

Amazon got in its own way when it tried to take on the healthcare industry

[Why Amazon Care Failed to Gain Traction, According to Insiders \(businessinsider.com\)](https://www.businessinsider.com/why-amazon-care-shut-down-insiders-2022-8?inline-endstory-related-recommendations=&r=US&IR=T)

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Amazon said it's shutting down its Amazon Care business on August 24. Amazon Care; Rachel Mendelson/Insider

- **In August, Amazon said it was shutting down its urgent and primary care business Amazon Care.**
- **Insiders were blindsided by the news, delivered over a pre-recorded video call.**
- **In interviews, they reflect on why the organization failed to gain as much traction as expected.**

Amazon Care was centered on a simple idea: Getting ahead of health issues.

Born out of a pilot in Grand Challenge, Amazon's secretive incubator for big ideas, the app-based service could get people in contact with clinicians in 60 seconds, 24/7, preventing urgent care visits — but also potentially catching other issues before they became unmanageable. That could save money for the self-insured employers footing employees' medical bills, Amazon Care's eventual customers.

It's a nice idea, but the business model fell flat.

After three years, Amazon abruptly announced it would shut down Amazon Care on August 24. The news came just a month after the tech giant supercharged its healthcare bets by buying One Medical, the primary care company, in a \$3.9 billion deal.

"Our long-term vision is to make it easier for people to access the health care products and services they need to get and stay healthy," a spokesperson for Amazon told Insider in a statement. "We are proud of the work we've done, and will continue to invent, learn from our customers and industry partners, and

hold ourselves to the highest standards as we further help reimagine the future of health care and the role Amazon can play."

Insider spoke with six current and former employees in the week after the announced shutdown. Many of them said it seemed rushed. Aaron Martin, Amazon's new lead on healthcare initiatives, delivered the news with a pre-recorded video message and didn't take any questions, two people said. Employees weren't given much information to tell Amazon Care's clients or patients, they said. Clinicians went home, so patients showed up to un-staffed appointments, the patient care employee said.

Amazon Care is overseeing roughly 100,000 patients, two current employees told Insider. In the last week, its coordination team has been flooded with a wave of panicked patients who found out about the news from social media, seeking referrals to more specialized care that they procrastinated, the patient care employee said. The venture made a big push to become patients' primary care provider over the past few months, so those patients are now having to find new doctors, too. Amazon Care ends operations on December 31, according to Amazon.

Coordinators are struggling to find providers for certain patients, though the prevalence of online care helps, one of the current employees, who deals with patient care, said. A few patients in rural areas don't have a single in-network provider accepting new patients for therapy, a longstanding challenge for the team, the employee said.

"They forgot the human side of it," the employee said. "You're not dealing with customers — you're dealing with patients."

A spokesperson for Amazon said that Amazon Care has not seen notable increases in the types of referrals patients are seeking and that the volume of calls has remained constant since the announcement.

Amazon Care did home visits and virtual primary care. [Amazon](#)

Many of the current and former employees believe the failure boils down to the same culture clash that's plagued other health bets at Apple and Google, where healthcare issues that require meticulous solutions bore and frustrate engineers that want to move quickly and hit the business metrics that lead to short-term wins and promotions.

"Most product managers coming in at Amazon don't really care about, you know, changing the world," a former employee said. "And when your business KPIs [key performance indicators] don't really line up with what's best for the customer, you have Amazon Care, basically."

And then there's the Andy Jassy effect. The new CEO of Amazon has been trying to reduce waste during his roughly one-year tenure at the helm, cutting Amazon's giant workforce by 100,000 in the second quarter of 2022, and quickly cutting excess warehouse space built up during the pandemic-era e-commerce boom.

Back when Amazon Care was in Grand Challenge, Jassy, who was then heading up the cloud business, was skeptical of how it would grow, a former employee said. He thought it would be difficult to hire the number of clinicians needed across the country, plus the business had dismal profit margins, the employee said.

That turned out to be prescient.

A wake-up call for Amazon Care

Amazon Care's big selling point was that, in addition to telehealth appointments, it could dispatch nurses into people's homes as needed for services such as collecting blood for lab tests.

But the tech giant was up against a national nursing shortage. It partnered with startups and hired contractors to bolster its clinician population. And hiring

providers outright, which Amazon also did, was slow and extremely expensive, the former employee said.

An Amazon spokesperson said that Care Medical, its partnered medical group, always intended to use clinician staffing agencies, which is standard practice in the industry.

Amazon CEO Andy Jassy. Associated Press

With limited in-person care availability, Amazon Care launched for other businesses last summer. It had already been caring for Amazon's own employees, but a blog in March 2021 invited other companies to sign up, too. The venture could do home visits in Washington state, and said it would expand that service to Washington, D.C. and other cities.

Insiders say that was a big moment for the organization. Amazon had finally made a splashy announcement, fessing up to its ambitions in care delivery, yet interest from companies was shockingly lackluster, two current and former employees said.

