

Walmart enters the employer health benefits space—threatening Amazon, CVS

Article

The news: Walmart partnered with health benefits company **Transcarent** to let Transcarent members access Walmart's prescription benefits, retail clinics, telehealth services, OTC

medications, and vaccines, among other health benefits.

- For context, Transcarent offers personalized, digital health benefits for self-insured employers. Its leadership team includes former Allscripts CEO and Livongo's founder, Glen Tullman.

Why this could be an attractive option for employers: Employers' health benefits costs are expected to increase 4.4% by the end of 2021, [according to](#) Mercer's 2020 National Survey of Employer-Sponsored Health Plans.

- Walmart undercuts most major retailers for drug prices and is also the cheapest place to buy over-the-counter medicines.
- Most recently, it launched its own low-cost brand of insulin that's 58% to 75% cheaper than branded insulin products on the market, for instance.
- To add, Walmart's clinics offer comprehensive care (diagnosis, primary care, treatment options for chronic and acute conditions, and preventative care services) at [prices](#) lower than [typical prices](#) on the market.

Plus, Walmart's large geographic footprint and range of healthcare services are competitive value-adds to employers' healthcare benefits packages.

- [90%](#) of people in the US live within a 10 miles radius from a Walmart, so its health clinics could be ubiquitously accessible to employees across the US.

And Walmart has been expanding its range of healthcare services offered, like telehealth, primary care, and digital pharmacy services.

- Walmart teamed up with electronic health records giant **Epic** in September, [acquired](#) telehealth provider **MeMD** in May, and scooped up prescription management platform **CareZone** last June.
- It also has plans to open up 22 new clinics by the end of this year (in addition to its existing 20 clinics).

Why Walmart is making a move into the employer space: The employer market will let Walmart capture more healthcare consumers quicker than its direct-to-consumer model—40% of US adults get their health insurance from their employer.

While this marks Walmart's first foray into the employer healthcare marketplace, it's been steadily branching out its insurance footprint over the last year:

- It launched its insurance arm last October, and it's been growing its Medicare footprint via partnerships with Oak Street Health and Clover Health.
- Delving into the employer-sponsored healthcare marketplace seems like the next logical step for the retail giant.

The bigger picture: Walmart's new partnership means it's rising as another challenger to fellow retailers positioning themselves as one-stop-shop healthcare companies for employer customers.

For example, **Amazon Care** (Amazon's virtual care business) became widely available to employer customers in the US in May.

- On top of virtual care, it could also offer Amazon Pharmacy services, its Amazon Halo wearable, or even its HIPAA-compliant Alexa voice assistant to make appointments or monitor health.

In another example, **CVS** operates its insurance business **Aetna** which works primarily through employer-paid health plans.

- It **launched** its own virtual primary care business targeting self-insured employer customers in August, **Aetna Virtual Primary Care**.

Type of Health Insurance that US Adults Have, by Demographic, April 2021

% of respondents in each group

	Employer	ACA (Obamacare)	Medicare	Medicaid	Other	Uninsured
Gender						
Female	38%	6%	28%	14%	8%	6%
Male	42%	8%	31%	7%	6%	6%
Age						
18-34	42%	8%	21%	13%	12%	5%
35-44	52%	5%	18%	13%	6%	6%
45-54	46%	6%	18%	12%	8%	9%
55-64	45%	14%	16%	11%	6%	8%
65+	11%	1%	77%	3%	3%	4%
Race/ethnicity						
Black	22%	12%	29%	18%	10%	9%
Hispanic	35%	8%	24%	13%	11%	9%
White	43%	6%	30%	9%	6%	5%
Other	37%	10%	33%	6%	10%	5%
Total	40%	7%	29%	11%	7%	6%

Source: Healthinsurance.com survey as cited in press release, April 16, 2021

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