



Show Notes | S3 Ep4 | Amazon and the Future of Healthcare

INTRODUCTION

What's a natural extension to the platform Amazon has built that we discussed in detail during Episode 3? Healthcare. Why? It serves Amazon and their network of employees while also being another service they could offer to their broader network of marketplace members and business partners and possibly directly to their incredibly large customer base.

Amazon has unquestionably changed how we shop. Will they change the way we shop for or manage our health? When you look at industries ripe for disruption, retail was one. Healthcare, being a \$4.1T business is clearly another one. But Amazon's entry into Healthcare has been less than revolutionary. Their take on medication management, telehealth and recent acquisitions gives us indications of what they're thinking. Though they are shutting down Amazon Care, they are in the process of acquiring One Medical. Let's explore what Amazon's platform brings to a retail health experience.

THE CONVERSATION

Cristene started with a quote from a WaPo article on Amazon's health intentions that helps us understand where they're headed.

<https://www.washingtonpost.com/technology/2022/09/04/amazon-care-health-one-medical/>

A SHORT HISTORY OF AMAZON'S VENTURES IN HEALTHCARE

To continue the series trend, Cristene shared a short history of Amazon's interests in healthcare. Here's a summary:

In 2018, Amazon, Berkshire Hathaway and JPMorgan Chase formed a joint venture called Haven with the express purpose to lower healthcare costs and provide better outcomes.

<https://www.nytimes.com/2018/01/30/technology/amazon-berkshire-hathaway-jpmorgan-health-care.html>

It was shuttered in 2021, just 4 years later.

<https://www.cnbc.com/2021/01/04/haven-the-amazon-berkshire-jpmorgan-venture-to-disrupt-healthcare-is-disbanding-after-3-years.html>

Then there's **Amazon Care**, their virtual healthcare offering that started piloting the offering in 2019. This was shuttered recently and will be shut down by the end of this year. The reason Amazon gave was that it wasn't a complete enough offering.

https://chainstoreage.com/report-amazon-shutter-amazon-care?oly_enc_id=335814996623D3X
<https://fortune.com/2022/08/25/amazon-healthcare-service-amazon-care-will-shut-down/?tpcc=nldatasheet>
<https://www.washingtonpost.com/technology/2022/09/04/amazon-care-health-one-medical/>

And Amazon entered into an agreement to acquire **One Medical** in July of this year.

<https://www.nytimes.com/2022/07/21/business/amazon-one-medical-deal.html?smid=url-share>

PATIENT AS CUSTOMER



We spoke about putting the patient – the customer – first. Jeff quoted from a recent essay by Scott Galloway.

Beyond spotty efficacy, healthcare offers the second-worst retail experience in the country. (Gas stations retain the No. 1 spot.) Imagine walking into a Best Buy to purchase a TV, and a Blue Shirt associate requests you fill out the same 14 pages of paperwork you filled out yesterday, then you wait in a crowded room until they call you, 20 minutes after the scheduled appointment you were asked to arrive early for, to be seen by the one person in the store who can talk to you about televisions, who has only 10 minutes for you.

New York is the wealthiest city in America, yet the average waiting time in an emergency room is 6 hours and 10 minutes.

https://www.profgalloway.com/prime-health/?vgo_ee=vRePHet%2BG1wVEim4mH0tZBwUnRnlmwuCIJkd9A7F3A%3D

CNBC reported that two-thirds of people who file for bankruptcy cite medical issues as a key contributor to their financial downfall. Just think about that for a minute.

<https://www.cnbc.com/2019/02/11/this-is-the-real-reason-most-americans-file-for-bankruptcy.html>

Jeff quoted Christina Farr, an investor in health care with OMERS Ventures. “They want to nail the consumer experience.”

<https://www.nytimes.com/2022/07/21/business/amazon-one-medical-deal.html?searchResultPosition=3>

COMPETITION

There’s fierce competition here as well. It’s been reported that **CVS** is considering buying healthcare provider, **Cano Health**, who has primary care centers in 8 states.

- <https://www.pymnts.com/healthcare/2022/report-cvs-considering-buying-healthcare-provider-cano/>
- <https://canohealth.com/>

CVS recently closed on their acquisition of Signify Health, which has a network of 10,000 clinicians who make home visits (both virtually and IRL) across all 50 states

<https://www.cvshealth.com/news-and-insights/press-releases/cvs-health-to-acquire-signify-health>

Let’s not forget CVS’s acquisition of Aetna in 2017.

Walmart recently signed a 10-year agreement with the world’s largest health insurer, UnitedHealth Group.

Jeff quoted from Robert Pearl, M.D, in his recent Forbes article, “*The skepticism is understandable, but these negative analyses ignore the credentials of the companies in question. After all, you don’t become the largest pharmacy company (CVS), largest online retailer (Amazon), largest health insurer (UHG) or largest company, period, (Walmart) by chance or luck.*”



<https://www.forbes.com/sites/robertpearl/2022/10/10/amazon-cvs-walmart-are-playing-healthcares-long-game/?sh=3b91dd2278f6>

On the prescription front, Mark Cuban launched an online pharmacy called, creatively, “Mark Cuban Cost Plus Drug Company.”

<https://costplusdrugs.com/>

<https://www.prnewswire.com/news-releases/mark-cuban-cost-plus-drug-companys-online-pharmacy-launches-with-lowest-prices-on-100-lifesaving-prescriptions-301463491.html>

ADDITIONAL REFERENCES

- <https://www.forbes.com/sites/robertpearl/2022/10/10/amazon-cvs-walmart-are-playing-healthcares-long-game/?sh=1be5c3be78f6>
- <https://www.washingtonpost.com/technology/2021/12/22/tech-trust-survey/>
- <https://www.nytimes.com/2022/09/02/opinion/amazon-health-care.html?smid=url-share>

CONCLUSION

Why did we take 3 episodes to discuss Amazon? Stating the obvious, their scale and influence in our shopping lives are enormous. The principles of retail are so fundamental - and transferable to many other industries.

Amazon is a remarkable company with remarkable scale. With that scale, growth can be challenging. The flip side of that is the need to keep costs under control, or better to reduce costs. Where can you find an opportunity that can deliver value on both sides of this coin? Healthcare. Of course.

We'll keep watching Amazon...

HEROES & CHANGE MAKERS | *Our New Feature*

Our new feature, **Heroes and Change Makers**, concluded our discussion.

Cristene selected... **Karen S Lynch**, CEO of CVS

<https://www.cvshealth.com/news-and-insights/press-releases/meet-our-new-ceo-karen-s-lynch>
<https://fortune.com/2021/10/04/cvs-ceo-karen-lynch-stores-health-care-super-clinics/>

Jeff selected... **Andy Jasse**, CEO of Amazon

This is **RETAIL DONE RIGHT**. Thank you for listening. And please join our conversation.

- Michael Cooke via Upwork is our brilliant sound engineer and editor - and Jade Siriwad composed our theme music.
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Let's go shopping!

Jeff Fisher & Cristene Gonzalez-Wertz



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RETAIL DONE RIGHT is produced and hosted by Jeff Fisher & Cristene Gonzalez-Wertz