

Health Care Market Oversight

Transaction 005

Amazon & One Medical

30-Day Review Summary Report

December 28, 2022



About this Report

This report summarizes analyses and findings from Oregon Health Authority’s preliminary (30-day) review of the proposed material change transaction of Amazon and One Medical. It accompanies the Findings of Fact, Conclusions of Law, and Final Order (“Preliminary Review Order”) issued by Oregon Health Authority on December 28, 2022. For legal requirements related to the proposed transaction, please reference the [Preliminary Review Order](#).

You can get this document in other languages, large print, braille or a format you prefer free of charge. Contact us by email at hcmo.info@oha.oregon.gov or by phone at 503-385-5948. We accept all relay calls.

If you have any questions about this report or would like to request more information, please contact hcmo.info@oha.oregon.gov.

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Executive Summary

The [Health Care Market Oversight](#) (HCMO) program reviews proposed health care business deals to make sure they support statewide goals related to cost, equity, access, and quality. After completing a review, the Oregon Health Authority (OHA) issues a decision about whether a business deal, or transaction, involving a health care company should proceed. On November 29, 2022, OHA received a completed [Notice of Material Change Transaction](#) (the “Notice”) from Amazon.

Proposed Transaction

In this transaction, Amazon plans to purchase One Medical for approximately \$3.9 billion. One Medical is a for-profit primary care organization operating more than 180 medical offices across the country, including five primary care clinics in Oregon. Amazon is a multi-national corporation that operates across several industries, including e-commerce, infrastructure computing services, electronic devices, digital media content and logistics. In Oregon, One Medical partners with Providence Health & Services to support clinical care and administrative services.

OHA’s Review

OHA conducted a 30-day preliminary review of the proposed transaction. During the review, OHA gathered background information about the companies involved and assessed the likely impact of the transaction across four domains: cost, access, quality, and equity. OHA held a 14-day public comment period and received 36 public comments. Most public comments opposed the transaction, with many citing concerns about for-profit health care companies prioritizing profits over patients.

Key Findings



Cost

OHA does not have concerns about price increases resulting from consolidation, as the transaction will not meaningfully change Amazon and One Medical’s market share for primary care services in Oregon. Commercial insurance payment rates for One Medical are negotiated through the partnership with Providence. OHA has no reason to believe that One Medical will be able to negotiate higher rates because of this transaction.



Access

OHA does not have specific concerns about reductions in access to care resulting from this transaction. The entities have stated that they do not plan to reduce access to essential services. The entities have also stated that they plan to expand One Medical’s network of clinics, which may provide additional access to services. One Medical clinics are located in urban areas with many other primary care providers.



Quality

OHA has limited insight into quality for One Medical locations, since its Portland clinics opened in 2020 and 2021 and One Medical does not participate in some programs that require regular quality reporting. Amazon’s business model also has the potential to impact quality. OHA will require on-going quality reporting to monitor for concerns.



Equity

OHA identified potential equity concerns resulting from this transaction. This transaction could potentially result in One Medical siphoning off commercially insured patients with higher payment rates from clinics that serve more Medicaid and Medicare-covered patients. Those concerns are somewhat mitigated by the fact that One Medical has a small footprint in Oregon and operates in urban areas with many other primary care provider options.

Conclusions and Decision

Based on preliminary review findings, **OHA approved this transaction with conditions on December 28, 2022.** (See the [review order](#) for more details.) OHA made this decision based on these criteria:

1. **The transaction is unlikely to substantially reduce access to affordable health care in Oregon.** In the locations where One Medical operates in Oregon, patients have many other options to access similar types of services. OHA does not anticipate that this transaction will result in increased prices. Combining with Amazon, with its advanced supply chain and purchasing power, may generate efficiencies and savings for One Medical, though any savings would not necessarily be passed to consumers.
2. **Comprehensive review of the material change transaction is not warranted given the size effects of the transaction.** One Medical currently operates five clinics in the Portland Metro area. One Medical's patients represent a small number of primary care patients in the Portland Metro region and the transaction does not impact other geographic areas in the state.

This transaction is approved on the condition that Amazon and/or One Medical report information about the services they provide, the patients they serve, quality of care, and any governance or organizational changes for the locations in Oregon. The reports are required to be submitted every six months for five years following the transaction.

OHA will monitor the impact of the transaction by conducting follow up analyses one year, two years, and five years after the business deal is completed. During these reviews, OHA will analyze the impact of the transaction on quality of care, access to care, affordability, and health equity, specifically following up on concerns or observations noted in the review summary report. OHA will also assess whether the parties to the transaction have kept to the commitments stated in the Notice regarding cost, access, and quality of care.

Introduction

In 2021, the Oregon Legislature passed [House Bill 2362](#), giving the Oregon Health Authority (OHA) the responsibility to review and decide whether some transactions involving health care entities should proceed. In March 2022, OHA launched the Health Care Market Oversight program (HCMO). This program reviews proposed health care transactions such as mergers, acquisitions, and affiliations to ensure they support statewide goals related to cost, equity, access, and quality.

The HCMO program is governed by [Oregon Revised Statute \(ORS\) 415.500 et seq.](#) and [Oregon Administrative Rules \(OAR\) 409-070-0000 through -0085](#). The HCMO program fits within OHA’s broader mission of ensuring all people and communities can achieve optimum physical, mental, and social well-being through partnerships, prevention, and access to quality, affordable health care.

In the authorizing statute, the Oregon Legislature specified what types of proposed transactions are subject to review and the criteria OHA must use when analyzing a given proposed transaction. The Oregon Legislature also authorized OHA to decide the outcome of a proposed transaction. After analyzing a given proposed transaction, OHA may approve, approve with conditions, or reject it.

When reviewing transactions, HCMO focuses solely on analyses within the scope of the program’s authority. Certain other analyses do not fall within the HCMO program’s scope of review.

What is in HCMO’s scope	What is not in HCMO’s scope
Compliance with ORS 415.500 et seq, and accompanying administrative rules	Compliance with other laws and regulations (though HCMO may notify other authorities if a clear violation is uncovered)
How the proposed transaction affects competition and market concentration	Compliance with labor and/or workforce laws and regulations
How the proposed transaction affects access to care	Compliance with data privacy and security laws and regulations (including HIPAA)
How the proposed transaction affects health equity, including rectifying current and historical factors that drive inequities	Compliance with environmental, building code, and facility laws and regulations
How the proposed transaction affects the quality of health care	Compliance with credentialing, licensing, and/or accreditation requirements

Proposed Transaction

On November 29, 2022, OHA confirmed receipt of a complete [Notice of Material Change Transaction \(the “Notice”\) from Amazon.com, Inc. \(“Amazon”\). This Notice describes a proposed transaction where](#) Amazon will merge with 1Life Healthcare, Inc. (“One Medical”) and Negroni Merger Sub, Inc. (“Merger Sub”). The Notice outlines the intent of Amazon to merge with One Medical.

OHA reviewed the Notice and determined that the transaction is subject to review under HCMO rules. The parties to the proposed transaction meet the revenue thresholds specified in [OAR 409-070-0015\(1\)](#) and the proposed transaction is otherwise covered by the program in accordance with [OAR 409-070-0010](#). After confirming receipt of the complete Notice, OHA began a 30-day preliminary review of the proposed transaction. OHA accepted public comments on this transaction from November 29, 2022, through December 14, 2022.

This report describes the proposed transaction, OHA’s approach to the review, its findings, and its conclusions based on these findings.

Entities Involved

The main entities involved in this transaction are Amazon and One Medical. Although not a party to the transaction, Providence Health & Services Oregon has a partnership with One Medical to deliver care in Oregon and is included below.

Amazon

Amazon is a multinational technology company focusing on e-commerce, cloud computing, online advertising, digital streaming and media content, electronic devices, and artificial intelligence. Amazon is a publicly traded, for-profit company, incorporated in Delaware and headquartered in Seattle, WA.

Amazon organizes operations into three segments: North America, International, and Amazon Web Services (AWS). AWS offers “a broad set of on-demand technology services, including compute, storage, database, analytics, and machine learning, and other services.”¹

Amazon operates online and physical stores, as well as a platform where third parties can sell products and operate businesses online. Amazon also has fulfillment networks throughout the world to process, ship, and deliver products to customer.

In 2021, Amazon reported:²

- 1,608,000 full-time and part-time employees, making it the second largest private employer in the United States.
- \$469.8 billion in net sales and \$33.4 billion in net income
- Approximately 200 million Amazon Prime members³

We seek to be Earth’s most customer-centric company.

We are guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. In each of our segments, we serve our primary customer sets, consisting of consumers, sellers, developers, enterprises, content creators, advertisers, and employees.

- Amazon 2021 Annual Report [SEC Filing](#)

Amazon has made several efforts to expand into health care, often with mixed results. A common stated goal across Amazon's health care efforts has been to make health care more convenient and accessible for consumers.⁴ The One Medical deal would be Amazon's largest health care acquisition to date.

We think health care is high on the list of experiences that need reinvention.

- Neil Lindsay, SVP of Amazon Health Services in a [press release](#)

PillPack and Amazon Pharmacy

In 2018, Amazon acquired PillPack, an online Pharmacy service focused on recurring monthly medications, for \$750 million. Amazon currently operates PillPack as a distinct service for customers managing multiple daily medications for chronic conditions.

PillPack became the foundation for Amazon Pharmacy, an online pharmacy service that Amazon launched in 2020, promising low prices, convenience, and quick delivery.⁵ Amazon Prime members receive free two-day delivery on Amazon Pharmacy prescriptions. Neither Amazon Pharmacy nor PillPack are authorized to ship Schedule II medications, such as opioids.

Amazon also offers an Amazon Prime prescription savings benefit, which advertises discounts of up to 40% off brand name drugs and 80% off generic drugs for Amazon Prime members that pay without using insurance. The Amazon Prime prescriptions savings benefit includes a digital Rx card that Prime members can use for savings at participating pharmacies, including CVS, Rite Aid, and Fred Meyer, among others. This benefit is automatically included in Amazon Prime memberships.⁶

Since its launch, Amazon Pharmacy has had fairly low use among Amazon Prime members. One survey found that 2% of Prime members use Amazon Pharmacy, compared with 73% who use two-day shipping and 58% who use Prime video.⁷

Amazon Clinic

On November 15, 2022, Amazon announced the launch of Amazon Clinic, a "message-based virtual care service that connects customers with affordable virtual care options."⁸ In their announcement, Amazon stated a desire to "make it dramatically easier for people to get and stay healthy."

Amazon Clinic operates as a direct-to-consumer virtual health "storefront" where users can search for, compare, and connect with third party providers. Patients can also pay for virtual care services through the platform, which have a flat fee that users can see when they search for services. Amazon Clinic is a message-based, "asynchronous" care platform; after a patient answers questions about their condition, providers consult with patients via messages.

Amazon Clinic initially launched in 32 states, including Oregon, and offers 24/7 access to care for common conditions, such as pink eye and urinary tract infections, as well as prescription renewals for common medications, like high blood pressure or asthma drugs. As of this report, Amazon Clinic does not accept health insurance for consults with providers, though patients can use insurance to pay for prescriptions resulting from the consultation.ⁱ The Amazon Clinic website includes the note that "at this time, Amazon Clinic isn't intended for individuals who receive

ⁱ The [Amazon Clinic website](#) includes this note: "At this time, Amazon Clinic isn't intended for individuals who receive coverage from federal or state healthcare payors. We encourage you to visit a covered provider who is contracted with your health plan for services."

coverage from federal or state healthcare payors. We encourage you to visit a covered provider who is contracted with your health plan for services.”

Past health care efforts: Haven, Amazon Care, and HIPAA-Compliant Alexa

In 2018, Amazon launched a partnership with JP Morgan and Berkshire Hathaway to overhaul health coverage and health care for employees of the three companies. The companies created Haven, a non-profit joint venture focused on creating “simplified, high-quality and transparent health care at a reasonable cost” for US employees.⁹ At its launch, Amazon had expressed hopes that Haven would disrupt the health care industry, but nonetheless abandoned the effort in 2021. Media reports cited insufficient market power and the COVID-19 pandemic as factors that contributed to Haven’s failure.¹⁰

In 2019, Amazon launched Amazon Care, a primary and urgent care service for employees. Services were primarily virtual, with some home visit and in-office options. Amazon aimed to expand the service to other employers but was unsuccessful and, per the Notice, Amazon Care will sunset at the end of 2022.

Also in 2019, Amazon launched HIPAA-compliant skills kit for developers for its Alexa voice assistant devices. The goal was to allow health care organizations to build HIPAA-compliant apps that could securely transmit protected health information. As of Dec 9, 2022, this service will no longer be supported.¹¹

One Medical (1Life Healthcare, Inc.)

One Medical was founded in 2007 by a physician turned entrepreneur. One Medical provides primary care services to individuals who have a membership. One Medical serves people with commercial and Medicare insurance; as of this report, they did not accept patients with Medicaid insurance coverage. The company is for-profit, publicly traded, incorporated in Delaware, and based in San Francisco. One Medical announced its initial public offering (IPO) in 2020. According to its website, One Medical has 200+ locations in 29 markets nationwide.

