



## Weekly Checkup

# Antitrust Issues

JACKSON HAMMOND | SEPTEMBER 9, 2022

**Never fear, the Federal Trade Commission (FTC) is here! It's going to help stop big bad corporations from taking over the world by... [delaying a \\$3.9 billion merger between One Medical and Amazon](#).** Last Friday, the FTC sent a [request](#) for additional information to these companies—a move that will delay the merger for at least several months. This latest action is in sync with [the philosophy](#) of FTC Chairwoman Lina Khan, who views most mergers and acquisitions with some suspicion as attempts to reduce market competition. Before we get into the issues with the FTC's argument, let's discuss the parties to the merger.

One Medical is a primary care company [that owns](#) (as of the March quarterly earnings filing) 188 medical offices in 25 markets across the United States. In the first quarter, it pulled in \$254.1 million in revenue but still ended up losing over \$90 million that quarter. The company focuses on virtual and in-person care using a subscription payment model, and it has around 767,000 paying members. **Amazon, as we all know, is a major tech company with its hands in everything from internet server farms to e-commerce to groceries and has been trying (and mostly failing) for quite some time to get into health care.** In 2018, Amazon purchased the online pharmacy PillPack and in 2019 launched [Amazon Care](#) as a telehealth-focused service that it is now shutting down since announcing the merger with One Medical. In 2018, Amazon also launched Haven, [a joint venture](#) with JPMorgan Chase and Berkshire Hathaway, to disrupt the health care market, but that effort fell apart after three lackluster years. **Why does Amazon want to get into health care? In short, it's a \$4 trillion industry that is only going to grow larger, while Amazon's other offerings have seen [slower growth](#) in recent years.** The problem, of course, is that [health care is complicated](#). The Haven venture is a great example: a lot of smoke and no fire, largely hampered by the [serious lack of transparency](#) in health care pricing as well as an inability to gain leverage over providers and insurers to bring costs down.

**This brings us to the heart of the problems with Chairwoman Khan's opposition to the prospective merger: If three of the largest, wealthiest multinational corporations on the planet cannot gain leverage over the U.S. health care system, how would Amazon getting involved on the provider side possibly create an antitrust issue? The answer is that it likely wouldn't.** Amazon faces stiff competition in the health care sector from established insurers and health systems, and those entities aren't going to fold just because some upstart tech nerds from Silicon Valley think they have some good ideas.

As experts at the American Action Forum [have repeatedly discussed](#), the consumer welfare standard is king of antitrust issues. What consumer is going to be harmed by the addition of *another* competitor in the health care industry? Additional competition needs to be encouraged, not stymied. There won't be some upstart small business founded in 2022 (or any time after, say, 1980) that is going to claw its way into the health care market to become a major player anytime soon. Decades of government regulations and health market consolidation have seen to that. If you want more competition, you need big players coming in from outside the health care industry. **The reality is that the FTC's action has nothing to do with competition in health care markets, or even the highly unlikely chance of improper use of health data by Amazon** ([read AAF's primer](#) on the Health Insurance Portability and Accountability Act for a deeper understanding of health privacy laws). While most of us would prefer our government to focus on actual problems, unfortunately both politics and policy are too often focused on punishing disfavored industries.