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Corporate Moves in Healthcare

Big companies continue to expand their healthcare empires through acquisition and other strategic moves **By Jessica Bailey-Wheaton, JD, and Todd A. Zigrang, MBA, MHA**

DUE TO political impasses and systemic problems, the federal government is often powerless to make meaningful improvements to the healthcare industry. Increasingly high costs, large deductibles, healthcare workforce shortages, and delays in treatment and obtaining medication are plaguing the U.S. healthcare delivery system.

Instead of waiting for regulatory reform, corporate America has sought to disrupt the healthcare industry over the last few years, by streamlining the delivery of healthcare (and associated costs) and taking advantage of technological advancements.

Some of the biggest companies in the U.S.—CVS Health, Walgreens, Amazon, Walmart, and Best Buy—are expanding their healthcare empires through acquisitions and other strategic moves. This article will briefly survey some of these current private sector deals and initiatives.

CVS Health began its healthcare expansion, moving beyond the retail pharmacy space to integrated healthcare, with its 2017 acquisition of Aetna for \$70 billion. In September 2022, CVS Health announced its successful acquisition of Signify Health (a home health and physician technology company)—beating out other bidders—for \$8 billion. Five months later, CVS announced the acquisition of Oak Street Health (a publicly traded, private equity backed group of Chicago-based primary care providers) for \$10.8 billion. With these acquisitions, CVS aims to become a one-stop shop for consumers by combining their retail pharmacy with a clinical care delivery arm.

Over the past couple of years, Walgreens Boots Alliance has made a number of acquisitions, including of: (1) Shields Health Solutions (specialty pharmacy company) in September 2021, for \$2.3 billion; (2) VillageMD (primary care service company) in October 2021, for \$5.2 billion; (3) CareCentrix (a home care company) in October 2021, for \$722 million; and (4) SummitHealth—CityMD (an urgent care clinic group) in November 2022, for \$8.9 billion. These acquisitions have strengthened Walgreens' stake in the

healthcare services market. With demand for COVID-19 testing and vaccines decreasing, the pharmacy retail company is aiming to diversify by increasing their presence in the healthcare services market (similar to CVS). With 75% of Americans not having a primary care provider, Walgreens is also looking to become a healthcare destination for consumers.

In June 2018, Amazon acquired PillPack (an online pharmacy that delivers medications to consumers) for \$753 million, in an attempt to break into the pharmaceutical market. Amazon Pharmacy was launched in November 2020, providing customers in 45 states transparent drug pricing and free, unlimited deliveries of medications. Since then, the service has expanded to all 50 states, and in 2023, Amazon announced RxPass, a new service targeting those with common, chronic conditions, which will cost patients only \$5 per month. Beyond the pharmaceutical sector, Amazon also acquired Health Navigator (a digital healthcare startup) in October 2019, for an undisclosed amount, and One Medical (a network of primary care providers) in July 2022, for \$3.9 billion.

With the One Medical deal finalized, Amazon will acquire 836,000 members, and 221 medical offices spread across 27 markets, expanding the company's ability to provide healthcare services. It appears that with these moves, Amazon seeks to apply its successful direct-to-consumer retail model to the healthcare industry.

Over the past few years, Walmart has announced its acquisitions of: (1) FloCare (a health-technology business) in July 2019, for an undisclosed amount; (2) CareZone (prescription management startup) in June 2020, for \$200 million; and (3) MeMD (telehealth provider) in May 2021, for an undisclosed amount. These acquisitions highlight Walmart's continued expansion in the healthcare services market. Additionally, Walmart has expanded Walmart Health, a network of health centers providing “primary and urgent care, labs, x-ray and diagnostics, behavioral health, dental, optometry and hearing services,” regardless of insurance status.

Since launching in 2019, Walmart

Health has opened more than 25 locations across the South; in early 2023, Walmart Health announced its plans to open an additional 28 centers in 2024. Through this transactional activity, the retail giant is looking to increase access to healthcare and promote better health outcomes by rendering healthcare services to patients where they are—in Walmart stores—and by providing transparent and affordable pricing for healthcare services.

In 2018, technology retailer Best Buy entered the healthcare market with an \$800 million acquisition of GreatCall, an emergency response company for the elderly. Best Buy acquired a home health technology platform, Current Health, for \$400 million, in late 2021. The company is pushing further into the healthcare sector, announcing partnerships with several major health systems to expand their current health platform. Best Buy will begin offering technology support to Atrium Health, a hospital-at-home program, with Geek Squad employees delivering equipment and assisting patients in equipment setup.

Corporate Expansion Follows Similar Themes

The transactional activity undertaken by companies like CVS Health, Walgreens, Amazon, Walmart, and Best Buy, among others, serves as a striking example of corporate America's push to expand their presence in the healthcare services market. It seems to follow the same themes—meeting patients where they are and utilizing technology and established retail locations to make healthcare as convenient as possible. While profit seems to be a significant driver for many of these corporate initiatives, they may result in increased price competition, a greater variety of services, and more price transparency for patients.

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