One Medical builds memberships by marketing directly to consumers and by partnering with employers who offer One Medical membership as a benefit. Around 60% of members are through employers or enterprise clients.¹² Technology is central to One Medical’s approach to offer 24/7 on-demand digital and virtual care options. They have built a proprietary technology platform and electronic health records system. As of December 2020, the company reported five times as many digital as in-person encounters.¹³ One Medical partners with established health systems in local markets to deliver care and provide access to specialty, hospital, and other non-primary care services. Through these partnerships, One Medical is able to integrate into existing networks, rather than building their own, and leverage existing relationships with insurers. These partnerships are a crucial component of One Medical’s model. In One Medical’s 2021 Annual Report, they stated: “Our business model and future growth are substantially dependent on the success of our strategic relationships with health network partners, enterprise clients and distribution partners.”¹⁴

One Medical is a membership-based primary care practice on a mission to make getting quality care more affordable, accessible, and enjoyable for all through a blend of human-centered design, technology, and an exceptional team. Our members enjoy seamless access to comprehensive care at calming offices near where they work, live, and shop in twelve major U.S. markets, as well as 24/7 access to virtual care. In addition to a direct-to-consumer membership model, we work with more than 8,000 companies to provide One Medical health benefits to their employees.

- One Medical [website](#)

One Medical's Partnership with Providence

In Oregon, One Medical partners with Providence Health & Service Oregon to deliver clinical care and bill for services. One Medical also refers to Providence facilities and providers for hospital, specialty, and other non-primary care services.

Providence Health & Services Oregon is part of Providence St. Joseph Health, a non-profit, tax exempt, Catholic health care system operating in seven states and including more than 50 hospitals, 800 non-acute locations, home health services, and health plans. Providence operates eight hospitals in Oregon and Providence Medical Group operates more than 90 clinics with 600 employed physicians. In Oregon, Providence Health Plan offers commercial, self-insured, individual and group, Medicare, and Medicaid insurance.¹⁵

In 2019, One Medical and Providence entered into a partnership in advance of One Medical opening primary care locations in Oregon. The partnership covers clinical, administrative, and payment services. Through this partnership One Medical patients can be referred to Providence specialists and facilities. One Medical bills for its clinical services under a Providence National Provider Identifier (NPI) and Providence retains all fees for the professional and clinical services provided. Providence pays One Medical a per member per month payment, which may be adjusted to consider various factors.

Amazon described this relationship in more detail in the Notice:

Under its strategic partnership with Providence Health & Services Oregon ("Providence"), Providence contracts with One Medical Group, Inc. for professional clinical services and separately contracts with 1Life for management, operational and administrative services. All professional clinical services are billed under a Providence NPI and Providence retains all fees for the professional clinical services provided. Providence pays each of 1Life and One Medical Group, Inc. on a "per member per month basis", and such payment may be adjusted based on various factors such as visit rates, other primary care relationships the health system has, and the rates the health system receives from payers.

Governance

In this report, "One Medical" refers to entities doing business under the One Medical brand, including 1Life Healthcare, which provides administrative and management services, and One Life Medical Group, Inc., physician owned professional corporations that are affiliated with One Medical and deliver clinical services.

Currently, One Medical is governed by a 10-member board of directors.¹⁶ The board of the directors provides oversight, strategic guidance, counseling, and direction to One Medical's management. The board includes two physicians, representing a pharmaceutical company and health care investments company. Other board members have backgrounds in cybersecurity, childcare, retail clothing and beverages, venture capital, and private equity. Aside from the board chair and CEO, no board members appear to have a background in primary care. Members are elected for three-year terms. In 2021, non-employee board members were paid between \$27,475 and \$271,776 in cash and stocks.¹⁷

Growth and expansion

One Medical has expanded rapidly in the past few years, growing from about 70 clinics and 300,000 members in 2018 to 200 clinics and 815,000 members nationally in 2022.^{18 19} One Medical began operating clinics in Oregon in 2022.

Along with this rapid growth, One Medical has not yet proven to be profitable. The company has consistently reported operating losses, including \$117.3 million in losses for the third quarter of 2022.²⁰

The company has stated its intent to continue to pursue growth, seeking to transform and disrupt health care in the process. In its 2021 annual report, One Medical outlined its strategies for continued growth and expansion:

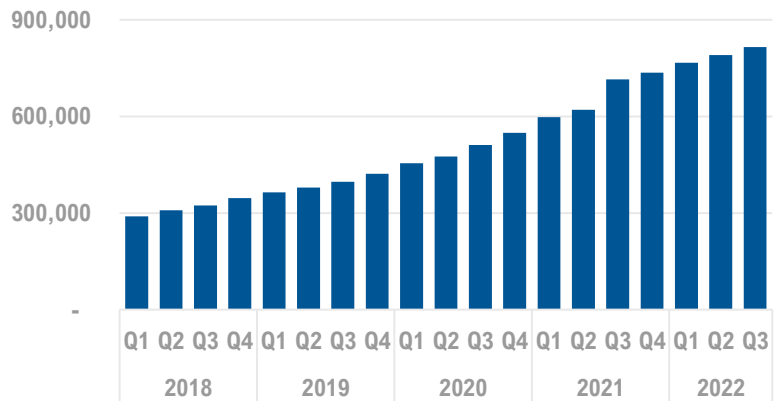
- Grow in existing markets through increasing consumer memberships, gaining new enterprise clients, and expansion of Medicare Advantage payers and members
- Expand into new markets
- Grow health network partnerships, including moving into markets where existing partners have an established presence.
- Expand services and populations to provide care for members across all stages of life

One Medical mergers and acquisitions history

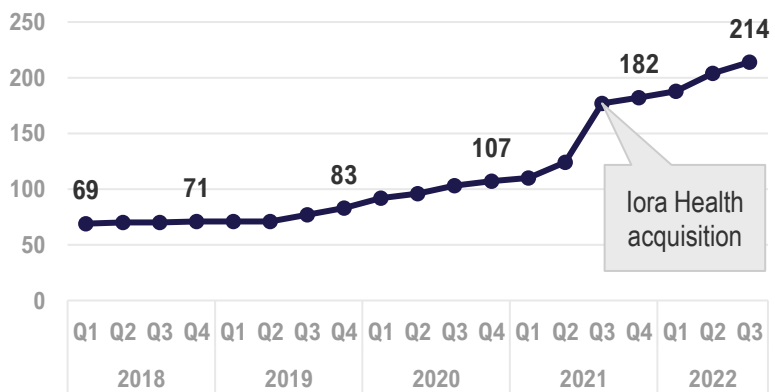
In 2021, One Medical acquired lora Health, a value-based primary care group serving Medicare patients at 47 offices in ten markets across the US. This was an opportunity for One Medical to move into the large and growing Medicare market: “By acquiring lora, we’ll be able to better address the needs of Medicare patients, an important step in our mission to transform healthcare for all.”²¹ lora is now branded as “lora with One Medical,” but its website notes that it is transitioning to become One Medical Seniors. According to the One Medical 2021 Annual report, the company states that the acquisition of lora Health “extends reach across locations representing 40% of the U.S. population.”²²

This map below shows One Medical and lora Health markets, with * indicating upcoming markets.

The number of One Medical members nationally more than doubled between spring 2018 and fall 2022



One Medical more than tripled its number of clinics nationally from spring 2018 to fall 2022





According to media reports, prior to entering the deal with Amazon, One Medical considered and rejected acquisition interest from CVS Health.²³

Transaction Terms

On July 20, 2022, Amazon entered into an Agreement and Plan of Merger (“Merger Agreement”) with 1Life Healthcare, Inc. and Negroni Merger Sub, Inc. (“Merger Sub”), a wholly owned subsidiary of Amazon. Terms of the Merger Agreement include:

- Merger Sub will be merged with and into 1Life Healthcare. 1Life Healthcare will be the surviving corporation in the merger and will become a wholly owned subsidiary of Amazon.
- At the Effective Time (as defined in the Merger Agreement), each share of 1Life Healthcare common stock issued and outstanding immediately prior to the Effective Time (other than dissenting or excluded shares) will be automatically converted into the right to receive \$18 in cash.
- Amazon will provide loan of up to \$300 million to 1Life Healthcare. Funds will be provided as monthly payments of \$30 million starting in March 2023 and until the close of the merger or termination of the Merger Agreement, whichever comes first.²⁴

Amazon further clarifies in the Notice that the physician owned One Medical Professional Entities are not party to the agreement. 1Life Healthcare does not have any ownership interest in these professional entities, and the transaction will not change their current ownership. The transaction is valued at approximately \$3.9 billion, including net debt of 1Life Healthcare.

Rationale for the Transaction

The Notice describes the merger as an opportunity for Amazon to advance the mission of One Medical:

Through One Medical, Amazon sees an opportunity to further One Medical's mission to make quality care more affordable, accessible, and enjoyable through a combination of in-

person, digital, and virtual health care services that are convenient to where people work, shop, and live.

In press releases and other public statements, Amazon and One Medical executives have presented the merger as a way to transform or “disrupt” health care through innovation, technology and focusing on the patient experience. A representative of Amazon Health Services described health care as “high on the list of experiences that need reinvention.”²⁵

As described above, Amazon has made various efforts to enter the health care space, with mixed results. By acquiring an established network of primary care clinics with a pre-existing customer base, they will quickly obtain a nationwide foothold in primary care. Press coverage has also noted that Amazon could offer its other products and services to One Medical’s clients and patients, such mail-order pharmacy (PillPack/Amazon Pharmacy), nutritious food (Whole Foods and Amazon Fresh) and wearable technology (e.g., smartwatches and activity trackers), possibly using medical information to offer recommendations (although it would need to comply with HIPAA requirements).²⁶

The opportunity to transform health care and improve outcomes by combining One Medical’s human-centered and technology-powered model and exceptional team with Amazon’s customer obsession, history of invention, and willingness to invest in the long-term is so exciting

- Amir Dan Rubin, One Medical’s CEO, in a [press release](#)

Analysts have commented that One Medical likely sees the merger as a way to stabilize its financial situation by raising capital. (We discuss the potential impact of the transaction on One Medical’s financial condition below.) The company has consistently lost money, and its stock price has dropped significantly in the last 18 months. With Amazon’s financial backing and data expertise, One Medical may be in a stronger position to compete with other primary care groups and grow its Medicare Advantage business.²⁷

Post-Transaction Plans

Following the close of the transaction, Amazon plans to maintain 1Life’s and One Medical Group, Inc.’s leadership teams, including 1Life’s current CEO. Per the Notice, current members of 1Life’s board of directors will step down, leaving CEO Amir Dan Rubin as the sole board member.

Despite public statements about disruption and reinvention of health care, the Notice states that Amazon and One Medical “do not expect the proposed transaction to result in a change in health care services.”

Amazon further says in the Notice that it expects to retain One Medical employees and contractors following the close of the transaction. It also plans to expand One Medical’s network of clinics and make investments in technology and services to improve access to health care services and reduce

One of the things we’re trying to do at One Medical is say, we would love to serve everyone, regardless of choices.

So imagine a world where we can serve you when you’re young through our pediatrics programs. And then you start getting your first job and work for an employer who’s paying for One Medical. You happen to leave that employer, you can pay a membership fee yourself. You become a senior, you join a plan, we serve you. If you decide not to join a plan, we can serve you in direct contracting.

- Rushika Frenandopulle, One Medical CIO

costs. Amazon asserts in its Notice that it has no intention of restricting services available to One Medical patients:

Amazon does not intend to restrict or otherwise reduce the scope of professional medical services delivered by the One Medical Professional Entities. Amazon also has no intention of limiting any patient's freedom of choice with respect to pharmacy, specialty care, or other health services.

Federal Review of the Amazon-One Medical Transaction

The Federal Trade Commission (FTC) is currently reviewing the merger. Federal law (the Hart-Scott Rodino Antitrust Improvements Act of 1976) requires companies to notify the FTC and the U.S. Department of Justice of certain large transactions before they occur. Hart-Scott Rodino reviews generally examine the effect of the transaction on competition.

Amazon and One Medical filed notification of their intent to merge on August 3, 2022. On September 2, 2022, they received a request for additional information and documents from the FTC for purposes of its review. Both parties said they expected to respond “promptly” to the request and “continue to work cooperatively with the FTC.”²⁸ Once Amazon and One Medical have provided all the requested information and documents, the FTC has 30 days to review the transaction before it is allowed to close.

Following the merger’s announcement in July 2022, various groups urged the FTC to launch an investigation. Concerns raised included:²⁹

- Amazon’s ability to leverage its dominant position in the online retail market to gain an unfair advantage in the health care market.
- The possibility that Amazon could misuse patients’ personal health data to enhance sales of its other products and services, leading to privacy and antitrust violations.
- The risk that Amazon-One Medical will grow by “cherry picking” healthier, more affluent patients, leaving other providers to care for sicker, less well-insured patients and exacerbating health inequities.
- Quality of care at One Medical could decline under Amazon due to over-reliance on virtual care and focus on generating cost efficiencies.
- Deterioration of working conditions at One Medical given Amazon’s poor track record of respecting workers’ rights.

In a letter to the FTC, Senator Amy Klobuchar raised concerns about anticompetitive effects resulting from Amazon’s potential access to health care data and from Amazon’s existing presence in pharmacy.³⁰ She also highlighted Amazon’s history of engaging in “business practices that raise serious anticompetitive concerns,” citing a 2020 report from the House Judiciary Committee.³¹ The report found that Amazon has engaged in extensive anticompetitive conduct in its treatment of third-party sellers that use Amazon to reach online customers. Amazon has been involved in multiple antitrust lawsuits and regulatory investigations in the U.S and elsewhere in connection with its treatment of rival sellers on the Amazon storefront.³²

OHA’s review did not address potential implications of the transaction for data privacy or workers’ rights, as these are outside the scope of HCMO’s statutory authority. We discuss other concerns described above as they may relate to Oregon in the analysis of potential impacts on consolidation, cost, access, quality, and health equity.

