

Corporate Solutions in Healthcare

With the federal government incapable of making meaningful improvements to the healthcare industry due to political impasses, and the systemic problems of: high and increasing costs; large deductibles; healthcare manpower shortages; and, delays in treatments and obtaining medications plaguing the U.S. healthcare delivery system, corporate America is stepping up to the task. While profit may be a motive for many of these corporations, they are also taking a more entrepreneurial path to problem-solving than existing healthcare organizations, which may result in higher quality, lower cost healthcare. This *Health Capital Topics* article will briefly survey some of these current private sector initiatives.

Making Specialty Medication Process Easier

CVS Health (CVS) is attempting to both reduce the time it takes for patients to obtain specialty drugs and improve patient adherence to these drugs through CVS's new specialty drug programs, *Specialty Expedite* and *Specialty Connect*.¹ Many patients utilize specialty drugs to manage complex medical conditions or chronic health conditions.² *Specialty Expedite* allows patients to shorten the onboarding process from multiple weeks to as little as three days.³ The program works by gathering all of the required patient information directly from the electronic health record (EHR) system of the patient's provider, in contrast to faxing forms back and forth and conducting multiple phone calls.⁴ CVS claims that the process will reduce the number of errors due to the significant reduction in paperwork.⁵ Additionally, *Specialty Expedite* allows patients to receive real-time updates on the status of their specialty prescriptions via email or text.⁶

Specialty Connect, the next step of the process for patients attempting to obtain specialty prescriptions, allows patients to select how they receive their specialty prescriptions, either through a local CVS pharmacy or a mail service.⁷ CVS brings further convenience and ease to the process by allowing *Specialty Connect* patients to connect with a dedicated team of specialty pharmacy experts 24/7.⁸ CVS asserts that these programs give patients more "flexibility and choice," thus allowing patients "to start their therapies sooner...[improving] adherence and satisfaction."⁹

CVS's *Specialty Expedite* and *Specialty Connect* programs, which aim to control costs and improve the quality of care for better patient health outcomes,¹⁰ are optimally timed as health insurance companies are assessing how to save money on specialty drugs, which are expected to rise both in cost and in utilization.¹¹ CVS's strategy may position the company as the prime choice for those health insurance companies seeking to control costs, resulting in CVS securing coverage inclusion or exclusivity for the distribution of specialty drugs.¹² Additionally, CVS claims that "97 percent of patients successfully start[] on therapy after their first interaction at a CVS Pharmacy store,"¹³ providing further incentive for insurance companies to make CVS their specialty pharmacy of choice, if this claim proves true. Since CVS renamed the corporation from CVS Caremark Corp. to CVS Health in 2014,¹⁴ the corporation has shifted its focus more exclusively on healthcare. Other corporations are also stepping deeper into the healthcare service and product industry, seeking to capitalize on efforts to decrease healthcare spending.¹⁵

Betting Big on Healthcare

Best Buy is making a significant push into health services for aging consumers. In August 2018, they launched Best Buy Health and acquired GreatCall, a connected health services provider.¹⁶ Chairman and CEO Hubert Joly stated in the company's Annual Report that "[t]he integration of GreatCall into [Best Buy's] business has met, if not exceeded, our expectations."¹⁷ GreatCall addresses the needs of the aging population by providing senior customers with personal emergency response services, utilizing a combination of mobile products and connected devices that are specially tailored for elderly patients,¹⁸ such as the Jitterbug, a phone designed for seniors.¹⁹ In 2019, Best Buy further increased its market share in health monitoring services by acquiring Critical Signals Technology, a remote patient monitoring service designed to help individuals live independently.²⁰

Best Buy is not limiting their ambitions of expanding in health technology to just older consumers, but rather is pursuing consumers across multiple age groups to address a variety of health needs.²¹ Best Buy became the first major retailer to partner with TytoCare, an at-home self-examination telehealth device.²² Additionally, in August 2019, Best Buy purchased BioSensics, a predictive healthcare technology business, in which technology is capable of detecting falls by seniors.²³ Best

