

Disruptive Trends in Healthcare: The Consumerization of Care Isn't Coming... It's Already Here

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Multiple disruptive trends continue to alter the healthcare landscape. This is the second of a four-part series to share our insights into these trends and to identify the leadership qualities, skills and vision required to navigate them. Let's look at some of the major retailers making moves into healthcare and how they are shifting how care is delivered and received.

Setting the Stage

While the healthcare provider landscape has already shifted dramatically toward more alternative hybrid and online solutions, there are still plenty of changes to come regarding how consumers access healthcare products and services over the next several years. Rising expectations of anytime/anywhere accessibility and pricing transparency continue to heavily influence organizational decision-making, as consumers' expectations migrate from other industries to healthcare.

In an effort to meet this growing demand for 'consumerism' in healthcare and their brand portfolios, mega-retailers such as Amazon, CVS, and Best Buy (among others) have simultaneously entered the market through strategic partnerships and acquisition. These brands are leveraging their loyal customer bases, their expansive reach, and their financial might to employ unique strategies for gaining strong footholds in healthcare.

Where They Fit In

With the explosion of healthcare needs following the pandemic resulting in opportunities for disruption and innovation, retailers are eying healthcare now more than ever before. While this isn't the first time in history where major retailers have attempted to dip their toes in the healthcare space, signs are indicating their strategies are evolving and their market positioning is taking shape.

Outside of healthcare, the sheer size and influence of a company like Amazon or CVS allow them to be disruptors, with regulatory practices at times shifting to accommodate the entrance of new value-based and broad accessible care opportunities. But when entering healthcare, the largely dis-integrated and complex structure of the healthcare system challenges even the largest of retailers. In particular, the independent payer structure removes one of the most critical levers of scale retailers traditionally rely on in creating a viable value proposition – purchasing power that enables pricing power. After several strategic iterations, retailers are now realizing that slow build launches will not support this critical power dynamic. Large scale acquisition or ambitious national partnerships are essential to success, though the starting points and progression differ based on a retailer's specific strengths.

As previously noted, these brands each are entering the market in unique fashions based on their existing customer bases and strengths:

- **Amazon** – Acquiring concierge primary care company, One Medical to “reinvent” healthcare. According to the online retail giant, it seeks to create efficiencies in the healthcare experience for patients while improving access, with its own data-based consumer relationships and technology prowess likely being viewed as key enablers of this experience.
- **Best Buy Health** – Partnering with clients for connected-care offerings by leveraging long-standing collaborations with vendors and technology leaders. Best Buy Health offers turnkey products and services and white-labeled program components to custom, digital-first clinical solutions.
- **CVS Health** – Acquiring home health giant, Signify Health, to extend its consumer reach directly into the home. This is where the power of data, physical footprint, distribution and logistics, purchasing power, and captive payer contracting can transform affordable value-based care.
- **Walgreens Boots Alliance** – Walgreens made a \$5.2 billion investment in VillageMD (making it the majority owner) to advance its strategic position in the delivery in value-based primary care to offer full-service primary care practices with primary care physicians and pharmacists co-located at its stores all under one roof at a large scale.
- **Walmart Health & Wellness** – Collaborating with UnitedHealth Group to offer co-branded managed care contracts, data and analytics support for Walmart providers, and extending Walmart’s virtual care offering to certain UnitedHealth commercial clients. Although currently smaller in scale, Walmart Health’s in-store offering is one of the most comprehensive among retail healthcare entrants. In addition, this comprehensive UnitedHealth partnership marries the undeniable strengths of Walmart’s scale and reach to the consumer population with the multi-dimensional consumer data that supports Walmart becoming an essential value-based care provider.

Clearly, consumer relationships and reach are foundational elements of each of the above strategies. But, value-based care depends on data-informed insights, and lowering the cost of care requires wellness and preventive care for high risk populations. Thus, the value of traditional retail data that provide behavioral and leading health indicators continues to grow.

Creating New Relationships between Patients and Providers

The consumerization of care ultimately will create a new care paradigm. The pandemic combined with new technology and shifting consumer expectations have accelerated this evolution. A few years from now, the healthcare landscape is likely to look vastly different.

While these changes are starting to take shape within some aspects of healthcare, the new relationship between patients and providers will continue to evolve with an emphasis on value-based care, accessibility, pricing transparency and wellness over the next several years. Healthcare providers continue to push care out of traditional acute care settings (see “[Changing Provider Landscapes](#)”), but now at faster rates.

When it comes to the consumerization of care, consumers can expect future changes to include new types of products and medications available online, new ways to find providers and schedule appointments, enhanced ability to access care from home and more options for self-care/wellness. Options will increase even further thanks to the growing number of consumer technology, online resources, and tech-enabled services.

The shift is also a key turning point for providers, as new technologies allow them to see more patients decreasing congestion and creating more efficient care structures. The ability for more patients to provide self-care and preventative care also is expected to ease the burden on acute care providers in the long term.

Leadership Implications

One thing is certain: it will become increasingly difficult for organizations to try to disrupt healthcare within a vacuum. Both traditional and non-traditional players will have to consider each other as potential partners, acquirers, and competitors in the market. Companies entering the healthcare sector for the first time need to be equipped with leaders and healthcare-focused advisory partners who possess deep understanding of the continuously evolving interconnectivity within healthcare. But, at the same time, companies must embrace new skills,

especially those centered on innovation and tech-enabled services (e.g., pricing, customer support, partnering, data management and analytics), to successfully integrate into the often entrenched processes and infrastructure of the current healthcare landscape.

As organizations look to navigate the consumerization of care, their strategies should consider these leadership implications as they look to build a dynamic team that will excel and establish a culture that wins in this new environment. It's critical to evaluate the landscape holistically, with insight into how and where organizations fit in the healthcare ecosystem and the role they will play in shaping its future. At the same time, the relationship between patient, provider and retailer will also continue to evolve as more companies enter the marketplace and ignite increased competition. Other important market forces that will influence that relationship include omni-channel care and new payer and reimbursement systems. Organizations with a thorough understanding and awareness of the leadership qualities, skills and vision required to successfully navigate these trends, can best position themselves to grow well into the future.

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