One Medical's Model of Primary Care

What is primary care?

Primary care provides a range of prevention and wellness services, as well as treatment for common illnesses and conditions. Primary care providers include physicians, nurses, nurse practitioners, and physician assistants who help patients manage day-to-day health needs. Primary care providers often maintain regular, long-term relationships with patients and may coordinate care with other providers and specialists. Through regular check-ins, primary care providers play a crucial role in preventing health problems, identifying issues early, and getting treatment sooner.

There are many different models that provide primary care and adjacent services. Models differ in the types of services provided, as well as how payments are structured.

Primary Care Model	Description
Medical home (also called patient-centered medical home)	Team-based care designed to manage a patient's overall physical and behavioral health needs and coordinate care across different providers. Medical homes generally accept most types of insurance. Medical homes often have expanded hours and/or offer messaging tools for patients to connect with providers.
Direct primary care (also called direct patient contracting)	Patients pay a monthly fee directly to providers to access most typical primary care services. Direct Primary Care providers may advertise having shorter wait times for appointments, more access to physicians, or unlimited primary care services included in the monthly fee. Providers generally don't bill insurance for services.
Concierge medicine	Patients pay a monthly retainer or fee to access care. Concierge providers may bill insurance, and advertise easy, quick access to providers and longer appointment times.
On-demand care (also called express care)	Express care clinics are designed to treat mild illnesses or injuries for patients who need to be seen soon but are unable to visit a primary care provider. These clinics provide same-day or walk-in appointments, often with extended hours on weekends and weekdays.
Urgent care	Urgent care treats non-life-threatening illness and injury that needs to be addressed as soon as possible (such as stitches or flu symptoms). Urgent care is often has extended hours and may cost more than express care but is less expensive than the emergency room.

How One Medical delivers care

One Medical is a membership-based primary care provider that combines aspects of other primary care models like concierge medicine, on-demand care, and direct primary care. One Medical advertises key elements of their model:³³

- Same day appointments and 24/7 access to care via in-person and virtual care
- Proprietary technology tools
- On-site laboratory services
- Conveniently located and attractively designed offices
- Partnerships with established health networks to provide access to specialty care and insurance plans
- Memberships can be for individuals or as a benefit offered by employers

One Medical is seeking to transform health care and address current issues in the health care system. One Medical has designed its primary care model to address key issues and opportunities for improvement in the current health care system:³⁴

- Consume dissatisfaction with long wait times, lack of access to providers, limited after-hours appointments, short visits with providers, and lack of care coordination
- Employers find health benefits offerings do not support objectives such as engaging employees, improving employee productivity, reducing absenteeism, producing better health outcomes, increasing safety of the workplace, or managing health care costs.
- Providers experience burnout, driven by misaligned fee-for-service compensation, excessive administrative and electronic health record (EHR) tasks, and convoluted insurance procedures.

Patients

One Medical focuses on patients who live in urban areas and have commercial and Medicare coverage. One Medical serves patients of all ages, though not every clinic has providers that serve patients at all stages of life. In Portland, for example, the Cedar Hills and Tigard clinics see all ages; other clinics serve patients 18 and older.³⁵

One Medical also seeks agreements with employers to offer One Medical as a benefit and about 60% of members have their membership paid by an employer.³⁶ Members can also pay out of pocket, but as of this report, they do not accept Medicaid insurance. (In Oregon, Medicaid is called the Oregon Health Plan.)

We have developed a modernized healthcare membership model based on direct consumer enrollment and third-party sponsorship across commercially insured and Medicare populations. Our membership model includes seamless access to 24/7 digital health services paired with inviting in-office care routinely covered by most health care payers...

Our digital health services and our well-appointed offices, which tend to be located in highly convenient locations, are staffed by a team of clinicians who are not paid on a fee-for-service basis, and therefore free of misaligned compensation incentives prevalent in health care. Additionally, we have developed clinically and digitally integrated partnerships with health networks, better coordinating more timely access to specialty care when needed by members. Together, this approach allows us to engage in value-based care across all age groups, including through At-Risk arrangements with Medicare Advantage payers and CMS, in which One Medical is responsible for managing a range of healthcare services and associated costs of our members.

- One Medical [Q2 2022 Report](#)

As of September 30, 2022, One Medical had 815,000 members, of which 40% were at-risk.³⁷ For “at-risk” members, One Medical is responsible for managing a range of health care services under a capitated or per member per month contract.ⁱⁱ One Medical also has consumer and enterprise members, defined as people who registered with and paid for a membership with One Medical or whose membership has been sponsored by an enterprise, employer, or third party.

Services

One Medical offers in-person, video, and message-based interactions with providers.

Physical health

One Medical advertises a range of primary care services, including wellness and prevention, everyday care, chronic conditions, children and family, mental health, LGBTQIA+ services, urgent care, and sexual health care. Some of their services have specific branding. For example, Impact is a program to manage chronic conditions that features a team-based approach, patient-centered plan, coaching and group classes, specialist care with health system partners, and technology platform that can connect to devices.³⁸

Mental health

One Medical integrates mental health care into primary care. According to their website: “We’re confident our primary care providers can handle most things that come in the door... If you need or want more specialized care, we have a curated referral network of therapists and psychiatrists who we know and trust that we can send you to.”³⁹ They also offer virtual therapy and coaching through video session and, in some areas, group programs.

Workplace programs

One Medical offers return to workplace programs for employers that can be tailored to include services such as COVID testing and screening, workplace safety protocols, and employee communication resources.

Health System Partnerships

When One Medical enters a new geographic market, they typically partner with an existing large health system operating in the area. These strategic partnerships allow One Medical to integrate into existing networks of providers and insurers. Partnerships support clinical care, referrals, and reimbursements from insurance companies. In Oregon, Washington, and Southern California, Providence is One Medical’s partner health system. Other partners include Dignity Health in Phoenix, Emory Healthcare in Atlanta, and Mount Sinai in New York City. In the Notice, Amazon states:

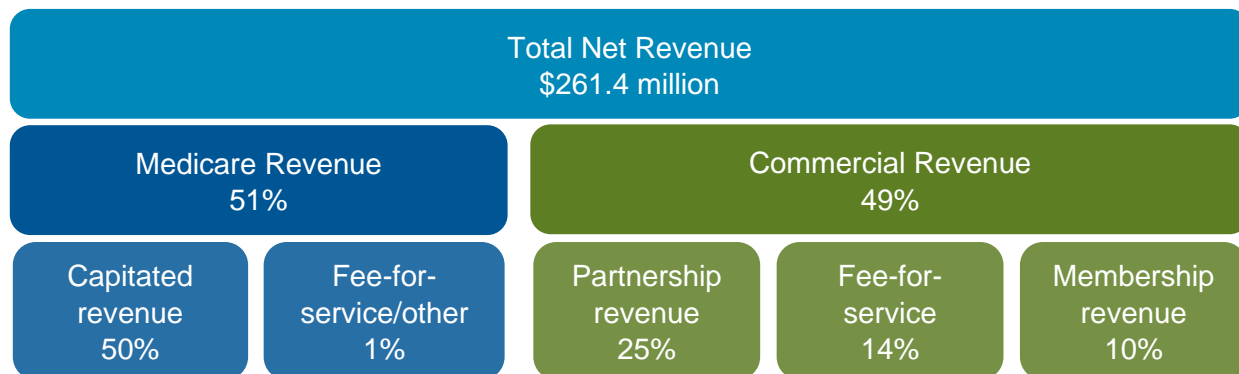
In many of its geographic areas, including Oregon, One Medical partners with an area health system to offer One Medical members a clinically integrated care delivery network that improves care coordination, increases access to specialist physicians, and reduces costs... These partnerships with health systems are a cornerstone of One Medical’s business model as they advance more seamless member access to partner specialists and facilities when needed, while supporting reductions in duplicative testing and excessive delays often seen across uncoordinated healthcare settings.

ⁱⁱ With capitated payments, a provider receives an amount of money for each patient attributed to them for a designated period of time, regardless of how many services the patient seeks or receives.

Payments

One Medical currently accepts commercial insurance and Medicare. In Oregon, One Medical accepts many major commercial health insurance plans, including Aetna, Cigna, Providence, United Healthcare, Moda, and others. One Medical also accepts Medicare Part B (also known as original or fee-for-service Medicare) but does not currently accept any Medicare Advantage plans. In some other markets, such as Phoenix and New York, One Medical accepts Medicare Advantage.⁴⁰ One Medical executives have expressed a “huge interest” in accepting Medicaid coverage but cite structural barriers such as high volume of churn among Medicaid patients and state budgeting practices.⁴¹

In its Q2 2022 quarterly report, One Medical describes two main buckets of revenue: Medicare and commercial.⁴²



For capitated payments, per-member per-month amounts may be adjusted based on the member’s health status.ⁱⁱⁱ Capitated revenue represented 98% of One Medical’s Medicare revenue and 50% of total net revenue for the three months ending September 30, 2022.⁴³ For the three months ending September 30, 2022, partnership and membership revenue together accounted for 72% of commercial revenue.⁴⁴ One Medical notes in its financial reporting that its revenues have historically been concentrated among a small number of customers. In 2021, the top three customers (commercial payers and a health network partner) accounted for 32% of the company’s net revenue.⁴⁵

One Medical’s 2021 annual report also mentions that One Medical participates in the Centers for Medicare and Medicaid Services (CMS) direct contracting program:

We are one of a select group of companies that participate in the Direct Contracting Program, which is an initiative with a new payment model in which CMS contracts directly with provider-entities designated by CMS as Direct Contracting Entities. As a result, we have an opportunity to expand our Direct Contracting service offering to new geographies over time.

ⁱⁱⁱ **Capitated revenue** comes from at-risk arrangements with Medicare Advantage plans, where One Medical receives a per-member per-month payment to manage a range of health care services for members. **Partnership revenue** includes per-member per-month received from contracts with health system partners and revenue from enterprise contracts, where One Medical receives a fixed price per employee. **Net fee-for-service revenue** consists mainly of fee-for-service reimbursements from insurance plans or members based on contracted rates. **Membership revenue** consists of annual membership fees paid by consumer (individual) or corporate (enterprise) clients.

Findings & Potential Impacts

OHA compiled available data and information to understand and examine the potential impacts of the transaction across four domains: access, cost, quality, and equity. To assess the potential impacts of the proposed transaction on Oregon residents' equitable access to affordable care, OHA considered transaction terms, market characteristics, statements made by the entities, public comments, and publicly available data, research, and reports.

Overview

One Medical Service Area(s)

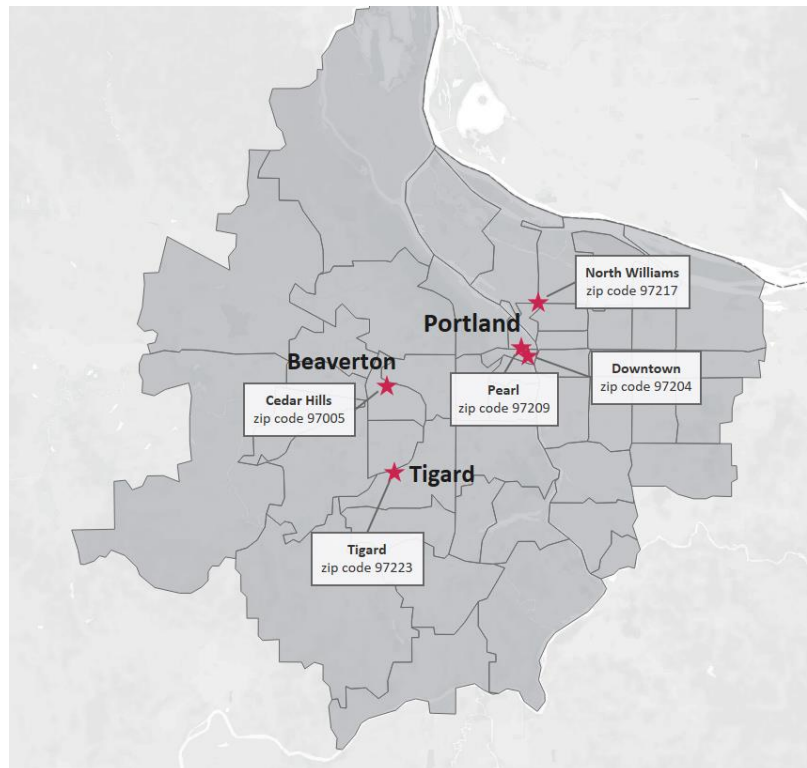
One Medical currently has five locations in Oregon, all in the Portland metropolitan area.

- North Williams: 20 N Skidmore St, Portland, OR 97217
- Pearl: 1122 NE Everett St, Portland, OR 97209
- Downtown: 601 SW 4th Ave, Portland, OR 97204
- Cedar Hills: 2865 SW Cedar Hills Blvd, Beaverton, OR 97005
- Tigard: 12180 SW Scholls Ferry Rd, Tigard, OR 97223

Typically, OHA uses administrative claims data from Oregon's All Payer All Claims (APAC) database to calculate a primary service area for an entity, analyze volume of visits, and present a profile of patient demographics and payer mix. For One Medical, APAC data represent only about 25% of the volume reported by the entities; therefore, OHA could not perform these analyses to look at One Medical services, patients, and payments. This lack of data is likely due to One Medical serving many patients who have employer self-insured plans or pay out of pocket, neither of which are required to submit data to APAC.

