different care settings, from hospitals to homes. These capabilities can reduce transaction costs and improve availability when systems operate well.

Scale, however, creates concentration and systemic risk. Cardinal Health disclosed that CVS Health accounted for a substantial share of fiscal 2025 revenue. Large customer contracts can produce high volume, but the loss or renegotiation of a major relationship can materially change results. The expiration of distribution contracts with OptumRx at the end of June 2024 affected fiscal 2025 revenue and working capital, demonstrating that size does not eliminate customer dependence.

Other risks include drug shortages, cybersecurity incidents, counterfeit or diverted products, opioid-related legal exposure, reimbursement changes, inflation, labor constraints, supplier concentration, product liability, and regulatory enforcement. Distributors must also comply with drug-supply-chain tracing requirements and controlled-substance obligations. Because these risks involve patient safety as well as finance, success should be measured through reliability, compliance, transparency, and responsible stewardship—not only sales growth.

Conclusion

Cardinal Health is a major healthcare intermediary whose products and services connect manufacturers with pharmacies, hospitals, laboratories, physician practices, and patients at home. Its Pharmaceutical and Specialty Solutions segment distributes medicines and supports manufacturers and providers. Its Global Medical Products and Distribution segment supplies essential clinical and laboratory products. Nuclear pharmacy, home delivery, and freight management extend the company's role into specialized care and logistics. (Cardinal Health, 2026)

The company’s scale offers efficiency, data, purchasing power, and broad distribution capacity, but it also creates significant responsibilities. Outdated descriptions that focus on a 2017 revenue figure or present services in promotional language overlook the operational complexity of the business. A more accurate assessment recognizes both sides: Cardinal Health can make healthcare supply chains more coordinated and dependable, yet its performance depends on quality control, regulation, customer concentration, cybersecurity, ethical conduct, and the ability to respond to shortages and changing patterns of care. The company’s real product is not merely a catalogue of supplies. It is the dependable movement of medicines, information, and medical materials through a system in which failure can directly affect patients.

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