"That was a key moment where it was like, 'Oh shit, this is not as popular as we thought,'" the former employee said.

Skepticism from customers mirrored Jassy's.

Benefits executives weren't eager to offer their employee population disparate services, with only workers in the right locations getting in-person care, and the rest only getting telehealth, the current employee said. Even now, Amazon Care can only vaccinate employees of its enterprise clients in the state of Washington due to the in-person infrastructure and licensing required to administer them, the two employees said.

"This decision wasn't made lightly and only became clear after many months of careful consideration," Neil Lindsay, head of Amazon Health Services, which

oversaw Amazon Care, said in an email sent to employees shared with Insider. "Although our enrolled members have loved many aspects of Amazon Care, it is not a complete enough offering for the large enterprise customers we have been targeting, and wasn't going to work long-term."

Sales and client relations were awkward.

The product was expensive, priced for double-digit profit margins, which is unusual in the benefits space, a former employee said. Companies would ask questions about the product and their patient population, to which Amazon Care folks had to respond "That's proprietary," the current employee said.

The business was unproven.

Amazon struggled to get health plans on board with its offering because it didn't have enough data to show that it was effective and lowered the cost of care for patients, as Insider reported. The former employee told Insider that the venture would've needed years to prove that, though it was part of the pitch to clients.

Amazon Care learned how to hire clinicians faster. Today, it has in-person care in roughly 20 markets such as Chicago and Austin, per the current employee. Roughly 20 companies signed up, including Hilton, the hotel chain, the employee said. But that was far short of the goal set for Amazon Care by its leaders and Amazon's upper management: 140 clients by the end of 2022.

"If you're trying to sell pallets of toilet paper off Amazon.com, sure. Or cloud storage capabilities because you have a mature business, yeah," the employee said. "But 140, 150 new clients in a greenfield business that isn't even consistent on a national basis?"

Amazon's culture clashed with meticulous healthcare efforts

To win over more customers and please current ones, Amazon Care needed to improve its product.

But efforts to do that were often marred in bureaucracy and poor decisions, five current and former employees told Insider.

Employees told Insider that, as the company's grown, so has its bureaucracy and layers of management. Jassy has been trying to reduce waste during his roughly one-year tenure at the helm, cutting Amazon's workforce by 100,000 in the second quarter of 2022.

To make up for Amazon Care's slow sales, it hired more sales people instead of investing in product development, three current and former employees said. Yet companies were asking for specific improvements like website functions that never happened, one of the current employees said.

Improvements that did gain traction had to face skeptical security officials in AWS, which powered Amazon Care, that saw everything as a potential threat to Amazon's reputation, three former employees said.

"Every security meeting started with 'What is that headline going to look like?'" one of them said.

Amazon tried and failed to build its own electronic medical record for Amazon Care, one of the former employees said. Getting permission to use one made by Athenahealth required a months-long back and forth with the security folks, multiple memos, and ultimately approval by Jassy himself that came with several stipulations, two of the former employees said.

There was a constant burden of explaining concepts in healthcare to company leaders without healthcare backgrounds, the five people said.

On the other hand, two former employees said that Amazon physicians tended to be rigid and ask for things that were too specific instead of explaining what they needed.

A current employee added that the organization didn't have many leaders that could translate between the two factions.

The Amazon spokesperson said that those with healthcare and science backgrounds are well represented on its leadership teams and that their expertise is valued.

Some aspects of patient care may have suffered as a result of the disconnect, as The Washington Post reported in August. Two current and former employees told Insider that clinical staffers brought forward concerns about "near misses" that were not prioritized. Near misses were cases where, for instance, a patient was prescribed a contra-indicated medication that they didn't end up taking.

Amazon said that it's deeply committed to the health and safety of its patients and clinicians.

"To date, we have not had any reported incidents related to nurse or patient safety," the spokesperson said. "We have standard policies in place to ensure we provide a safe and clinically appropriate health care for our patients and providers."

Amazon is piloting another health bet

It's easy to see room for Amazon in an industry marked by too much spending and relatively poor patient outcomes.

Four current and former employees said that Amazon Care's patients loved the product. Many of its clients had double-digit enrollment rates, meaning that 10% or more of their eligible employees signed up for the app, one of the current employees said — not terrible in healthcare. Amazon Care received

enthusiastic thank you's from patients over the phone, another current employee said.

Lindsay's position overseeing overseeing Amazon's pharmacy, diagnostics, and virtual care work, is relatively new. Industry experts have speculated that Amazon Care was shuttered due to overlap with One Medical. Amazon said that the decision to end Amazon Care was made independent of and prior to the One Medical bet.

The tech giant is also piloting a new virtual care product in an effort codenamed "Katara," two current employees told Insider. It aims to sell health services directly to consumers instead of working through their employers first, they said.

Amazon said that it doesn't comment on rumors or speculation.