Instead, we defined the service area for this transaction as all zip codes within 10 miles of the five One Medical locations, excluding zip codes in Washington State. Zip codes are represented as the darker gray areas in map. These zip codes are primarily located in Multnomah, Washington and Clackamas counties.

One Medical's service area in Oregon includes zip codes in Clackamas, Multnomah, and Washington counties.



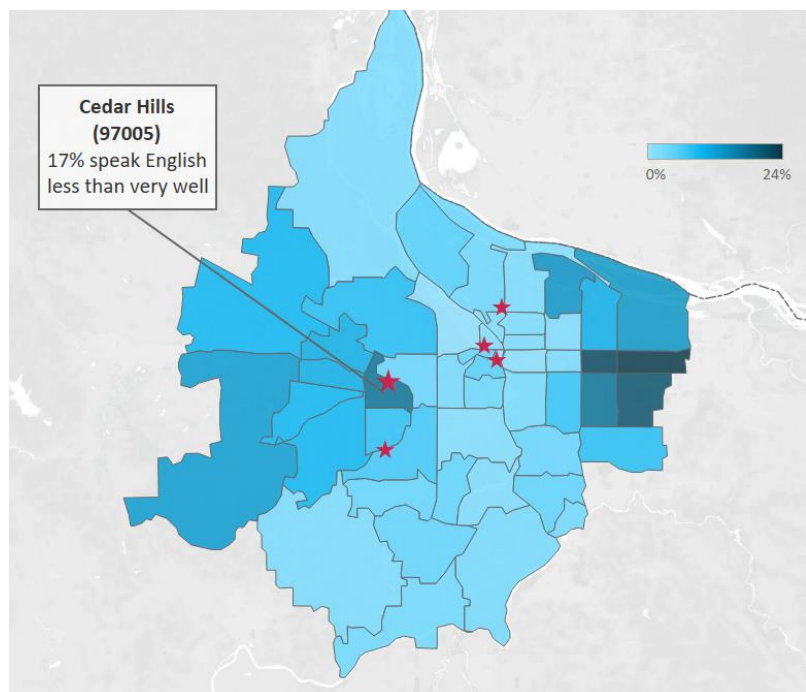
Data from the American Community Survey (ACS) 2020 five-year population estimates suggest that 1.4 million people reside in this area.

Equitable access to primary care services in any given region is impacted by the social and economic characteristics of the local population. Barriers to access systematically exist for people who are non-White, non-English speaking, older and lack health insurance. Understanding the profile of the regional population allows us to determine how well a provider is responding to the needs of the community and serving a representative patient population. One Medical clinics are mostly located in areas of greater economic affluence in the region and their patient population is predominantly commercially insured and employed, younger (and therefore more likely to be healthy) and White. Socio-economic characteristics vary across this Portland service area, with notable variation in the zip codes of One Medical locations.

Race and spoken languages

About 25% of this population are people of color and 3% reported speaking English less than very well. In the zip code where Cedar Hills One Medical is located, 17% of residents identify as speaking English less than very well. Zip codes to the west of this location also have higher rates, ranging from 8% to 12% of the residents.

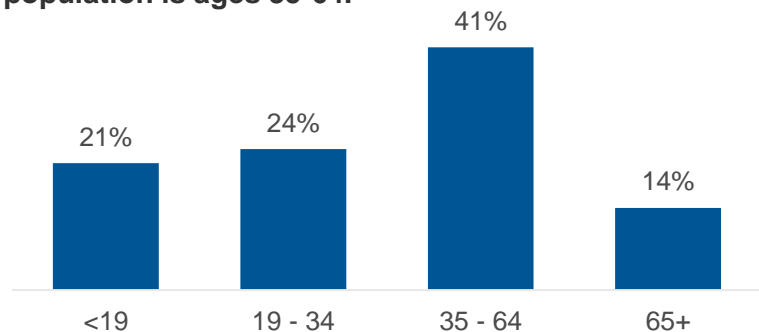
Portion of the population living in One Medical's service area that speaks English less than "very well."



Age groups

Roughly 41% of residents in the service are between ages 35 and 64; however, this varies by zip code, with a concentration of younger adult residents (aged 20 – 34) in the zip codes surrounding the North Williams, Pearl and Downtown One Medical locations. Children under 19 are mostly likely to be covered by Medicaid.

In One Medical's service area, 41% of the overall population is ages 35-64.

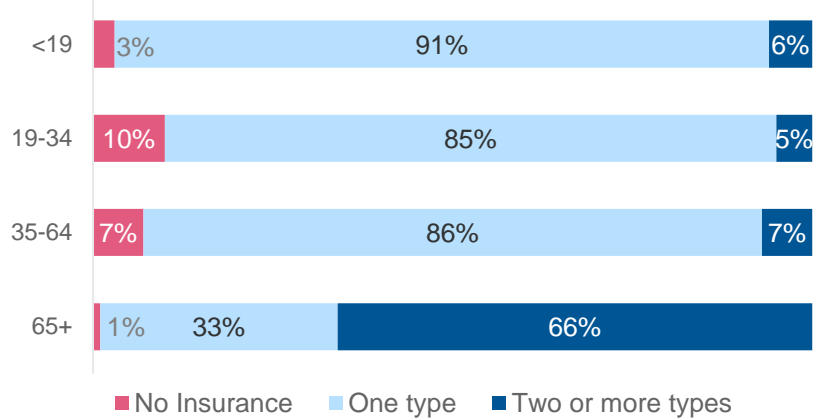


Insurance coverage

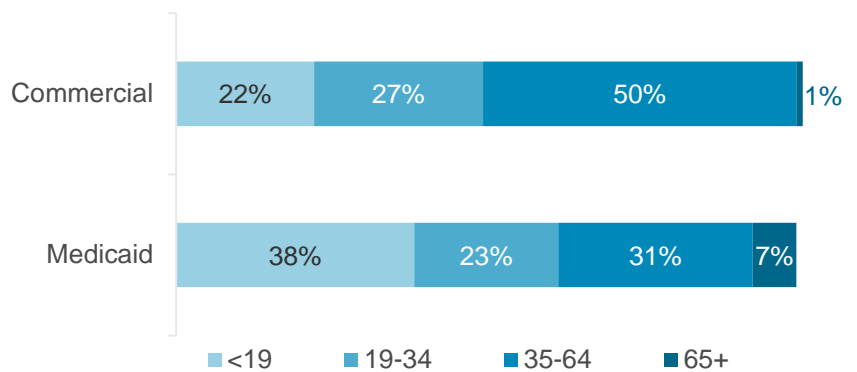
The vast majority of residents in the One Medical service area have health insurance, but rates and types vary by age group. Most individuals under age 65 have a single type of insurance coverage, predominantly employer based. The population aged over 65 is more likely to have multiple types of insurance coverage, most frequently including Medicare. Adults aged 19 – 34 have the highest rate of uninsurance (10%).

Children under 19 have the highest rates of Medicaid coverage, while adults ages 35-64 have the highest rates of commercial coverage. Residents ages 19-64 make up 65% of the overall population and 77% of the population with commercial insurance. Children comprise 21% of the service area population and 38% of the population with Medicaid coverage. Because One Medical mostly accepts commercial insurance in Oregon, the population they serve is likely to be within the 19-64 years age range.

Most residents in One Medical's service area have health insurance.



Adults ages 35-64 account for half of people with commercial coverage in the service area.



Economic factors

The estimated unemployment rate for the service area is 5%, with notable variation by age group and geography. Unemployment for all 20 to 24 year olds is nearly double the average (9.3%), but residents in this age group living in the zip codes surrounding the Pearl One Medical location (zip code 97209) have particularly high rates of unemployment (18 – 21%).

The overall rate of people living below the federal poverty level in the service area is 11%, with zip code poverty rates ranging from 3% to 55%. The Downtown Portland clinic is located in the zip code with the highest poverty rate (55%). In this area, Black and Hispanic or Latinx residents are more likely to live below the poverty level. In the zip code surrounding the Downtown Portland clinic, 90% of people identifying as Black live below the poverty level.

Market Share & Consolidation

Market Share

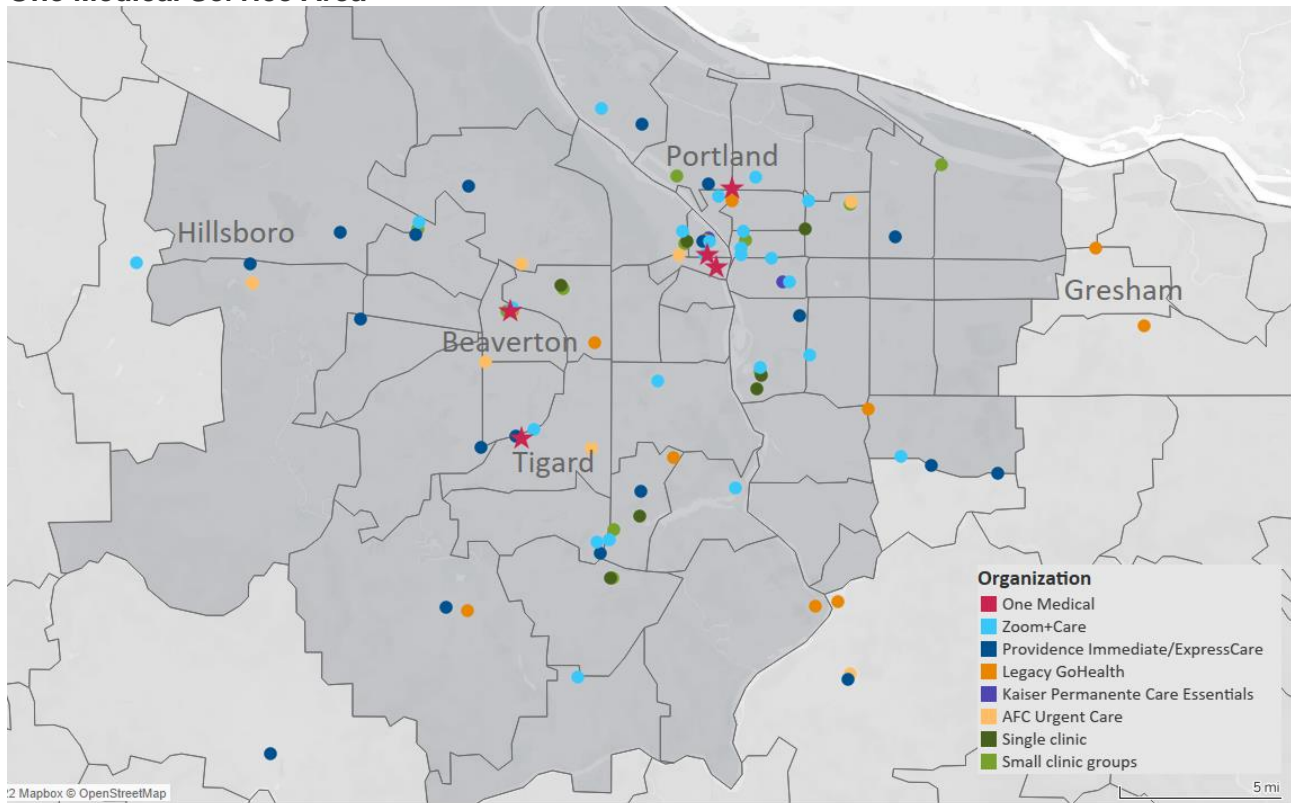
One Medical's membership-based primary care model has similarities to concierge medicine and direct primary care models, and their same day access offers similar services to on-demand care (also known as express care) and urgent care providers. Patient-centered medical home clinics

and independent primary care providers also provide similar services. One Medical's model of care overlaps to some extent with each of these other provider types, making it difficult to quantify their share of the market in this region.

Within One Medical's geographic service area, there are multiple providers offering similar types of care (see map below). Other primary care clinics following the patient-centered medical home (PCMH) model also offer same-day appointments and urgent care hours, with priority typically given to established patients with in-network insurance coverage. Availability of these appointments may be more limited than at on-demand or direct primary care clinics. Oregon's Patient-Centered Primary Care Home (PCPCH) program has recognized 171 clinics located in One Medical's service area and hundreds of independent primary care physicians and private family medicine or internal medicine practices operate in the area⁴⁶.

As described below, many direct primary care, concierge, on-demand, and urgent care providers operate in the same area as the five One Medical clinics. The five One Medical clinics collectively serve a small portion of the 1.4 million residents in the area. Proximity and access to other options for primary care and urgent care needs vary within this geography but are numerous throughout the region.

Many Direct Primary Care, Concierge, On-Demand and Urgent Care Providers operate in the One Medical Service Area



Horizontal Consolidation

Amazon Clinic services are also available to residents of this area, which fills a unique niche in the spectrum of primary and urgent care. For a set visit fee, asynchronous digital consults are provided to patients experiencing a limited number of urgent conditions that are most frequently identified without diagnostic testing and addressed with a prescription medication. Prescriptions for previously diagnosed chronic conditions can also be filled without the need for an in-person visit.

There is some overlap in the conditions treated through Amazon Clinic and those addressed through One Medical's services, such that the two services may compete for a very small subset of the regional population. Amazon Clinic is available to anyone and does not accept insurance, whereas One Medical services are for members.

