

Amazon briefly teased an Amazon Clinic video on YouTube

Article

The news: Amazon is evaluating its unprofitable business divisions with an eye to shutting them down or scaling them back—and its healthcare division isn't on the chopping block, per The Wall Street Journal.

How we got here: Amazon's track record in the healthcare space is very uneven and the company has abandoned some high-profile ventures, even as recently as last August.

- The most infamous example is **Haven**, a joint venture with **Berkshire Hathaway** and **JP Morgan Chase**, that launched in January 2018 and shuttered in February 2021.
- And in August 2022, the company called it quits on its home-grown telehealth business, **Amazon Care**, after the B2B business failed to attract employers.

The flip side: Amazon's failures hide the fact that it was learning about the healthcare business as it went along. It has leaned into its strengths as the world's largest online retailer, for one.

- In June 2018, it announced the **acquisition of online pharmacy PillPack** for \$753 million. That became the basis for the online **Amazon Pharmacy** launched in November 2020.
- In July 2022, Amazon stunned the industry with its \$3.9 billion deal for **primary care provider One Medical**—the impetus to shutting Amazon Care the next month.
- One Medical's Medicare members are a gold mine. Its value-based contracts **made up 50% of its Q3 net revenues**, even though those members comprise only 5% of its total membership. The deal is scheduled to close on December 31, the same day Amazon Care shuts down.

What's next? Amazon continues to work on healthcare products behind the scenes, although some have come to light recently.

- It's **testing a digital health offering**, code-named **Katara**, that aims to treat conditions like hair loss and acne, per Insider—a direct threat to direct-to-consumer companies like **Hims & Hers Health** and **Ro**.
- **Katara may soon be unveiled as “Amazon Clinic.”** The Verge reported on November 9 that a video featuring the Amazon Clinic name was published to the company's YouTube page but was taken down almost immediately.
- In the video, patients seeking treatment for common conditions “like allergies and acne” filled out questionnaires that were then reviewed by clinicians who could prescribe medications or other treatments, according to The Verge.

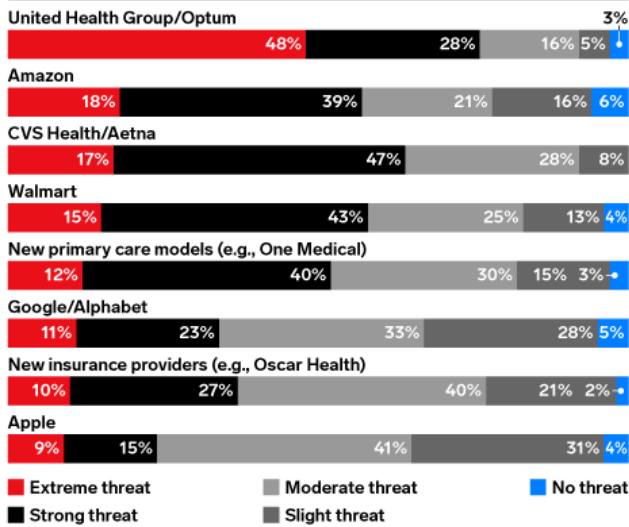
Our take: Amazon's core business is ecommerce, and it's tailoring its healthcare ambitions to dovetail with its massive online reach.

- **168.3 million adults are Prime users in 2022**, about 64% of the US population, we estimate.
- By 2026, that will climb to 186.8 million and 68.8% of the population.

Go deeper: See [Amazon Delivers Healthcare: The World's Largest Retailer Takes Aim at US Healthcare Consumers.](#)

Degree of Competitive Threat Posed by Select Companies to US Hospitals and Health Systems According to US Health Executives, Summer 2021

% of respondents



Note: over the next five years
 Source: Kaufman Hall, "State of Consumerism in Healthcare 2021: Regaining Momentum," Sep 8, 2021

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