Buy has also begun partnering with Medicare Advantage plans such as Senior Whole Health of Massachusetts to provide in-home monitoring services through the utilization of GreatCall.²⁴ Best Buy's big bet on healthcare seems to be paying off, as Morgan Stanley recently reported that the business could add as much as \$2 billion in revenue through 2025.²⁵ Morgan Stanley states that over the next 10 to 20 years, Best Buy could cumulatively generate between \$11 billion and \$46 billion in revenue from their commercial health business.²⁶ While Best Buy has been focusing thus far on the senior home care market, other corporations are pursuing larger systemic problems in healthcare.

Mitigating High Out-of-Pocket Costs

Sam's Club has partnered with Humana, Quest Diagnostics, and telehealth startup 98point6 for an initiative termed *Care Accelerator*.²⁷ The partnership's goal is to significantly lower out-of-pocket healthcare costs for healthcare consumers.²⁸ *Care Accelerator* will focus on bundling various services, such as primary and optical care, to lower costs.²⁹ There are four bundles to select from, ranging in price from \$50 to \$240 per year.³⁰ All of the bundles offer free prescriptions on certain generic medications, \$1 telehealth visits, and savings on dental services, vision exams, and optical products.³¹ The family bundle, priced at \$240 per year, includes preventative health screenings, a 30% discount on chiropractic services, and a 10% discount on hearing aids.³² Sam's Club will be piloting *Care Accelerator* in Michigan, Pennsylvania, and North Carolina, and intends to make changes and add benefits to the initiative based on member feedback.³³

Sam's Club has a patient disclaimer that clarifies its services, specifically stating: "*Care Accelerator is not a health insurance plan, but a discount health program.*"³⁴ However, the similarities between the *Care Accelerator* discount program and health insurance are notable. Sam's Club's move to implement *Care Accelerator* came after the Kaiser Family Foundation released its annual *Employer Health Benefits Survey*, which found that the average deductible in 2019 for single coverage was \$1,655, which is 41% higher than the average in 2014 and 162% higher than in 2009.³⁵ As healthcare costs continue to grow at a faster pace than wages,³⁶ *Care Accelerator* may be a beneficial proposition for many healthcare consumers (and a possible stepping stone for Sam's Club toward the operation of a full-scale "members only" insurance plan in the future). Walmart, the owner and operator of Sam's Club, has remained active in the healthcare space over the past several years, and *Care Accelerator* is in line with the discount brand's other forays into healthcare, one of which is described below.

Solving the Shortage of Healthcare Workers

There is a need for more than 250,000 new healthcare workers by 2020 to meet the demand for healthcare services.³⁷ A recent report from the *Association of American Medical Colleges* (AAMC) indicates a projected shortfall of 46,900 to 121,900 physicians by 2032.³⁸ Moreover, the limited capacity and high cost of

education problems are significant contributing factors to the healthcare worker shortage.³⁹

Walmart, which has been providing primary care services through its operation of in-store retail clinics, is pursuing an innovative means of filling their clinics with healthcare workers.⁴⁰ Through *Live Better U*, Walmart will be allowing their store associates to apply for one of seven bachelor's degrees and two career diplomas (for pharmacy technician and optician career paths) in healthcare-related fields for only \$1 per day.⁴¹ The education program will allow Walmart to place the employees across their extensive and growing network of pharmacies, vision centers, and hearing centers, as well as in their new Walmart Health center in Georgia.⁴² In a statement regarding the new initiative, Walmart's Chief Medical Officer stated:

*"Our presence in thousands of communities gives us a unique opportunity to provide access to affordable healthcare to millions of people, and we need trained associates in order to do so, as our health and wellness strategy and offerings continue to evolve, Live Better U will play a critical role in preparing our associates across the country for future work opportunities in the growing healthcare field."*⁴³