Amazon Pharmacy is also available to residents of the Portland metro region. Analysis of recent APAC data (2020 – 2021) suggest very few One Medical patients also received prescription medication from Amazon Pharmacy. It's worth noting that Amazon Pharmacy encourages out of pocket payments by offering discounts. Many Amazon Pharmacy patients pay out of pocket and are not reflected in APAC data, so there may be a larger overlap of self-pay patients that utilize both services that we are unable to capture in our data.

Vertical Consolidation

This transaction represents a vertical consolidation in health care markets through the combination of Amazon Pharmacy (prescription services) with One Medical (primary care services). Vertical consolidation has the potential to reduce competition when a company leverages a significant share of one market to disadvantage competitors in the other market, for example, by refusing to supply the inputs (e.g., supplies) its competitors need. Because both One Medical and Amazon Pharmacy have a small share of the markets for primary care and pharmacy services in Oregon, respectively, OHA views the likelihood of this happening as small. Additionally, Amazon states in the notice that it has no plans to restrict One Medical patients' ability to choose a pharmacy other than Amazon Pharmacy.

Competition

Amazon is a dominant player in various consumer markets outside the health sector, notably in online retail. With the addition of One Medical, Amazon could potentially leverage that dominance to gain an unfair competitive advantage in primary care. This concern has been raised by several advocacy groups commenting on the transaction nationally, as well as in public comments received by OHA (discussed below). For example, Amazon could use data on customers of Amazon.com, Amazon Prime members, or users of Amazon wearable devices to target advertising for One Medical's services or offer One Medical membership as an add-on to Amazon Prime membership. Such actions could allow Amazon to rapidly grow One Medical's membership to the detriment of other primary care providers. While OHA recognizes this concern, we are not aware of this happening for Amazon Pharmacy or other Amazon health care ventures. Furthermore, the current federal review of this transaction is expected to carefully consider any such risks.

OHA does not have immediate concerns about the impact of the transaction on horizontal consolidation.

Given that One Medical currently has a limited presence in Oregon and serves a small portion of residents and Amazon Clinic only launched in November 2022, there is currently little concern about horizontal consolidation in digital asynchronous primary care services as an immediate result of this transaction. However, as Amazon seeks to increase its footprint in health care and expand its user base of technology-driven services like Amazon Clinic, the digital support features of the One Medical application, and the convenient online ordering and home delivery of prescription medications through Amazon Pharmacy, there is potential for Amazon-owned health services to greatly increase their market share in Oregon in the coming years.

Access

Access to primary care refers to the ability of people to get the care they need when they need it. Our analyses look at availability of services and providers, types of services, care for different patient groups, and barriers to getting care.

Access to primary care services can be limited by cost arrangements with insurance plans, provider capacity, and the health needs of the population being served. For patients with insurance coverage, primary care providers typically must be in-network for services to be covered. Accessing services from out-of-network providers typically requires patients to pay more—or sometimes all—of the visit costs. Given variable reimbursement rates for commercial insurance and publicly funded coverage like Medicare and Medicaid, providers may limit how many patients they can take with certain kinds of coverage in order to maximize revenue. This can include setting specific limits on how many patients without insurance are accepted and how much charity care or financial assistance they offer.

Regardless of patient insurance status, providers must also have the capacity to take new patients onto their panel. Panel sizes are often difficult to calculate and range by practice, but several recent studies have placed the average panel size for standard patient centered medical home model clinics at around 1600 - 1800 patients per primary care provider.⁴⁷ The panel size a provider can serve depends on their scheduled hours, qualifications, and the number and length of visits they are able to routinely offer.⁴⁸

The patient volume a primary care provider can serve also depends on the complexity of patient medical needs. Younger, healthier patients may only require annual preventive care or an occasional visit for unexpected illness or injury, while patients with multiple chronic conditions may require more frequent visits or longer visits to achieve and maintain effective disease management. Providers may also need to spend additional time communicating and coordinating with other specialists who support patients in treating complex or chronic conditions.⁴⁹

Current Performance

Patient and Visit Volume

As detailed above, One Medical's five locations in the Portland metro area serve a small segment of the service area population. Each clinic has one to three providers, all with qualifications as medical doctor (MD), physician assistant (PA), osteopath (DO) or nurse practitioner (NP).

Payer and Patient Mix

Most of the insurance plans One Medical accepts in Oregon are commercial plans, which includes employer self-insured plans. The One Medical website for Portland-area locations indicates that Medicare Part B (Original Medicare) is currently accepted, but not Medicare Advantage plans or Medicaid (coverage through the Oregon Health Plan and Coordinated Care Organizations). Medicare mostly covers older adults and Medicaid provides coverage to children and people with low incomes. Compared to the service area population, One Medical's patient mix may include more younger adults and fewer children or older adults.

One Medical highlights some key partners on their website, including large technology companies (e.g., Google), financial investment firms (e.g., NASDAQ) and organizations offering professional services (such as law firms and communications consultants). One Medical markets their enterprise membership packages to employers that are likely to have working age and more affluent employees, which generally makes for healthier patients.

Influence of Cost on Access

One Medical services are only available to members who pay a fee, currently \$199 for an individual annual membership. A majority of One Medical patients have their membership sponsored by their employer as part of their employee health benefit package.⁵⁰ These employee benefit packages may also include a commercial or employer self-insured health plan. Individual memberships make up a smaller share of One Medical members, who may pay for membership in addition to the monthly insurance premiums and annual deductibles required by their insurance plan. Some members pay for care out of pocket, in lieu of having any insurance coverage.

The membership fee does not cover visits at the One Medical clinics; per-service fees are charged for each visit or virtual consultation. For patients with an employer self-insured plan, the employer negotiates visit rates with One Medical and patients may be required to cover some part of the visit cost. One Medical accepts an array of commercial insurance plans and charges fees to patients' insurance for visits and services provided. Patients may be responsible for copays or coinsurance depending on the terms of their insurance plan. Patients without insurance coverage are required to pay the full cost of the visit out-of-pocket.

Membership payment	Other coverage costs
Enterprise or employer-sponsored	Frequently paired with employer self-insured plan that may have a monthly premium, per-visit copays, and/or other cost sharing
Individual or self-paid, with insurance	May have monthly premium and annual deductible; per-visit copays and/or coinsurance depending on visit type
Individual or self-paid, without insurance	No monthly premium or annual deductible; full out-of-pocket payment for all visits and services

Financial assistance is available to help defer some of the cost of the membership fee and/or visit costs for eligible applicants who have no or limited insurance and meet certain financial criteria – but this assistance is only available to existing members. One Medical also offers a Limited Access option that includes in-person visits but none of the digital supports and virtual visits. The financial criteria for receiving assistance and the cost of a Limited Access membership are not publicly available.⁵¹

The cost of One Medical's membership fee may not pose a barrier to access for some patients, particularly those whose employers cover their fee. The annual membership and full out-of-pocket costs for healthier patients without insurance may be more affordable than annual premium fees and deductible obligations under some insurance plans, particularly if they qualify for One Medical's financial assistance. Those who may experience the greatest barrier to accessing services at One Medical are patients with insurance coverage who are required to pay the membership fee themselves, in addition to other associated costs with their insurance plan, and uninsured patients with greater health care needs who cannot afford to pay full out-of-pocket costs for higher number of visits.

Concerns about equity in access with the concierge or retainer model have been raised for over a decade. A 2005 study found that retainer clinics served fewer patients who were African American or Hispanic, had diabetes, or were covered by Medicaid than non-retainer counterparts.⁵² In 2015 the American College of Physicians issued a position paper about the implications of expanding direct contracting or retainer practices on the broader health care system, noting pros and cons for

both patients and providers. The paper highlights the ethical implications of practice models that exclude certain patients based on financial or insurance status, noting:

Physicians have both individual and collective responsibilities to care for all. Such ethical considerations must guide physicians in considering the types of practices they choose to participate in and what they must do to ensure their practices provide accessible care to patients in a nondiscriminatory manner. Practices that, by design, exclude certain categories of patients should be understood to create a greater potential of being discriminatory against underserved populations and require special attention by physicians to the ethical considerations involved

The paper continues to stress the importance of opening practices to Medicaid-covered patients, emphasizing that:

The College also believes that physicians in all types of practices should strive to take care of patients enrolled in Medicaid. Medicaid is a crucial part of the safety net for poor persons

One in four residents is covered by the Oregon's Medicaid program, either through the centrally-run fee-for-service program OpenCard, or the managed care of local Coordinated Care Organizations throughout the state. By not accepting Medicaid, One Medical presents a significant barrier to access for a quarter of the community.

Potential Impacts

In the notice, Amazon indicated its intention not only to maintain current services and locations but to expand One Medical's market share in Oregon:

One Medical currently has a limited presence in Oregon, and Amazon expects to retain One Medical's current employees and contractors and to continue or expand One Medical's service offerings. Amazon plans over time to increase One Medical's presence by expanding its network of clinics, thereby providing additional convenient, affordable, and accessible options for primary care services.

One Medical has been expanding quickly and has demonstrated that their model is not currently profitable—or even revenue neutral—as they have reported increasing operating losses over the last several years. Amazon is unlikely to invest in an organization that will only lose them money indefinitely, so we anticipate changes to the One Medical model that will seek to increase revenue and decrease operating costs. OHA asked Amazon for more information about their expansion plans and they provided this response:

Applicable law limits Amazon and One Medical from engaging in extensive coordination over business activities unless and until the proposed transaction closes. As such,

We need to distinguish between succeeding as a business — getting a return for investors — and succeeding as a positive influence on our health care system. There's no question many of these start-ups will make money. What I'm uncertain about is whether that will result in cheaper and better care for the population as a whole. They may be good at providing convenient care to relatively healthy people and maybe a fraction of the not-so-healthy people who have serious but not complicated illness. But I'm concerned about whether they will take care of people whose insurance is not desirable or patients who are very complex and hard to manage. Smaller start-ups have to give their investors a payback within three to five years. That's what gives me pause, though I think some new market entrants are exciting and potentially positive.

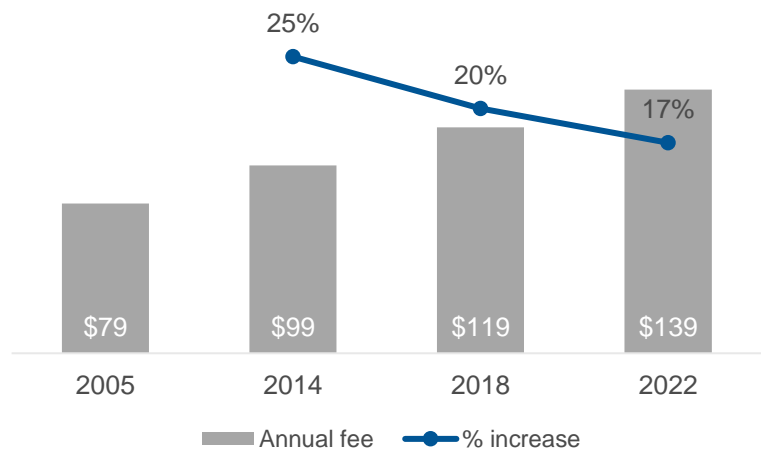
- [David Blumenthal](#), Commonwealth Fund President, discussing what it will take for new start-ups to fundamentally change healthcare

discussions concerning expansion of One Medical’s service offerings or presence in Oregon have not taken place and will not take place until closing. That said, Amazon and One Medical believe they can and will help more people get better care, when and how they need it. They look forward to delivering on that long-term mission.

Given that current revenue generation depends on the number of members, in the form of both annual fees and monthly per-member payments from partners, it is likely that Amazon will make pushes to expand One Medical’s membership base. Adding additional members will increase demand for visits and other provider coordination activities, which may decrease availability of same-day or next-day appointments for existing members.

Amazon could also seek to increase the annual One Medical membership fee, as it has with its Amazon Prime service. Prime membership remained steady for nearly a decade but has seen more frequent \$20 increases in the last 8 years.⁵³ Increases to the annual membership fee, or prices charged for individual visits, may make One Medical services less accessible to low-income community members without insurance.

Amazon Prime annual membership fees increased from \$79 in 2005 to \$139 in 2022



Amazon may also encourage One Medical to accept patients with Medicare Advantage coverage in Oregon, which would increase access to primary care services for the older adult population that is likely to be underrepresented in their patient pool. Capitated payments from Medicare Advantage plans represent 50% of One Medical’s revenue nationally, so this change could help bolster the financial stability of locations in Oregon, particularly if the intended clinic expansion strategically targets areas with higher percentages of older adults.

While additional clinics are a welcome increase in the supply of primary care services in the region, there is concern that too-rapid expansion of clinics without concrete plans to stabilize the financial position of One Medical for the long term may leave a larger number of patients with uncertain access to providers and services upon which they have come to depend. Amazon’s press releases frequently reference their desire to “disrupt health care,” but their track record has been one of short-term ventures that have resulted in rapid expansion of programs or services that have ultimately been shut down after only 3 years, leaving affected patients to reestablish pathways to connect to needed care.

