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LIFE AFTER AMAZON HQ2

Amazon's HQ2 won't be in Boston, but its health care revolution already is

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Amazon.com Inc. announced Tuesday morning that it will expand its locations in New York City and Northern Virginia, officially dashing Boston's hopes of landing the company's second (or third) headquarters.

But Amazon (Nasdaq: AMZN) still has a large presence in the Bay State. And with its new health care venture headquartered in Boston — and its recent acquisition of a Somerville-based pharmacy startup — [Jeff Bezos'](#) tech giant appears poised to transform the health care market close to home.

In June, [Amazon](#) announced the \$1 billion acquisition of PillPack, which delivers pre-sorted dose packaging and coordinates refills and renewals for patients. At the time, [Jeff Wilke](#), who runs Amazon's worldwide consumer division, said in a statement that the deal would



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Dr. Atul Gawande, CEO of the yet-to-be-named health care startup backed by Amazon, at a speaking event in Boston in September.

allow Amazon to help Pillpack "continue making it easy for people to save time, simplify their lives, and feel healthier."

Amazon isn't just looking to transform health care for its customers, but also for its employees. In January, the company announced that it was teaming up with Berkshire Hathaway (NYSE: BRK.A) and JPMorgan Chase (NYSE: JPM) to launch a health care startup with the broadly-stated goal of improving employee satisfaction in health care and reducing health care costs. The joint venture disclosed in June that it would be based out of Boston and led by Brigham and Women's Hospital surgeon Dr. Atul Gawande.

A name for the joint venture, and details about the company's work, haven't been announced. But health care experts in Boston say there are a number of areas on which the joint venture could focus as it looks to address the health care needs of the three companies' combined 1.2 million employees.

"The key here is to take a look at who is in charge, Dr. Atul Gawande, who has written extensively about health matters that are of concern to him," said Ruselle Robinson, a health care attorney for Boston law firm Posternak Blankstein & Lund.

Robinson said he expects the startup to emphasize using data to make health care decisions, citing Gawande's research in that area. For example, Robinson pointed at the increasingly high rates of Caesarean sections, and evidence that natural childbirth often yields better outcomes for both mothers and newborns.

"(They) will look for mechanisms, whether by payment or selection of providers, that will promote the use of evidence-based care," Robinson said.

Industry experts also see drug pricing as an area ripe for innovation. Robinson said the startup could start negotiating prices with pharmaceutical companies on behalf of its employees to lower costs.

Rosemarie Day, founder and CEO of Day Health Strategies and former deputy director of Massachusetts' health care insurance marketplace, agreed that the joint venture could potentially disrupt the role that so-called pharmacy benefit managers, or PBMs, play in negotiating prices between pharmaceutical companies and insurers.

"There's going to be a lot of discussion and ways to think about how to bring more transparency to the situation," Day said. "I would think Amazon and all three (companies) combined could bring some great technology tools to put more information in the hands of consumers."

How the joint venture pays for care for its employees could help shape the market, Day added, specifically by developing health care budgets for employees or negotiated bundled payments for certain kinds of procedures.

"They could do interesting experiments and push the needle on that in the private market," she said.

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