As noted above, in September 2019, Walmart announced its intention to open the first Walmart Health center in Dallas, Georgia, which will provide "primary care, labs, X-ray and EKG, counseling, dental, optical, hearing and community health education."⁴⁴ All of these services will be provided with transparent pricing and "regardless of customers' insurance status."⁴⁵ The pricing for the services is relatively low, with child annual check-ups priced at \$20, adult teeth cleaning at \$25, and lab tests starting at \$10, regardless of whether the patient has health insurance.⁴⁶ Similar to its retail strategy, Walmart's competitive pricing strategy has the potential to eat into traditional industry players' market share in the region.

Big Tech in Healthcare

Amazon, the second-largest e-commerce website in the world,⁴⁷ has launched an initiative to help patients manage their medications while maintaining compliance with the privacy provisions of the *Health Insurance Portability and Accountability Act* (HIPAA).⁴⁸ The new technological ability, available on its Alexa virtual assistant (which abilities are termed "skills" by Amazon), is the result of a collaborative effort between Amazon, Giant Eagle (a grocery store and pharmacy retailer), and Omnicell (a medication-management company).⁴⁹ Customers will be able to review prescriptions, set reminders to take medications, and request prescription refills utilizing the new Alexa skill.⁵⁰ The main goal of this initiative, spurred from a trend of customers "using Alexa to remind them to take medications on a regular basis," is to simplify prescription management for customers taking multiple medications.⁵¹ Amazon will ensure security by requiring customers to verify their identity with Alexa using both their voice and a

passcode.⁵² To maintain HIPAA-compliant privacy policies, the interactions with the skill will be redacted in the Alexa phone application.⁵³ This launch positions Amazon as an actor in one of the largest healthcare consumer markets, as over half of U.S. adults report taking prescription medications.⁵⁴ Moreover, Alexa's new skill could make a significant impact in reducing one of the largest avoidable healthcare costs – patient nonadherence with suggested medication regimens.⁵⁵

This will most likely not be the last healthcare-related skill to come from Amazon's invite-only Alexa healthcare program, in which a number of select healthcare organizations collaborate with Amazon to develop HIPAA-compliant skills.⁵⁶ Amazon announced this new program in April 2019, along with the first six skills to be initially launched as part of the program.⁵⁷ The six initially launched skills, and their associated healthcare partners, include:

- (1) Express Scripts – Checking the status of prescription deliveries;
- (2) Cigna Health Today – Managing health improvement goals;
- (3) My Children's Enhanced Recovery After Surgery (ERAS) (Boston Children's Hospital) – Allowing ERAS program patients and their parents to provide recovery updates to care teams and receive post-operative information;

- (4) Swedish Health Connect (Providence St. Joseph Health) – Finding and scheduling same-day appointments with a local urgent care center;
- (5) Atrium Health – Finding and scheduling same-day appointments with a local urgent care center; and,
- (6) Livongo – Querying blood sugar readings and trends and receiving personalized health information.⁵⁸

Increasing Competition

Corporate America's recent moves into the healthcare sector may result in increased price competition, a greater variety of services, and more price transparency for patients. Walmart⁵⁹ and Best Buy⁶⁰ both prominently display their prices for their services, in stark contrast to the current opaque nature of pricing by the healthcare industry establishment. Further, Walmart's persistence in ameliorating the workplace shortage problem on its own initiative is a novel approach not comparable to any other organization. Lastly, Amazon's high-tech approach to simplifying tasks for patients could result in better health outcomes for patients. While profit seems to be a significant driver for many of these corporate initiatives, the byproduct of the private sector's pursuit of higher profits may be better, more accessible healthcare for patients.