Program	Services offered	Started	Ended
Haven	Joint venture providing more convenient, lower-cost health care services for Amazon employees; intended to disrupt national health care delivery ⁵⁴	2018	2021
Amazon Care	Hybrid in-person, in-home and telehealth primary care services for Amazon employees and other Seattle-area employers; intended to expand to additional metropolitan markets ⁵⁵	2019	2022
Amazon Alexa HIPAA-compliant skills kit for 3 rd party developers	Secure voice transmission of personal health information with payers and providers through patients' Alexa devices ⁵⁶	2019	2022

Amazon CEO Andy Jassy has referred to Amazon Care as part of “iterative innovation,” which can work well in optimizing products and user experiences in technology sectors.⁵⁷ In health care however, consistent access to services and providers is pivotal in managing chronic conditions and helping patients meet long-term health goals. Research has found that developing trusting and supportive relationships between patients and providers can improve not only the patient experience but also outcomes, especially for patients receiving support for mental health conditions, but this takes time and consistent contact to achieve.^{58 59} Another study concluded that higher continuity with the same primary care provider resulted in lower costs, fewer hospitalizations and improved health equity and care quality.⁶⁰

A former executive of Amazon Care articulated the challenge of applying Amazon’s approach in other sectors to the health care landscape:⁶¹

As the company embarks on what promises to be a major expansion into health-care delivery, Amazon is “going to try and do what they do in every other line of business: They’re going to try and make it better than everyone else, make it less expensive and get crazy adoption because of convenience,” said one former Amazon Care executive. “But,” the executive added, “health-care is different. It’s hard.”

One Medical locations are relatively new in Oregon, so they are still building a patient population and relationships. Their financial status is uncertain and the investment from Amazon could stabilize their business. Changes Amazon may make to improve profitability of One Medical in Oregon could improve access for some community members or create additional barriers for others. Most importantly, Amazon needs to make a longer-term commitment to this venture in order to maintain current access as well as support growth in services that is sustainable and meaningful for patients.

Entity statements about access

The entity does not anticipate that the transaction will negatively affect access. In the notice, they stated:

Amazon does not intend to restrict or otherwise reduce the scope of professional medical services delivered by the One Medical Professional Entities. Amazon also has no intention of limiting any patient’s freedom of choice with respect to pharmacy, specialty care, or other health services

OHA does not have specific concerns about reductions in access to care resulting from this transaction.

According to data, One Medical services appear to be accessed by younger, commercially insured patients. Amazon has stated their intention to maintain the current level of access and staffing at the five One Medical clinics and has plans to expand over time. OHA will monitor any changes in access to services through follow-up reviews and approval conditions.

Cost

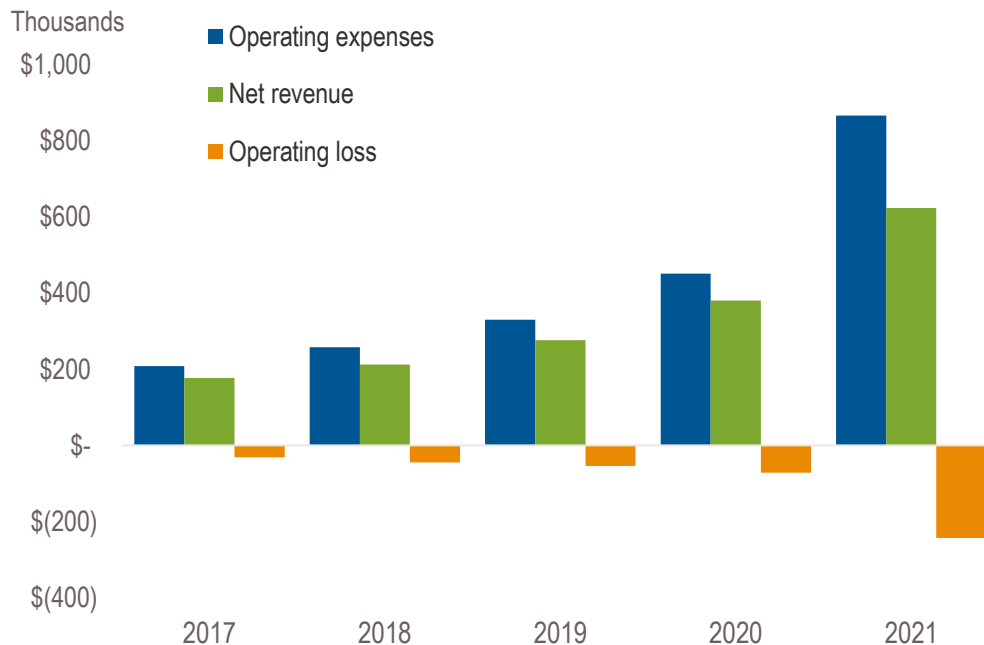
HCMO reviews consider how transactions may affect prices for health care services in Oregon, particularly any impacts on prices paid by patients and consumers. OHA also considers potential effects on total spending on health care services by insurers, employers, and government payers as well as impacts on the financial condition of the health care companies involved.

Current Performance

As noted earlier, One Medical's services in Oregon are not adequately captured in claims data. OHA does not have sufficient data to assess One Medical's past or current prices relative to other primary care providers or analyze trends in spending on health care services from One Medical clinics in Oregon. OHA's analysis in the cost domain was thus limited to the financial condition of One Medical.

One Medical has operated at a net financial loss, with operating expenses higher than revenues, since the company was formed in 2007.⁶² This means that the company spends more than it brings in. The chart below shows One Medical's net revenue, operating expenses and operating margin (operating losses as a percentage of net revenue) for the years 2017 through 2021. Although total net revenues grew consistently during this time, growth in operating expenses was equally strong in 2017-2020 and almost doubled from 2020 to 2021, outpacing revenue growth. The company's (negative) operating margin hovered around -20% between 2017 and 2020, dropping to -39% in 2021.

One Medical's operating expenses exceeded revenues in all five years from 2017 to 2021



On January 31, 2021, One Medical became a public company and was listed on the NASDAQ stock exchange. Its stock price climbed steadily from \$18 a share to a high of \$58.70 in February 2021. Since then, it has declined by over 70% and is currently (at the time of writing) trading at around \$17 a share.

One Medical's stock price has declined more than 70% since February 2021



Given its history of negative margins, One Medical needs to continue to raise capital to fund its operations and continued growth. The merger should provide a reliable source of capital in the near to medium term. Under the proposed agreement, Amazon has agreed to provide One Medical with a loan of up to \$300 million. In the long run, however, Amazon is unlikely to continue supporting the business indefinitely unless it can turn a profit.

Potential Impacts

The transaction will likely have a positive impact on One Medical's financial stability in the near to medium term by providing additional capital to fund operations and growth. In the long term, it remains uncertain whether One Medical can attain profitability, even as a subsidiary of Amazon. As noted earlier, Amazon has limited experience in the health care sector and has recently abandoned several unsuccessful health care business ventures.

While we were unable to analyze current prices for One Medical's services, OHA does not see any risk that the transaction would result in an increase in One Medical's prices for health care services in Oregon. Through the newly launched Amazon Clinic, Amazon currently provides a limited set of virtual messaging-based health care services in Oregon which do not directly compete with One Medical's suite of services. The transaction does not raise concerns about horizontal consolidation in Oregon's market for primary care services. One Medical partners with Providence to bill commercial insurers. One Medical's partnership with Providence presumably allows One Medical to obtain more favorable reimbursement rates than it could negotiate independently. OHA has no reason to expect that Providence will be able to negotiate higher rates for One Medical's services because of the merger.

One Medical maintains that its health system partnership model creates a "clinically integrated delivery network" that promotes care coordination and reduces costs. Again, because most One Medical services are not captured in claims, OHA is unable to compare One Medical's spending on

health care services to that of other primary care providers in Oregon, many of which are also integrated to various degrees with health systems. To the extent that the transaction enables One Medical to grow its services in Oregon, the impact on overall health spending depends on whether One Medical spends more or less on patient care overall than other primary care providers.

The merger may offer opportunities for One Medical to reduce operating costs by using Amazon's technology platform and data management capabilities or shifting certain types of in-person care (e.g., prescription renewals, chronic condition management) to virtual or digital services. While cost reductions would improve One Medical's financial performance, they would not reduce overall health care spending by payers, employers, and patients in Oregon unless Amazon passed on the cost savings through lower prices for One Medical services.

Entity statements about cost

Amazon does not anticipate that the transaction will negatively affect health care costs or spending. In the notice, they stated:

The proposed transaction will enable Amazon to make One Medical's high-quality, affordable health care available to more patients. It will also allow Amazon to make further investments in technology and services that increase access to health care services and reduce costs."

OHA does not have concerns about price increases resulting from the transaction.

One Medical partners with Providence to negotiate with and bill commercial insurers. The transaction will not increase One Medical and Amazon's joint share of the primary care services market in Oregon. OHA therefore does not anticipate that the merger would lead to higher negotiated rates. The transaction will likely improve One Medical's financial condition by providing access to capital to continue to fund operations.

Quality

Quality of care refers to whether patients are getting the care they need, how well that care aligns with evidence-based best practices, outcomes of care, and patient experiences of care.

There are many standards for measuring quality within primary care. National and regional organizations have developed measures of quality, established benchmarks for various insurance markets, and issued guidelines on data collection, reporting and improvement strategies.

Organization/ Program	Description
National Committee for Quality Assurance (NCQA)	Manages the Healthcare Effectiveness Data and Information Set (HEDIS), a widely used set of process and outcomes measures across various parts of the health care sector ⁶³
Agency for Healthcare Research and Quality (AHRQ)	Develops measures of quality of care and patient safety and creates guidelines for standardized reporting, best practices, and quality improvement initiatives ⁶⁴ Manages the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey, a tool to capture patient experience ⁶⁵
The Joint Commission	Works with NCQA to offer quality accreditation and issue reports on quality scores for health care providers, including primary care clinics and patient-centered medical homes
Centers for Medicare and Medicaid Services (CMS)	Collects quality measure data from a range of providers and health care facilities through the Merit-based Incentive Payment System (MIPS) Publicly reports quality scores from MIPS and aggregate Star ratings on the Care Compare website
Patient-centered Primary Care Home (PCPCH)	Oregon program to recognize tiers of quality improvement for primary care clinics throughout the state ⁶⁶
Office of the National Coordinator for Health Information Technology (ONC)	Promotes the development and adoption of health information technology; creates national standards for information sharing across technology products and solutions

Each of these organizations and programs has identified important aspects of delivering effective primary care at the individual and population level. Routine reporting around standard measures and quality incentive programs from payers have helped drive improvements in primary care. Publicly available information about quality measure results, like the CMS Star ratings, helps patients make informed decisions about where to receive primary care based on the aspects of care delivery that are important to them, including clinical outcomes and provider interactions.

Current Performance

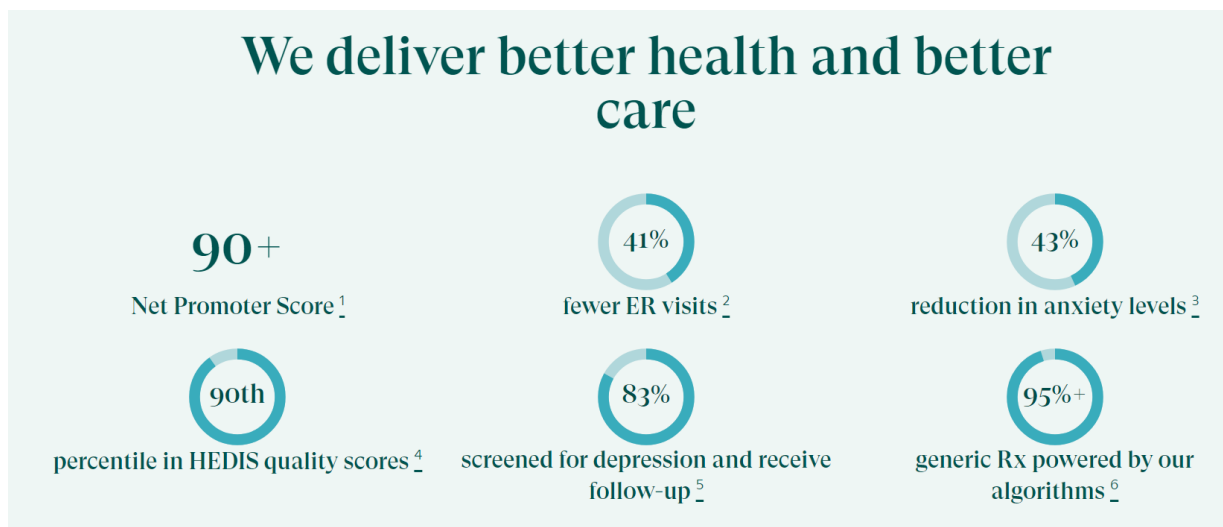
Quality Data Reporting

One Medical does not seem to participate in quality reporting programs that would make quality performance information public. One Medical's Oregon clinics are not recognized by the PCPCH program. One reason for this could be that Oregon One Medical clinics are relatively new and do

not have the patient volume or longevity of engagement to support complete quality measure reporting.

By accepting Medicare Part B, eligible providers are required to participate in either the Merit-based Incentive Payment System (MIPS) or an Advanced Alternative Payment Model (APM), but we don't know if providers at the Oregon One Medical locations are eligible and report quality data through the MIPS program (the Medicare-covered population in Oregon is likely too small).⁶⁷

Most of the quality performance data presented on the One Medical website references internal reports that are not publicly available. Some measures appear to use data from claims that is reported to commercial insurance plans, but only one plan is named directly (CareFirst BlueCross BlueShield, operating in the Washington DC area). It is not known if the One Medical clinics in Oregon participate in any quality reporting or primary care medical home programs with locally contracted insurers. The screenshot from One Medical's website shows key metrics that One Medical uses to advertise that they deliver better quality. OHA was not able to externally verify these performance scores.



