

EMERGING UPDATES IN HEALTHCARE DELIVERY



CSHP Healthcare Reform Committee



AMAZON-A MAJOR PLAYER IN THE WORLD OF PHARMACY?

WHAT'S HAPPENING?

Pillpack, a full-service internet pharmacy purchased by Amazon in June 2018, is applying for new pharmacy licenses. This will allow Pillpack to ship medications from its Phoenix facilities to customers on the Western states, including Washington, where the Amazon headquarter is located.

Using Washington as the primary testing ground is a common strategy utilized by Amazon before any major roll out, which indicates that the company is slowly stepping its foot into the pharmacy chain industry, directly competing with other drugstore chains, drug distributors and pharmacy benefit managers.

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- 1) Walgreens Launches Next-Day, nationwide Prescription Delivery with FedEx
- 2) Amazon & PillPack

HOW DOES THIS AFFECT HEALTHCARE REFORM OR PHARMACY PROFESSION?

The Pillpack acquisition can make Amazon a major player in the world of pharmacy. Amazon can take advantage of their large customer base and shipping infrastructure to supply medications to customers nationwide; potentially leading to a shift in how most Americans obtain their medications.

However, Pillpack might not have this eruptive impact anytime in the near future.

According to Jefferies analysts, the current pace of expansion will not allow Pillpack to compete with other mail order pharmacies such as Express Scripts or CVS, which currently have larger base of customers and operational facilities. Nevertheless, by using Pillpack, which specializes in managing and packaging chronic disease medication, Amazon may have broader plans to build a direct-to-consumer pharmacy and cut out the middle man - Pharmacy Benefit Managers.

On another note, in early 2018, Amazon also joined Berkshire Hathaway and JPMorgan in starting a technology-based healthcare venture to provide “simplified, high-quality and transparent healthcare at a reasonable cost.” Even though Pillpack’s revenues are infinitesimal compared Amazon’s overall sales in the U.S., acquiring Pillpack may potentially be part of a broader plan that will contribute a significant impact to the healthcare field.

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