- 1 "Streamlining Prescription Onboarding with Specialty Expedite" CVS Health, September 25, 2019, <https://cvshealth.com/about/our-offerings/streamlining-prescription-onboarding-with-specialty-expedite> (Accessed 11/22/19); "Specialty Connect" CVS Health, 2019, <https://cvshealth.com/about/our-offerings/cvs-pharmacy/specialty-connect> (Accessed 11/22/19).
- 2 "Benefit Design and Specialty Drug Use" By Dana P. Goldman, Geoffrey F. Joyce, Grant Lawless, William H. Crown, and Vincent Willey, *Health Affairs*, Vol. 25, No. 5 (September/October 2006), p. 1319-1320.
- 3 CVS Health, September 25, 2019.
- 4 *Ibid.*
- 5 *Ibid.*
- 6 *Ibid.*
- 7 CVS Health, 2019.
- 8 *Ibid.*
- 9 CVS Health, September 25, 2019.
- 10 *Ibid.*
- 11 Finding that as more specialty drugs are to be released costs will climb. Goldman, Joyce, Lawless, Crown, and Willey, September/October 2006, p. 1319-1320.
- 12 *Ibid.*
- 13 CVS Health, 2019.
- 14 "CVS renames itself CVS Health" MarketWatch, September 3, 2014, <https://www.marketwatch.com/story/cvs-renames-itself-cvs-health-2014-09-03> (Accessed 11/22/19).
- 15 Centers for Medicare & Medicaid Services reports that U.S. healthcare spending in 2017 accounted for 17.9% of the nation's Gross Domestic Product. "Historical" Centers for Medicare & Medicaid Services, December 11, 2018, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/nationalHealthAccountsHistorical> (Accessed 11/22/19).
- 16 "Fiscal 2019 Annual Report" Best Buy, 2019, http://s2.q4cdn.com/785564492/files/doc_financials/2019/Annual1/Annual-Report.pdf (Accessed 11/22/19), p. 4; "Best Buy Acquires GreatCall, A Leading Connected Health Services

- Provider" Best Buy, August 15, 2018, <https://corporate.bestbuy.com/best-buy-acquires-greatcall-a-leading-connected-health-services-provider/> (Accessed 11/22/19).
- 17 Best Buy, 2019, p. 4.
- 18 Best Buy, August 15, 2018.
- 19 *Ibid.*
- 20 "Best Buy acquires senior remote monitoring company Critical Signal Technologies" By Kevin Truong, MedCity News, June 4, 2019, <https://medcitynews.com/2019/06/best-buy-acquires-senior-remote-monitoring-company-critical-signal-technologies/?rf=1> (Accessed 11/22/19).
- 21 Best Buy, 2019, p. 7-8.
- 22 Truong, June 4, 2019.
- 23 "Healthcare May Eventually Become A Bigger Business For Best Buy Than Selling Electronics" By Andria Cheng, Forbes, <https://www.forbes.com/sites/andriacheng/2019/09/24/this-business-may-eventually-be-bigger-for-best-buy-than-selling-electronics/#592ca8105a52> (Accessed 11/22/19).
- 24 Truong, June 4, 2019.
- 25 Cheng, (Accessed 11/22/19).
- 26 Truong, June 4, 2019.
- 27 "Sam's Club Launches Innovative Pilot to Help Make Healthcare More Affordable" By Lori Flees, Sam's Club, September 26, 2019, <https://corporate.samsclub.com/blog/2019/09/26/sams-club-launches-innovative-pilot-to-help-make-healthcare-more-affordable> (Accessed 11/22/19).
- 28 *Ibid.*
- 29 *Ibid.*
- 30 *Ibid.*
- 31 *Ibid.*
- 32 *Ibid.*
- 33 *Ibid.*
- 34 *Ibid.*
- 35 "Employer Health Benefits: 2019 Summary of Findings" Kaiser Family Foundation, 2019, <http://files.kff.org/attachment/Summary-of-Findings-Employer-Health-Benefits-2019> (Accessed 11/22/19), p. 2.