Clinical Quality Measures

Limited information is publicly available about clinical quality for One Medical providers. The Centers for Medicaid and Medicare Services (CMS) manages a Care Compare website that allows potential patients to view information about individual providers and the practice groups with which they are affiliated. The Care Compare site allows you to select providers, compare information about them, and view information about the affiliated group's quality-based Star Ratings, which reflect aggregate performance on key quality measures across all providers in the practice group. One Medical providers are not searchable on Care Compare under 'One Medical,' but users can find information for One Medical providers by searching on name or clinic addresses. Users can download individual provider scores for quality measures, however only one Oregon-based One Medical provider has current data in this file.⁶⁸ The most recent file reflects performance for 2020 and represents the only public insight into One Medical's quality performance in Oregon that OHA uncovered.

One Medical's website indicates an observed reduction in medical costs due to decreased emergency room, urgent care and specialty visits for patients of an unnamed employer client, but it is unclear how external utilization of these services is tracked and reported here in Oregon.

in support of improved communication between providers and coordination of care across the national health care system. When specific elements of EHR functionality are certified, it indicates that the EHR platform can perform a task in a way that is consistent with national standards and therefore compatible with other available EHR solutions.

Aspects of the 1Life platform have been available since One Medical’s inception in 2007, with additional features and application versions being developed over the years.⁷³ However, the 1Life electronic medical record was only recently certified (August 2022) by the ONC.⁷⁴ The platform met 25 of 57 unique certification criteria. The 1Life platform lacks certification for the elements listed in the table below.

The 1Life platform does not have ONC certification for these elements

Quality of care and patient safety	Interoperability and capacity to transmit and receive data from other health care entities
<ul style="list-style-type: none"> • Calculation and reporting of clinical quality measures • Development of a care plan • Electronic prescribing • Computerized Provider Order Entry (CPOE) for labs and imaging (which facilitate external referrals and generate patient reminders for these services), as well as automated drug-drug and drug-allergy checks for such orders 	<ul style="list-style-type: none"> • Transitions of care (to support patients who need higher levels of care) • Clinical information reconciliation and incorporation (from external labs, specialists, urgent care facilities or hospitals) • Transmission to public health agencies and cancer or immunization registries

Health Information Exchanges (HIEs) allow providers and patients to access and share health information. This type of coordination and communication can help providers improve care for patients, avoid duplicating services, and avoid errors in care. One Medical’s website indicates they will begin to participate in local and national Health Information Exchanges (HIEs), but there is no indication of timing. This suggests that One Medical may not currently fully participate in data exchange processes that support optimal patient safety and allow for accurate reporting of quality measure performance.

Interoperability and data exchange with other health networks is important to evaluate the quality-of-care patients receive as they see different providers and move through the health care system. The ONC certification status suggests there may be limitations in the 1Life platform’s ability to capture external quality of care data and generate reporting in a manner that aligns with national standards.

Potential Impacts

In the notice Amazon indicated that “One Medical Professional Entities will retain exclusive control over all professional medical services delivered to One Medical patients.” Amazon Care, however, provides some insight into how Amazon may influence clinical practice. Amazon Care also demonstrates how Amazon’s branded approach to expanding into new sectors may conflict with best practices around quality care and safety.

OHA does not have access to any quality data from Amazon Care and must rely on any public information about the program to judge Amazon’s approach to quality in primary care. In August

2022, former employees of Amazon Care spoke anonymously with The Washington Post to share their concerns about quality and safety.⁷⁵ Of particular concern was that patient satisfaction and convenience was felt to be prioritized over clinical best practice:

Amazon's obsession with customers did raise some concerns within Amazon Care. In news releases about Amazon Care, Amazon boasts of having "a satisfaction rating of 4.7 out of 5." But the former Amazon Care executive said there's a "tension between what would give you good ratings versus what is sound clinical care."

Despite the parent company for Amazon Care, Care Medical, being an independent organization, pressure from Amazon influenced how care was delivered:

The two former nurses and the former executive said Amazon called the shots and Care Medical existed to execute the company's vision. And as that vision expanded, some Care Medical staffers worried that Amazon was moving ahead without implementing the safeguards typical of a medical organization.

Amazon Care was under pressure to hit certain goals for growth and customer satisfaction, and Care Medical ultimately "didn't have as much autonomy as they hoped or wanted," according to the former Amazon Care executive. "Where in traditional health care clinicians run the shop and guide everything else, this was more the reverse."

Some Amazon decisions significantly impacted clinicians' ability to deliver care efficiently and safely. Former staff cited challenges with low-cost electronic health record software, non-functional wireless equipment and absence of a tracking app with an alert function to support providers who delivered in-home care in a range of precarious settings. Amazon Care's rapid expansion into telehealth posed additional challenges, as providers were not aware of local resources to make referrals and did not always have a clear understanding of variations in regulations from state to state to know if the services they were providing met regional guidelines.

While a spokesperson for Amazon provided assurances that Amazon Care followed best practice standards and provided safety training to employees, the experience of former staff raise concerns about the impact Amazon may have on One Medical's approach to care delivery and clinical quality.⁷⁶ Additionally, given Amazon's interest in virtual care and digital services and its goals around transforming care through technological innovation, the transaction may bring changes in how virtual and digital services are incorporated into One Medical's primary care model, for example, through changes in the blend of virtual and in-person services and the use of remote providers. Such changes could also impact quality of care.

Entity statements about quality

In the notice, Amazon did not address the transaction's impact on quality, but did include statements about One Medical's quality of care:

One Medical has a demonstrated history of excellent care and high patient satisfaction. The proposed transaction will enable Amazon to make One Medical's high-quality, affordable health care available to more patients.

OHA surfaced potential concerns about quality of care for this transaction.

OHA has limited insight into One Medical's quality performance and patient safety, compared with other primary care practices in Oregon. This lack of public information may make it difficult for patients to make informed decisions about where to seek care.

Amazon's recent experience operating other health care entities, including delivering in-person and virtual primary care services, raises potential concerns about the impact this transaction may have on the delivery of high-quality care.

OHA will require routine reporting of patient population and quality measures. This reporting, along with follow-up reviews, will allow OHA to monitor the impact of the transaction on the quality of primary care in Oregon.

Equity

To assess equity, OHA looked at current practices at One Medical and Amazon to advance equity and potential impacts of the transaction on health equity. This includes examining existing or potential disparities in access, quality, or cost; and factors that may promote or hinder health equity.

Equitable Access

One Medical's business model locates offices in affluent areas and appeals to employed, commercially insured patients – which likely results in the company potentially drawing disproportionately younger, healthier patients. This could result in One Medical “siphoning off” healthier patients with higher payments from other primary care providers in an area, leaving those providers to serve sicker patients with lower payments, contributing further to class and racial inequities in the health care system.

One Medical does not currently accept Medicaid

Commercial insurance generally pays higher rates for many services, while Medicare and Medicaid often have lower reimbursements. In Oregon, One Medical primarily appears to cater to commercially insured, relatively younger and healthy patients employed by large companies who reside in urban areas. Total medical expenses for One Medical patients are likely lower, compared to other primary care patients.^{77 78}

If One Medical continues to expand its model in Oregon under Amazon's ownership, it could have a negative financial impact for primary care providers that serve the broader community. For primary care clinics that serve patients with Medicaid, a reduction in commercially insured patients could lead to fewer resources – and some providers that serve Medicaid populations may struggle to maintain access for low-income patients with more complex health needs.

With reimbursement rates so wide, total reimbursement rates are extremely sensitive to patient mix. Even a small percentage reduction in the number of Medicaid patients, combined with an increase in the percentage of private insurance patients could double or triple the net operating margin for a particular clinic, but this would be accomplished by leaving other clinics to pick up the extra load of Medicaid patients, or leave those patients without care.

- Public comment from Warren George

While One Medical executives have expressed an interest in accepting Medicaid coverage, the company has cited barriers to entering the market, including a high volume of churn among Medicaid patients.⁷⁹ The Notice does not include any discussion of plans to accept Medicaid in the future.

The U.S. Congress investigated One Medical's COVID vaccination practices

In 2021, NPR reported that One Medical had allowed ineligible people to receive COVID-19 vaccines ahead of those with higher risks.⁸⁰ The article cited concerns of staff in California, Oregon, and Washington states.

Following these media reports, the U.S. Congress Select Subcommittee on the Coronavirus Crisis investigated One Medical's role in administering COVID-19 vaccines. The investigation found that One Medical “took advantage of access to coronavirus vaccines to benefit their own business and personal interests, did not adequately monitor patients signing up for and receiving vaccinations to

ensure their eligibility under prioritization guidelines, and failed to administer coronavirus vaccines equitably during the early vaccine rollout.”⁸¹

The investigation cited evidence that:

- One Medical sought to steer people seeking vaccines to enroll in paid memberships, including implementing a confusing vaccine sign up process that caused some people to pay for an unwanted membership.
- One Medical allowed non-patient facing employees, family, friends, and VIP enterprise clients to get early access to vaccines before they were eligible.
- One Medical employees raised concerns regarding the failure to stop ineligible patients from signing up for vaccines and failure to ensure that the most vulnerable people were able to receive vaccines. The City of Berkeley and Washington State Department of Health also raised concerns about inequitable distribution of vaccines, and both halted distribution of vaccines to One Medical in February 2021.

“One Medical took advantage of its access to scarce coronavirus vaccines to promote the company’s business interests and push vaccine seekers toward paying for One Medical Memberships.”

- U.S. Congress, Select Subcommittee on the Coronavirus Crisis Memorandum

“I believe they are taking advantage of the COVID crisis to increase their membership and deceiving people into their program.”

- Vaccine seeker, quoted in U.S. Congress, Select Subcommittee on the Coronavirus Crisis Memorandum

One Medical refuted the findings of the investigation, stating that they adhered to vaccine prioritization guidelines. A spokesperson stated: “The early days of vaccine availability were unprecedented and difficult for the entire healthcare system. At One Medical, we endeavored to follow the vaccination eligibility criteria as they rapidly changed, often day-to-day and across states and counties. It was a challenge in a challenging time, and our eligibility checking processes responded and improved from the early days of vaccinations.”⁸²

Equity-enhancing services

Equity-enhancing services include efforts to make care more accessible for populations that experience barriers. Examples of equity-enhancing services include translation and interpretation services, care coordination, screening for social needs, referrals to community-based organizations, and services designed to improve care and outcomes for specific populations.

Language access and culturally responsive care

One Medical’s website includes language assistance services contact information in 15 different languages, but those messages are not prominently displayed.⁸³ This information is not linked from the home page and requires scrolling down on the non-discrimination page to view. Language access information is not posted on clinic location pages, but languages spoken by individual providers are included in provider bios. The website also includes language about LGBTQIA+ services but does not provide much detail about specific services. Some providers list a focus on LGBTQIA+ health.⁸⁴

One Medical has posted several publicly available documents that provide information about company policies related to equity. The One Medical website includes a notice of non-discrimination, stating that the company complies with Federal civil rights laws.⁸⁵ One Medical's Code of Business Conduct includes language related to equal employment opportunity, diversity and inclusion, and discrimination and harassment free workplace.⁸⁶

According to Amazon's website, the company adheres to "global human rights principles" and has an equal employment opportunity policy.⁸⁷ Amazon has a diversity, equity, and inclusion webpage, where they report workforce demographic information.⁸⁸

Community Engagement and Investments

One Medical is a large, national primary care organization. Amazon is among the largest retail companies in the world. They operate in many communities and act at a national – or even international – level.

Financial Assistance

One Medical offers financial assistance to cover medical care and/or annual membership fees to existing members who meet financial assistance criteria and don't have health insurance or have health insurance that does not cover all necessary care. To qualify for financial assistance, members need to fill out a financial assistance application and provide supporting documentation such as tax returns or pay stubs.⁸⁹ The financial assistance program seems designed to assist existing One Medical members who lose insurance coverage or have periods of financial hardship – it is not designed to assist people who are not yet members. One Medical's financial assistance program is very limited, but since they are a for-profit company, they are not governed by the same financial assistance requirements as non-profit providers.

Health Equity Investments

Amazon makes some technology-focused equity investments. In 2021, Amazon launched the Amazon Web Services Health Equity Initiative, committing to support organizations that promote equal access to health care and address social determinants of health.⁹⁰ Awardees focus on data and technology solutions, and many focus on global populations. Amazon also has a healthcare accelerator program with a focus on health equity. Through this initiative, Amazon provides support to start-ups and technology companies aiming to address social determinants of health and improve access to care.⁹¹

Potential Impacts

Because One Medical serves a population in Oregon that is employed, commercially insured, and likely younger than the population overall, they could end up "cherry-picking" healthier patients with higher reimbursement rates. On a large scale, this could negatively impact providers that serve the whole community, by drawing away patients with higher reimbursements. One Medical's current footprint in Oregon, however, is small and OHA does not have evidence that the entities plan to scale One Medical to a level that would begin to undermine broader access to clinics in the community. They have shared plans to grow their focus on Medicare and older adults.

"The ultimate concern is that Amazon's merger with One Medical would widen the disparities in care between those with means or employer-provided healthcare and those who do not, such as the poor and the elderly."

- Public comment from Athena Coalition

One Medical and Amazon both have existing business models that center preferential treatment and benefits for members. This transaction could potentially lead to efforts to encourage One Medical patients to use other Amazon products (e.g. Amazon Prime membership) or tie benefits to membership. It's possible that Amazon could attempt to create integrated membership benefits across One Medical, Amazon Pharmacy, Amazon Clinic, and other products. This approach could eventually result in higher costs or less access for non-members.

