

Why we should take Amazon's ambitions to disrupt healthcare seriously

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Amazon Lab126 is an inventive research and development company that designs and engineers high-profile consumer electronic devices. Credit: Northeastern University

On Tuesday, three influential companies—Amazon, Berkshire

Hathaway, and JPMorgan Chase—announced a partnership to provide their more than 500,000 employees with an alternative to the current healthcare system. Though the companies released few details about their new venture, they did say it would focus on using technology to reduce costs. It's a move that could ripple across the entire American healthcare industry.

"Amazon is going to be the real catalyst here, because they're going to bring technology, data, and their experience in terms of how you deal with [consumers](#) and how you make services more convenient," said Gary Young, director of Northeastern's Center for Health Policy and Healthcare Research and professor of strategic management and healthcare systems. "Berkshire and JPMorgan obviously bring tremendous capital and networking."

Here, Young examines what we might be able to expect from the partnership.

None of the companies in this partnership are currently directly focused on healthcare. Where will the healthcare expertise come from?

You're right, but don't discount Amazon's ambition. Amazon has a certain way of looking at the world and a certain way of engaging consumers. Whether it's consumers for healthcare, groceries, books—they believe very firmly that they can do things better.

There are plenty of people that say healthcare is different. I come from that school of thought. For those of us who were trained more than two decades ago, it was engrained in our heads that healthcare is a very different kind of industry. Amazon doesn't necessarily see it that way. I hate to use the old adage, 'Think outside the box,' but that's what's going

on here. Amazon is saying, 'You people have had decades to get it right, and you haven't. You still have a lot of problems, and we can offer a fresh perspective.'

Amazon has been chomping at the bit to get into healthcare. They're starting off by doing it for their own employees, saying, 'We're tired of the status quo and we want to do something new.' I think it's going to eventually extend beyond that, and I also think this will be an important signal—a point of momentum to see other employer groups come together as well. These companies may develop models that can be extended well beyond their own employees.

How might this impact hospitals?

It could mean hospital utilization going down, because these companies are going to be looking very carefully at where there is value. Traditional providers are going to have to think about how they operate in a way that provides maximum value to consumers. To some degree, I think hospitals are going to end up following the paradigm that Amazon puts out there. That might mean some hospitals downsizing quite substantially and thinking more about population health and promoting health in their communities.

We do a lot of things in healthcare today that don't clinically benefit the patient—for example, diagnostic imaging, and certain orthopedic surgical procedures for knee pain for which there is little evidence of long-term impact on patient's quality of life. I think Amazon sees that pretty clearly. They believe that more data, more information, more education for consumers can make a big difference in terms of how patients make choices around healthcare.

But we shouldn't get too far ahead. These three companies are not going to transform the healthcare industry overnight, I promise you that. There

is a lot of entrenched interest here, and as powerful and magical as Amazon may be, we shouldn't think that next month we're all going to wake up to a new healthcare system. That's not the case. They may provide insights, they may develop models that do eventually diffuse throughout healthcare, but that's going to take time.

Should medical practitioners be skeptical of this partnership?

Medical practitioners will be skeptical. They're going to be saying, 'We've seen this before,' maybe not with Amazon, but other people saying [healthcare](#) problems can be solved. Physicians know there are a lot of entrenched interests, and consumers, in the end, are fearful of doing things that don't necessarily have the approval of their doctors. The physician-patient relationship remains very sacrosanct. There will be a lot of skepticism, and for very good reason.

But you also have to think across generations. There is a generational consideration here, which is that old fogies like myself have a certain way of thinking. The millennial generation is much more open to the ideas of Amazon, and to some degree, that's where these companies are positioning themselves. Millennials have been raised in a technology-laden society, and they are likely to be the kinds of people that some of these new models will appeal to. It may just be a matter of time before some of the old ways of thinking are rooted out, in part because of generational turnover.

Provided by Northeastern University

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