n what ways will mergers such as CVS/Aetna; Cigna/Express Scripts, potentially Walmart/Humana, as well as Amazon’s initiatives, materially change healthcare delivery beyond the prescription drug benefit?“

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The Amazon/JP Morgan Chase/Berkshire Hathaway, Aetna/CVS, Cigna/Express Scripts, and potential Walgreens/ Humana initiatives are part of the overall healthcare market push to encourage innovation and develop new delivery systems, as well as to lower costs, and improve patient care.

The first initiative appears to be a recognition on the part of these mega-employers of the massive cost of employee health coverage, and their dissatisfaction with the current health care delivery and insurance model. Their stated goal is to create an affordable non-profit employer health system. These efforts are not entirely new. For the past several years, a variety of large self- insured employers have been working with large provider systems in value-based benefit design; centers of excellence programs in cardiology and orthopedics; ACO direct contracts for total cost of care; and employer supported clinics and intensive outpatient care. Intel, Boeing, Walmart, Lowe’s, Oracle, and a few others are all testing types direct provider contracting in one form or another. Despite some promising results in meeting cost and quality goals, these contracts have been a learning experience for both sides, and best, a mixed success, with some providers dropping out of contracts entirely because of their inability to earn acceptable margins. The wild card this time around is Amazon’s extraordinary technology resources and capability to shape the consumer experience.

The major health plan deals on the horizon are an effort to radically reshape these companies and reflect an understanding on the part of investors and leaders that traditional health insurance margins are in decline. Key elements of the Aetna and Cigna deals would appear to be an effort to gain more influence over pharmacy costs and control of the profitability inherent in pharmacy benefit management. Aetna/CVS and Walmart/Humana could be more interesting for their impact on health care delivery and reshaping the consumer experience. These combinations could challenge health care system’s attempts to “own” the consumer health care relationship, though it’s likely these impacts will be long developing.
The lesson learned from Boeing, Intel, Walmart, and Lowe’s is that to control costs and improve quality, large employers will need to create deep and direct relationship with provider systems with multiple aligned interventions with regards to payment and benefit redesign; provide transparency on outcomes and clinical improvement; and assure data can flow securely and openly among all members of the provider team. Fluid cross-vendor data exchange is necessary to ensure providers have cost efficient workflows with comprehensive, accurate clinical data at the point of care. If these global employers are able to build a fully interoperable business model then—and most likely only then—will they have a chance to move the prescription drug benefit needle, and get a handle on their overall benefit costs.