Entity statements about equity

The entity did not address equity in the notice of material change transaction.

OHA identified potential equity concerns for this transaction.

This transaction could potentially result in One Medical siphoning off commercially insured patients with higher payment rates from clinics that serve more Medicaid and Medicare-covered patients. Those concerns are somewhat mitigated by the fact that One Medical has a small footprint in Oregon and operates in urban areas with many other primary care provider options. OHA will monitor One Medical's payer mix and quality outcomes in follow-up reviews and through required data submissions.

Public Comments

OHA held a public comment period from November 29, 2022, to December 14, 2022, and received 36 written public comments via email. Public comments related to this transaction are posted to the [HCMO website](#).

When applicable, OHA used public comments to inform the transaction review and incorporated some comments into the findings of the review. HCMO is governed by statute and rules, and transaction reviews must stay within the scope of authority outlined in those regulations. Because of this, OHA was not able to address all the concerns raised by public comments.

Most commenters opposed the transaction

Of the 36 comments that OHA received, 32 stated that they oppose the transaction and encouraged OHA to not approve it. Four comments did not state clear opposition, but raised concerns, urged OHA to do a thorough review, and/or urged OHA to apply conditions to ensure the transaction does not harm public interest. None of the public comments expressed support for the transaction.

Concerns about unfair competitive advantage

Comments raised concerns that Amazon could use its existing Amazon Prime membership, advertising, and customer data to gain an unfair competitive advantage. The comments cited Amazon's history of tying services to Prime membership.

Concerns about misuse of patient data

Comments noted that Amazon collects an "unprecedented volume" of data from customers, through the marketplace, Alexa voice assistant, Prime Video, Kindle, and other services. Comments cited Amazon's past data privacy and security breaches, as well as misuse of data.

Data privacy and security is not within the scope of HCMO reviews; however, this concern may be addressed in the Federal Trade Commission review.

Concerns about treatment of workers

Comments highlighted Amazon's documented history of poor and unsafe working conditions, surveillance of workers, retaliation against workers that speak out, anti-union efforts, and denying accommodations for workers with disabilities in other sectors. Comments raised concerns that Amazon would impact One Medical's workforce and have workforce implications across the health care sector.

"Amazon is about making profits for its shareholders, not about caring for the health of individuals or communities."

"By bundling services, Amazon can leverage its online retail dominance and its vast advertising and data collection to target customers of health care products for One Medical services. Similarly, it could also use this data to predict and siphon off the most profitable patients and customers, undermining broad community health."

"Please say NO to yet another organization trying to make money from sick Oregonians."

"Amazon's acquisition of One Medical will not only impact working conditions in One Medical facilities in Oregon, but it risks lowering standards across the health care system."

"To learn that Amazon is planning to take over five One Medical clinics in Oregon is very distressing; that can't help make healthcare more affordable."

Concerns about for-profit health care

Many comments raised concerns that Amazon is a for-profit company. Comments stated that, as a for profit company, Amazon’s main priority is to make money for shareholders, which is in conflict with providing the best care for patients or advancing health equity.

HCMO reviews consider the impact of the transaction on costs, access to care, quality of care, and health equity, regardless of whether the entity is for-profit or non-profit. While a change in for-profit or non-profit status could affect each of these areas, no such change is happening as part of this transaction, since One Medical is a for-profit, publicly traded company. Amazon’s for-profit status is not, in and of itself, grounds for OHA to reject a transaction under HCMO’s statute.

Concerns about vertical consolidation and price increases

Comments raised concerns about vertical consolidation, where one company buys another company that provides different products or services and urged OHA to consider whether the transaction could increase costs or reduce access. The comments urged OHA to closely monitor the impact of the transaction.

Concerns about widening health inequities for primary care patients

Comments noted that different types of insurance pay different rates for similar services, with commercial insurance paying more than Medicare or Medicaid – and if some providers do not accept the full range of coverage options, other providers who serve all patients will be financially impacted. This could result in greater health care disparities and inequities. One comment urged OHA to explore options that would require Amazon and One Medical to serve patients with all types of insurance coverage.

“Profit-based companies such as Amazon have shown no ability to increase access, affordability, and quality of health care in Oregon or anywhere else...”

“Vertical consolidation, where large companies buy up smaller ones, are particularly concerning due to the potential anticompetitive effects of having fewer and more powerful players controlling the market.”

“The Amazon-One Medical merger may broaden the current stratification between those who can access quality primary care and those who only seek emergency medical care.”

Conclusions

Based on preliminary review findings, **OHA approved the transaction on December 28, 2022, subject to the conditions listed below.** (See [Findings of Fact, Conclusions of Law, and Final Order](#) in the Matter of the Proposed Material Change Transaction of Amazon.com, Inc. and 1Life Healthcare, Inc., dated December 28, 2022.)

The transaction was approved, per ORS 415.501(6)(b), because OHA determined the transaction is unlikely to have a significant impact on Oregon's health care system. Specifically, the transaction meets the following criteria under OAR 409-070-0055(2):

1. The material change transaction is unlikely to substantially reduce access to affordable health care in Oregon
2. Comprehensive review of the material change transaction is not warranted given the size and effects of the transaction.

These criteria are specified in administrative rules for the Health Care Market Oversight Program and are consistent with Oregon law. Below is a summary of the main reasons why OHA considers the criteria to be satisfied.

Approval Criteria

The material change transaction is not likely to substantially reduce access to affordable health care in Oregon.

In the locations where One Medical operates in Oregon, patients have many other options to access similar types of services. If the current One Medical locations ceased to operate, other providers would likely be able to serve patients. OHA does not anticipate that this transaction will result in increased prices. One Medical currently operates five clinics in the Portland Metro area and Amazon has stated plans to expand One Medical network clinics over time. Combining with Amazon, a giant organization with advanced supply chain and purchasing power, may generate efficiencies and savings for One Medical, though any savings would not necessarily be passed to consumers.

Comprehensive review of the material change transaction is not warranted given the size effects of the transaction.

One Medical currently operates five clinics in the Portland Metro area and largely serves people with commercial insurance coverage. This represents a small segment of primary care patients in the Portland Metro region and does not impact other geographic areas in the state.

Approval conditions

Per ORS 415.501(6) and OAR 409-070-0065, OHA may place conditions on approving a material change transaction. OHA has applied the following conditions to approval of the planned Amazon and One Medical transaction:

1. For a period of five years following the close of the transaction, entities must submit the following services data semi-annually (every six months) for locations in Oregon:
 - a. Count of members (by enterprise and individual membership, demographics, and insurance type)
 - b. Count of members with at least one visit of any type during the six-month reporting period (by location)

- c. Count of visits (by location and by in person, synchronous virtual, and asynchronous virtual visits)
2. For a period of five years following the close of the transaction, entities must submit semi-annual (every six months) quality measures data for the [NQF primary care core set](#).
3. For a period of five years following the close of the transaction, entities must report semi-annually (every six months) on the current status or plans for any changes in types of services offered, number of providers or locations offering services, governance, ownership, or organizational structure.

Because limited information is available about One Medical's patients and services, as well as Amazon's future plans for One Medical, this required reporting will provide transparency into any changes that result from the transaction. OHA will be able to monitor for any future concerns related to quality, access, cost, and equity.

OHA will provide a template for the entities to submit data, with detailed definitions of what must be included. Once OHA receives notice from the entities that the transaction has closed, OHA will provide a timeline for submitting information required by approval conditions. OHA may use data provided by the entities in future public reporting.

The Oregon Health Authority reserves the right to enforce each and every condition set forth herein to the fullest extent provided by law. In addition to civil penalties and any legal remedies the Oregon Health Authority may have, OHA shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions. OHA is required to analyze and publish the entities' compliance with conditions placed on the transaction and to assess the impact of the transaction under ORS 415.501(19) and (20). OHA is required to publish its' analyses and conclusions and include same in the annual health care cost and spending trend report under ORS 442.386(6).

Post-Transaction Monitoring

As required by ORS 415.501(19) and (20), OHA will conduct follow-up analyses one, two, and five years after the transaction is complete. OHA's monitoring will assess compliance with approval conditions and whether the entities keep the commitments included in the notice, including commitments that:

- The transaction will not result in a change to health care services
- Amazon will not restrict or otherwise reduce the scope of professional medical services delivered by One Medical professional entities
- Amazon expects to retain One Medical's current employees and contractors
- Amazon does not restrict patients' freedom of choice with respect to pharmacy services

More broadly, OHA will monitor changes to cost, quality, access and equity, and may also assess other measures relevant to each domain. As part of the required monitoring activities, OHA may request additional information from the entities. OHA will publicly publish findings and conclusions from follow-up analyses.

Acronyms & Glossary

Acronyms & Abbreviations

AHRQ	Agency for Healthcare Research and Quality
APAC	Oregon's All Payer All Claims database
AWS	Amazon Web Services
CAHPS	Consumer Assessment of Healthcare Providers and Systems
CMS	Centers for Medicare and Medicaid Services
DCBS	Department of Consumer and Business Services
FTC	Federal Trade Commission
HCMO	Health Care Market Oversight
HIPAA	Health Insurance Portability and Accountability Act
NCQA	National Committee for Quality Assurance
NPS	Net Promoter Score
OHA	Oregon Health Authority
OHP	Oregon Health Plan
PCPCH	Patient-centered primary care home

Glossary

Competition: A situation in a market in which firms or sellers independently strive to attract buyers for their products or services by varying prices, product characteristics, promotion strategies, and distribution channels.

Concentration: A measure of the degree of competition in the market; highly concentrated markets are generally characterized by a smaller number of firms and higher market shares for individual firms.

Consolidation: The combination of two or business units or companies into a single, larger organization. Consolidation may occur through a merger, acquisition, joint venture, affiliation agreement, etc.

Health equity: OHA defines health equity as follows:

Oregon will have established a health system that creates health equity when all people can reach their full health potential and well-being and are not disadvantaged by their race, ethnicity, language, disability, age, gender, gender identity, sexual orientation, social class, intersections among these communities or identities, or other socially determined circumstances. Achieving health equity requires the ongoing collaboration of all regions and sectors of the state, including tribal governments to address:

- The equitable distribution or redistribution of resources and power; and
- Recognizing, reconciling, and rectifying historical and contemporary injustices.

Appendix A: OHA's Review

OHA performed a preliminary review of the transaction to assess its potential impact on Oregon's health care delivery system. The review explored impacts in four areas (domains): cost, access, quality, and equity. OHA's analysis followed the guidelines and methods set out in the HCMO Analytic Framework published January 31, 2022.⁹² The framework is grounded in the goals, standards and criteria for transaction review and approval outlined in OAR 409-070-0000 through OAR 409-070-0085.

Background Research and Literature Review

OHA conducted background research on the entities involved in the transaction to understand more about the proposed transaction, the entities involved, and potential impacts of the transaction. OHA consulted publicly available sources, including press releases and media reports; Securities & Exchange Commission (SEC) filings; business filings with the Secretary of State in Oregon and other states; entity websites; state agency, professional association, and third-party entity reports; reports commissioned by local, state, and federal government; and other relevant governmental communications.

Requests for Information

In addition to the information provided in the notice, OHA made two information requests of Amazon to clarify and supplement the notice, to which Amazon responded. Through these requests, OHA sought more information about One Medical's services; the volume of members, patients, and visits at One Medical locations in Oregon; the nature of the relationship between One Medical and health system partners; and quality performance.

Public Input

OHA solicited public comments on the proposed transaction during the preliminary review. On November 29, 2022, OHA posted a notice to the [Transaction Notices and Reviews](#) page of the HCMO website and emailed subscribers to HCMO program updates to inform them about the opportunity to provide comment. The public comment period ended December 14, 2022.

Analysis

OHA's analysis assessed the current state of the entities involved in the transaction, related industry trends, and the likely impact of the proposed transaction on the delivery of primary care in Oregon. The table below describes the types of analysis OHA typically performs in each domain.

Domain	Analysis
Cost	Analyses under the cost domain explore how the transaction may affect the prices consumers and payers (e.g., insurers, employers, and governments) pay for primary care services in Oregon. Prices and spending for primary care services may be affected by the degree of competition between providers offering similar services within a service area.
Access	Analyses under the access domain explore how the transaction may affect the range of services available in the market, types of providers and provider-patient ratios, characteristics of the patient population, and any barriers to access, including transportation burdens and limitations by insurance type.

Domain	Analysis
	Consolidation and change of ownership in the health care market can impact the range and type of services offered in the service area. Changes in population demographics can alter demand for some services and shifts in the labor market can impact availability of specific provider types, potentially affecting the financial viability and profitability of offering certain health care services in a region.
Quality	Analyses in the quality domain explore how the transaction may affect patient outcomes and the experience of care. Consolidations and ownership changes in health care can impact clinical practice, including staffing ratios, time spent or number of visits with patients, timeliness of care, and the patient's experience of care, all of which can have adverse effects on patient outcomes. Analyses in the quality domain consider current indicators of quality and assess potential impacts of the transaction on quality of care.
Equity	Analyses in the equity domain explore how the transaction may affect the Entity's ability to assess for and equitably meet the needs of the population it serves. Consolidations and ownership changes in health care can disproportionately impact availability of health services for populations who already experience health inequities, including people of color, low-income families, and residents of rural areas. Equity-focused analysis considers the entities' ability to serve a patient population that is representative of the community in which they operate. OHA also looks for evidence that the Entity is actively identifying and addressing inequities in access to or quality of care across their patient population.

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