- 36 Finding wages have only increased 3.4% while inflation increased 2% while the average premium has increased 22% over the past five years. *Ibid.*, p. 1.
- 37 “Confronting the Public Health Workforce Crisis: ASPH Statement on the Public Health Workforce” By Linda Rosenstock, Gillian B. Silver, Karen Helsing, Connie Evashwick, Ruth Katz, Michael Klag, Gerald Kiminski, Donna Righter, Ciro Sumaya, Associations of Schools of Public Health, Public Health Reports, Volume 123 (May-June 2008), p. 396.
- 38 “New Findings Confirm Predictions on Physician Shortage” Association of American Medical Colleges, April 23, 2019, <https://www.aamc.org/news-insights/press-releases/new-findings-confirm-predictions-physician-shortage> (Accessed 11/22/19).
- 39 “A Closer Look at the Public Health Workforce Shortage” The University of Southern California, 2019, <https://mphdegree.usc.edu/blog/a-closer-look-at-the-public-health-workforce-crisis/> (Accessed 11/22/19).
- 40 “Walmart Adds Healthcare to Live Better U’s College Offering as the Retailer’s Health & Wellness Strategy Evolves” Walmart Inc., September 24, 2019, <https://corporate.walmart.com/newsroom/2019/09/24/walmart-adds-healthcare-to-live-better-us-college-offering-as-the-retailers-health-wellness-strategy-evolves> (Accessed 11/22/19).
- 41 *Ibid.*
- 42 *Ibid.*
- 43 *Ibid.*
- 44 “Our Goal of Becoming America’s Neighborhood Health Destination: Introducing the Walmart Health Center” Walmart Inc., September 13, 2019, <https://corporate.walmart.com/newsroom/2019/09/13/our-goal-of-becoming-americas-neighborhood-health-destination-introducing-the-walmart-health-center> (Accessed 11/22/19).
- 45 *Ibid.*
- 46 *Ibid.*
- 47 “The 7 Largest E-Commerce Companies in the World” By Adam Levy, The Montley Fool, August 23, 2019, <https://www.fool.com/investing/the-7-largest-e-commerce-companies-in-the-world.aspx> (Accessed 12/16/19).
- 48 “New ways to manage your medications at home using Alexa” By Rachel Jiang, The Amazon blog dayone, November 26, 2019, <https://blog.aboutamazon.com/devices/new-ways-to-manage-your-medications-at-home-using-alexa> (Accessed 12/16/19).
- 49 *Ibid.*
- 50 *Ibid.*
- 51 *Ibid.*
- 52 *Ibid.*
- 53 *Ibid.*
- 54 An estimated 51% of US adults reporting use of any prescription drugs in 1999–2000 and an estimated 59% reporting use in 2011–2012. “Trends in Prescription Drug Use among Adults in the United States from 1999–2012” By Elizabeth D. Kantor, Colin D. Rehm, Jennifer S. Haas, Andrew T. Chan, and Edward L. Giovannucci, JAMA, Vol. 314, No. 17, November 3, 2015, available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4752169/pdf/nihms746019.pdf> (Accessed 12/16/19), p. 2.
- 55 Nonadherence rates ranging from 25% to 50% attribute between \$100 and \$300 billion of avoidable health care costs. “Adherence and health care costs” By Aurel O Iuga and Maura J McGuire, Risk Management Healthcare Policy, Vol. 7, February 20, 2014, available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3934668/pdf/rmh-7-035.pdf> (Accessed 12/16/19), p. 35–37.
- 56 “Introducing New Alexa Healthcare Skills” Rachel Jiang, amazon alexa, April 4, 2019, <https://developer.amazon.com/blogs/alexa/post/ff33dbc7-6cf5-4db8-b203-99144a251a21/introducing-new-alexa-healthcare-skills> (Accessed 12/16/19).
- 57 *Ibid.*
- 58 *Ibid.*
- 59 Walmart Inc., September 13, 2019.
- 60 Search result showing Best Buy Prices of their healthcare products. Best Buy, 2019, https://www.bestbuy.com/site/searchpage.jsp?_dyncharset=UTF-8&id=pcat17071&iht=y&keys=keys&ks=960&list=n&sc=Glob al&st=great%20call&type=page&usc=All%20Categories (Accessed 11/15/19).



