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Amazon takes its telehealth initiative to the national stage, but it might be late to the game

Article

Amazon confirmed it's expanding its virtual urgent care and telehealth service, Amazon Care, to all 50 US states. Up until now, Amazon Care was only available to Amazon employees in

Washington state—this week, it will become available to all employers in Washington state and a nationwide expansion for all its employees and potential employer customers is set to happen this summer. This news comes shortly after we predicted Amazon would expand Amazon Care to employers this year.

A full-blown expansion has been a long time coming after months (and in our case, years) of speculation—here's how we got here:

- **Amazon Care launched less than two years agos a pilot program to.a select group of Seattle-based Amazon employees.** At the time, these workers were given access to virtual care, house visits, and prescriptions via a mobile app.
- **Last year, Amazon Care was on its way to a nationwide rollout, but it took a step back to better plan for such a large-scale expansion.** After telehealth gained massive traction amid the pandemic, it made sense for Amazon to ride the wave, but execs decided more preparation was needed. Even so, we doubled down on our prediction that Amazon would roll out Amazon Care across the US some time this year.
- **Since it pressed pause, it's been dabbling in other areas of digital health, which can altogether prop up its telehealth business strategy.** Earlier this month, it founded **Moving Health Home**, a hospital-at-home coalition, with the likes of **Amwell, Dispatch Health**, and two major US health systems; in December, it launched its own wearable, Amazon Halo; and it launched its own digital pharmacy service, Amazon Pharmacy, in November 2020 that can work in tandem with its telehealth business.

Employers are interested in virtual care, but Amazon may be late to the telehealth game—user interest is slowing down now that a return to normalcy seems a bit clearer.

- **Employers spend around $880 billion on healthcare each year and insure around half of the US population—as those costs rise, employers are betting on virtual care to cut them down. 80%** of employers think virtual care will play a bigger role in their health benefits in the future, per Mercer's 2020 National Survey of Employer-Sponsored Health Plans. And t seems most employees have had a positive experience with that's already available: 65% of US adults insured by their employer said they were happy with their telemedicine experience—a much higher satisfaction rate compared with those covered by other insurers, according to Civic Science's 2021 Telemedicine Usage survey results.
- **But at the same time, consumer interest in telehealth is waning as vaccination efforts present a beacon of light toward post-pandemic days.** 1 in 3 adults said they intended to try

telemedicine in March 2020, but that dropped to just 1 in 8 last month, per Civic Science.

- **Dwindling consumer interest could potentially throw a wedge in employer adoption of telehealth benefits—and Amazon is already behind.** For example, **Teladoc** saw **145%** year-over-year growth in Q4, 2020; **MDLive's** rapid growth led it to being acquired by **Cigna** in February; and most recently, **Doctor on Demand** merged with **Grand Rounds**, creating yet another telehealth giant. Even still, Amazon can afford to recover and recalibrate its healthcare strategy as needed: Not only does it have the capital from its other businesses to cushion itself from potential failure, but it can lean on its other healthcare endeavors like Amazon HealthLake and Amazon Pharmacy to keep its foot in the door in healthcare.