

# Amazon announces the opening of its online pharmacy

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On Tuesday, Amazon announced the opening of its online pharmacy, sending shock waves throughout the pharmaceutical industry, which sold over \$380 billion in medications last year, and filled more than 3.6 billion prescriptions in the United States.

Amazon, which is run by the world's richest man, Jeff Bezos, will compete with more-traditional drugstores like CVS Health, Walgreens, and Rite Aid. The announcement caused the shares of these companies to drop by 8.6, 9.6, and 16 percent, respectively, according to the *Wall Street Journal*. This translates to more than \$10 billion in diminished market value for CVS and Walgreens alone. Shares of Amazon were up 1 percent.

Amazon is known for putting industries on edge with what Wall Street has dubbed the “Amazon effect.” Meanwhile, Amazon's representatives openly discuss their strategy as “disruption” of formerly stable sections of the economy. When Amazon announced it was buying Whole Foods for \$13.7 billion in 2017, shares of grocery store chains nationwide also dropped out of fear of competing with the world's largest online retailer.

With the news, the shares of GoodRx fell 22 percent. GoodRx is an online outlet that caters to people without insurance. According to TechCrunch, Amazon Prime members “can also save on medications when they pay without insurance on Amazon Pharmacy—and receive the same discounts at 50,000 other participating pharmacies nationwide. The Amazon Prime prescription savings benefit can save members up to 80% off generic and 40% off brand name medications when paying without insurance.”

Competitors to Amazon are trying to diversify with other health-related endeavors such as mini-clinics and pharmacist consulting. CVS stated it is re-allocating

less profitable sections of its stores to “deliver a differentiated, consumer health experience” by initiating HealthHUB. This comes from CVS's 2018 acquisition of health insurance giant Aetna.

HealthHUB represents a retreat in the face of Amazon's attack, as it is an attempt to create a market for other services that can only be provided by in-store visits. In these HealthHUBs, there will be a staff of doctors and nurse practitioners who could diagnose ailments and generate prescriptions that could then be filled within the store.

However, there is speculation that Amazon will soon open stores that provide the same service. It also has a staff of online “wellness professionals” and pharmacists who can be summoned to consult with patients about their medications.

The drug distribution system took a hit as well from the launch of Amazon Pharmacy. Cardinal Health, AmerisourceBergen, Express Scripts, and McKesson each fell more than 5.5 percent.

Amazon has been selling prescriptions through PillPack, which it bought for \$753 million in 2018, but customers were directed to a separate site geared toward patients with complex, chronic medical conditions. Now, consumers can buy medications from Amazon's main retail site, with some of the same perks—like free two-day shipping for Prime members—that come with buying toys or clothes.

The company's entrance into the pharmaceutical industry was prepared by the infrastructure that was in place at PillPack when it was acquired, including its pharmacy software and licenses across all 50 states. PillPack also has a staff of online “wellness professionals” and pharmacists who can be summoned to consult with patients about their medication.

Amazon's entrance into the pharmaceutical industry

is part of its drive to dominate the health care market, worth an estimated \$11.9 trillion. In 2018, Amazon partnered with JP Morgan Chase & Co and Berkshire Hathaway to launch Haven, a venture focused on utilizing developments in technology to offer health care products that undercut its rivals. Amazon purchased PillPack shortly afterward.

In its warehouses, where workers are regularly maimed by working in unsafe conditions and with constant pressure to “make rate,” Amazon has already been operating “AmCare” facilities for workers.

Amcare is Amazon’s in-house health care provider, and in the event of an emergency, workers are told they should not call 911, but call the company doctors at Amcare instead. The *International Amazon Workers Voice*, a project of the *World Socialist Web Site*, has covered numerous incidents involving Amcare that suggest that its role is primarily focused on generating a pro-management paper trail, which can then be used to block a worker’s claim for compensation after an injury.

In one case, an Amazon worker was told by AmCare that her workplace injury was “not an injury.” The worker recalled, “I was treated like a liar.” Another Amazon worker went to AmCare with concerns that she had symptoms of the coronavirus, only to be told that her temperature could not be taken because that would violate “the six-foot rule.”

When Amazon whistleblower Shannon Allen went to Amcare after a workplace injury permanently disabled her, the treatment provided by AmCare consisted of having her lie down on a heating pad for 30 minutes. Her subsequent “treatment plan” consisted of sitting on a heating pad for 15-20 minutes per night.

Amazon’s expansion into the health care industry has been a protracted process. In September 2019, Amazon opened a virtual health clinic with in-home follow-ups for employees in the Seattle area. In May 2020, the company expanded the service to include warehouse workers in a partnership with Crossover Health, a startup company geared toward self-insured companies. The first pilot of Amazon’s “Neighborhood Health Centers” is located in the Dallas Fort-Worth area, with expected development of 20 health centers in five cities across the US.

Since the outbreak of the COVID-19 pandemic, Amazon’s share price has risen from \$1,700 per share,

to \$3,100 per share, and the company posted a second-quarter operating profit of \$5.8 billion. Amazon is expanding at a rapid pace, hiring over 175,000 workers in March and April, with a total global workforce of more than 1 million, according to some recent estimates. The company plans to add 33 new fulfillment centers by the end of the year, increasing storage capacity by more than 35 million cubic feet.

Amazon, which was launched in 1994, has spread its tentacles to large sectors of the world economy, including groceries with the purchase of Whole Foods in 2017, health care with the launch of Haven in 2018, and growing ties to the military with the establishment of a space unit called Aerospace and Satellite Solutions, led by former US Air Force Major General Clint Crosier, in 2020.

The conquest by the Amazon conglomerate of sector after sector of the world economy has encountered little resistance from the national regulatory frameworks designed to restrain the growth of monopolies, including in the US, notwithstanding a pending enforcement action recently announced by the European Commission.

In contrast to the ballooning value of the conglomerate and Bezos’s \$180 billion net worth, Amazon workers are faced with increasingly dire working conditions, with inadequate protections against COVID-19 and increased demands for a breakneck pace of work.

As of the beginning of last month, Amazon admitted that nearly 20,000 workers had tested positive for the coronavirus.



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