

# Dr. Alexa? What Amazon might do in health care

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Paging Dr. Alexa?

As the U.S. [health care](#) industry shifts and slides, Amazon is quietly moving in directions that suggest the company may be planning to deliver prescriptions, not just books, clothes and other merchandise.

"It's entirely likely Amazon will play a role in health care. They're a company that's been very disruptive to multiple industries," said Wendell Potter, a health care industry critic. "I bet you they've been looking at healthcare for some time—there are opportunities there for them,"

Speculation has intensified after the St. Louis Post-Dispatch reported Thursday that Amazon has received approval for wholesale pharmacy licenses in at least 12 states. They include Nevada, Arizona, North Dakota, Louisiana, Alabama, New Jersey, Michigan, Connecticut, Idaho, New Hampshire, Oregon and Tennessee. An application is currently pending in the Maine.

Amazon declined to comment on the report.

While no outsiders know the famously secretive company's plans, experts and analysts say they can easily see a place for an "Amazon-like company" in the [health care market](#).

"A lot of (health care) companies are already looking to see what they can learn from Amazon," said Marcus Ehrhardt, partner of the consulting firm PwC's pharma and life sciences division.

Could U.S. consumers one day find themselves logging in to Amazon Healthcare Prime, or asking Dr. Alexa—Amazon's popular Echo home assistance device uses a digital voice that answers to the name Alexa—what they should do about their cough?

## **A complex market**

The licenses Amazon has so far sought are far from what's needed to begin shipping drugs to consumers. They give it the ability to sell medical professional-use-only products such as sutures, ultrasound gel and syringes for use in medical and dental offices or hospitals, the

company said.

Delivering prescription drugs might seem like simply a transportation issue, but it's actually not. Neither Amazon nor any other online seller can just put drugs next to toys, books and household staples in its warehouses and ship them all in the same box to homes due to complex, state-based regulations around prescriptions, said Ehrhardt.

But Amazon does have expertise that makes it a natural candidate to look for ideas that would reform the U.S. healthcare industry as it tries to control costs, said Gil Irwin, PwC deals partner.

Seattle-based Amazon excels at analyzing enormous amounts of data and then knowing how to use that information to motivate customers, he notes.

Amazon, for example, might see that a customer has bought cough drops every week for the last month, and went to the doctor for a cold six weeks before but never filled their prescription.

Amazon, or "an Amazon-like company" could use that kind of insight to encourage consumers to go back to the doctor, or drop by a nearby clinic for a nurse practitioner to examine them, said Irwin.

"That could help solve the problem of getting the wrong care," and overall lowering expenses.

## **Dr. Alexa, I presume?**

Potter, who recently launched Tarbell.com, a site that focuses on corporate influence over health care, can see a role for Amazon's digital assistant Alexa.

His first job in health care was setting up a hotline for a hospital so patients could talk to a nurse about their symptoms and get advice on what to do.

"Why can't Alexa do that?" Potter asked.

While patients would have to be clear that Alexa is neither doctor nor nurse, it could be a helpful way to get them talking to the right person, or get the right information to them quickly simply by asking questions, he said.

Amazon's possible entry into health care is an equally intriguing and terrifying thought, said Sucharita Mulpuru, an Amazon analyst with Forrester.

"One day, we could tell Echo our ailments and have recommendations and potentially some drug recommendations, which they could fulfill if they also have doctors available in live chat on an Echo Show device," she said.

The missing link for Amazon now is doctors and prescribers, both of which represent huge regulatory and logistical hurdles.

"The medical world is still highly fragmented and it won't be a trivial task to tackle this but that's not to say it won't happen," she said.

## **Others mobilizing**

Major U.S. pharmacy companies haven't exactly been waiting around to hear whether Amazon might become their toughest competitor.

In January, drug store chain Walgreens Boots Alliance and delivery giant Federal Express announce a multi-year deal that would add FedEx pick-

up and drop-off service for pre-packaged and pre-labeled packages at 8,000 Walgreens stores. At the time of the announcement, the plan was aimed at having the service in all Walgreens locations by 2018.

However, during Walgreens' earnings call with financial analysts on Oct. 25, company executives said the FedEx service has already launched in most stores other than its locations in hurricane-ravaged Puerto Rico. The executives also made clear that they plan to expand the service to deliver prescriptions to customers.

"This is just the first phase, as we said, because now, we will use this to create a fantastic network to deliver to the customers directly from our pharmacies," Walgreens CEO Stefano Pessina told the analysts.

Walgreens Co-Chief Operating Officer Alexander Gourlay said the FedEx partnership was designed to address an issue that has proved to be problematic for both traditional drug stores and online operators: Ensuring reliable deliveries in the so-called "last mile" to customers' homes.

Earlier this week CVS Health announced a 30,000-store performance-based pharmacy network in the United States to be anchored by CVS Pharmacy and Walgreens, which will also include up to 10,000 community-based independently owned pharmacies,

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