



As Corporate Entities Enter Healthcare, Practices Can Respond via Patient-Centered Care

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Retail medicine and private equity are important drivers of primary care delivery in the U.S., and they are poised to become even more so. Corporate entities have always been involved in healthcare, but now mega corporations—from outside the medical space—are entering the field. The involvement of these large non-legacy corporate entities in healthcare is growing and is challenging—and while this trend brings some benefits, it will also impact how all clinicians provide healthcare.

In a single quarter of 2021, [private equity firms acquired \\$126 billion](#) in medical practices. And these private equity firms, formerly mostly interested in specialty practices, have now set their sights on primary care. Similarly, the expansion of retail medicine into traditional areas of physician practice has been massive. For context, here's a quick snapshot of the retail medicine landscape:

- **Walgreens** is the first national pharmacy chain to offer full-service [provider offices co-located at its stores](#) on a large scale.
- **CVS** now [has around 1,000 HealthHUBs](#) associated with its pharmacies. These will play an important role in managing patients' chronic diseases between primary care visits.

- **Amazon** is on a path to offer healthcare across a [broad swath of the healthcare spectrum](#).
- **Apple** recently announced a new [data-sharing feature for Apple Health Records](#) that allows users to choose a participating organization and select health metrics to share with their doctor, and the Apple Health app is being widely adopted in healthcare facilities nationwide.
- **Microsoft** is moving aggressively into healthcare with several partnerships with large healthcare systems. Its key initiatives are to [help healthcare move into the Microsoft Azure cloud](#) and to thoughtfully apply AI to medical data.
- **Urgent Care Clinics** now number [more than 10,000](#) in the U.S.

Let's focus on several of these.

Amazon Brings Credibility to Claims of Service

As Amazon continues their push into the healthcare space, they have several advantages. One is their remarkable reputation for customer service. As they move into healthcare, they will have significant credibility in claims they make about providing better service, better access, better prices, and better convenience. Traditional healthcare will struggle to match them.

We clinicians are aware of the distinction between medicine's definition of "patient-centered care" and retail's perspective on "customer service." Yet despite the profession's emphasis on patient-centered care for several decades, we haven't fully achieved it. That's one reason that these new healthcare entities will exert broad downward economic [pressure on primary care practices](#).

But Amazon's expanding influence goes beyond drawing patients away from individual small practices. Nobody has more data than Amazon—between Whole Foods, Alexa, and Prime members—and this data can be used to shape healthcare delivery. Moreover, Amazon is in the process of developing nationwide pharmacy availability, a hospital at home partnership with leading healthcare providers, and an accelerator for healthcare startups. Clearly, Amazon plans to develop into a major player in healthcare delivery.

Walmart Brings Experience as an Insurer—Plus Affordable Prescriptions

Walmart seems to be one company that is able to compete, at least along some metrics, head to head to head with Amazon. Though Walmart once had a terrible reputation for not providing healthcare insurance for their own employees, they now provide substantial coverage. And they already have more than a million people in their own insurance plan. It may not be long before Walmart starts providing a health insurance plan for non-employees.

In addition, Walmart has done some very commendable things in the realm of pharmaceutical pricing. Walmart provides most of the most common generic drugs for a flat \$4 per prescription, which is a true blessing for many people. In addition, while the cost of some proprietary insulins runs to thousands of dollars a month, Walmart has its own private-label version of analogue insulin, which it makes available at very nominal cost. That's not only an important service, but a visionary one.

We'll see how the healthcare [competition between Walmart and Amazon](#) shapes up over time, but the outcome is likely to have a major impact on pricing and service in many areas of clinical practice.

Health Insurers Bring Their Ambition to Become Healthcare Providers—At Scale

Health insurers are not just financing care. They're providing care. Optum, working under its parent company, UnitedHealth Group, purchased its first medical practice 15 years ago. Today, they own the practices of 56,000 physicians in 1,600 clinics, representing \$40 billion a year of revenue. By 2028, their expressed goal is [to reach \\$100 billion in revenue](#). Optum is far from the only player in this space, but it is the biggest.

This is a different model of healthcare delivery, with a real potential for conflicts of interest. As this trend accelerates, it is conceivable that health insurance will come to cover an increasingly limited range of clinical options.

Private Equity Brings Ongoing Disruption

The model of private equity—invest, disrupt, exit— wouldn't seem to fit healthcare. Nonetheless, as the first wave of private equity investments matures, we'll see what those exits look like. Who will buy these companies and practices? They will be sold, presumably, at much higher valuations than before. This means that revenue and operational efficiencies will become more important than ever, and the management agreements that may have been attractive in the initial partnership may or may not be continued into the new partnership. Regardless, when we see that [private equity firms acquired \\$126 billion](#) in medical practices in a single quarter of 2021, we must expect that pressure will increase on physician-owned practices to compete with the challenges presented by private equity investment.

Can Medicine Compete Through Patient-Centered Care?

If we want to continue to be the driving force in our healthcare system, when medical professionals say “patient-centered care,” we're really going to have to mean it. We're going to have to mean it in the customer-service-forward way practiced by corporations like Amazon or Nordstrom or FedEx. After a decade of talking about “patient-centered care,” although we know what it should mean, it isn't what we typically offer. We need to stop requiring outpatients to see multiple doctors, labs, and imaging centers in different locations at different times, and then to hope that someone thoughtfully acts on the results. That isn't how we access services anywhere else in the economy. Retail medicine is making significant inroads into primary care by providing rapid access at convenient locations at lower cost.

We should recognize that some of the disruption in healthcare today is actually healthy, because it is based on the pressing need for improved healthcare access, healthcare equity, and healthcare literacy. That said, as these new forces in healthcare compete to recruit new medical school graduates, they will also disrupt the day-to-day operations of many existing physician practices. Instead of reacting in surprise when these forces reach the door of our practice or our healthcare system—if they haven't already—we would be wise to think now about how we should respond.

We would like to know what steps your practice or medical system has already taken in response to large non-legacy corporate entities delivering healthcare. [Please answer our poll](#), and we will provide an update with your responses.

To discover more about upcoming changes, read our whitepaper, [What U.S. Healthcare Will Look Like in 2032](#).

ANSWER OUR POLL

The guidelines suggested here are not rules, do not constitute legal advice, and do not ensure a successful outcome. The ultimate decision regarding the appropriateness of any treatment must be made by each healthcare provider considering the circumstances of the individual situation and in accordance with the laws of the jurisdiction in which the care is rendered.

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