FREE EBOOK DOWNLOAD

Health Capital Topics 2019

Visit www.healthcapital.com

This book reviews and discusses subjects in the ever-changing U.S. healthcare industry and how they may affect healthcare organizations. Topics include value-based reimbursement; the latest regulatory pronouncements; emerging healthcare organizations; and much more.

CLICK

GET IT NOW

HCC
HEALTH CAPITAL CONSULTANTS



(800)FYI - VALU

*Providing Solutions
in the Era of
Healthcare Reform*

Founded in 1993, HCC is a
nationally recognized healthcare
economic financial consulting firm

- [HCC Home](#)
- [Firm Profile](#)
- [HCC Services](#)
- [HCC Experts](#)
- [Clients & Projects](#)
- [HCC News](#)
- [Upcoming Events](#)
- [Contact Us](#)
- [Email Us](#)

HCC Services

- [Valuation Consulting](#)
- [Commercial Reasonableness Opinions](#)
- [Commercial Payor Reimbursement Benchmarking](#)
- [Litigation Support & Expert Witness](#)
- [Financial Feasibility Analysis & Modeling](#)
- [Intermediary Services](#)
- [Certificate of Need](#)
- [ACO Value Metrics & Capital Formation](#)
- [Strategic Consulting](#)
- [Industry Research Services](#)



Todd A. Zigrang, MBA, MHA, CVA, ASA, FACHE, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 25 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,000 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "[*The Adviser's Guide to Healthcare – 2nd Edition*](#)" [2015 – AICPA], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies*; *Business Appraisal Practice*; and, *NACVA QuickRead*. In addition to his contributions as an author, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); American Health Lawyers Associate (AHLA); the American Bar Association (ABA); the National Association of Certified Valuators and Analysts (NACVA); Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute.



Jessica L. Bailey-Wheaton, Esq., is Senior Vice President & General Counsel of HCC, where she focuses on project management and consulting services related to the impact of both federal and state regulations on healthcare exempt organization transactions, and research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services. She has presented before associations such as the American Bar Association and NACVA.



John R. Chwarzinski, MSF, MAE, is Senior Vice President of HCC, where he focuses on the areas of valuation and financial analysis of healthcare enterprises, assets and services. Mr. Chwarzinski holds a Master's Degree in Economics from the University of Missouri – St. Louis, as well as, a Master's of Science in Finance Degree from the John M. Olin School of Business at Washington University in St. Louis. He has presented before associations such as the National Association of Certified Valuators and Analysts; the Virginia Medical Group Management Association; and, the Missouri Society of CPAs. Mr. Chwarzinski's areas of expertise include advanced statistical analysis, econometric modeling, and economic and quantitative financial analysis.



Daniel J. Chen, MSF, CVA, focuses on developing Fair Market Value and Commercial Reasonableness opinions related to healthcare enterprises, assets, and services. In addition he prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams. Mr. Chen holds the Certified Valuation Analyst (CVA) designation from NACVA.



Paul M. Doelling, MHA, FACMPE, has over 25 years of healthcare valuation and operational management experience and he has previously served as an administrator for a number of mid to large-sized independent and hospital-owned physician practice groups. During that time, he has participated in numerous physician integration and affiliation initiatives. Paul has authored peer-reviewed and industry articles, as well as served as faculty before professional associations such as the Medical Group Management Association (MGMA) and the Healthcare Financial Management Association (HFMA). He is a member of MGMA, as well as HFMA where he previously served as President of the Greater St. Louis Chapter.