

BANKING/FINANCE

Amazon Threat Causes Shakeout in Health Care, Drug Industry



SHUTTERSTOCK

Drug industry executives say Amazon could use its expansive online reach and its logistical muscle to threaten companies that ship and sell medicines to consumers and cut pricing deals with drugmakers.

by Robert Langreth,
Jared S. Hopkins and
Spencer Soper

Amazon.com Inc. is casting a long shadow over the health care industry.

The prospect of the giant internet retailer entering the business is beginning to cause far-reaching reverberations for a range of companies, roiling the shares of drugstore chains, drug distributors and pharmacy-benefit managers, and potentially precipitating one of the biggest corporate merger deals this year.

On Thursday, the pressure was plain to see. A report that Amazon had received pharmacy-wholesaler licenses in a dozen states triggered a fast and steep sell-off that wounded the likes of McKesson Corp., AmerisourceBergen Corp. and Cardinal Health Inc. And late in the day, shares of Aetna Inc. surged after a Wall Street Journal report that it's in talks to be taken over by CVS Health Corp. for more than \$200 a share.

CVS and Aetna have held discussions about a potential deal, according to people familiar with the matter who asked not to be identified as the details aren't public.

Representatives for both companies declined to comment.

Executives in the drug industry say that Amazon could use its expansive online reach and its logistical muscle to threaten companies that ship and sell medicines to consumers and cut pricing deals with drugmakers.

"Size and scale-wise, they can disrupt anywhere they want to disrupt," said Chip Davis, president of the Association for Accessible Medicines, a trade group for generic medication, in an interview Thursday.

COMPETITIVE SQUEEZE

A deal for Aetna could conceivably move CVS further away from the business of brick-and-mortar retail drugstores and deeper in health services such as pharmacy benefits, where it already has a sizable presence.

Combining Aetna and CVS would create a health-services giant and a bigger competitor for UnitedHealth Group Inc., which is the largest U.S. health insurer and has its own clinics and a pharmacy-benefits unit.

The presence of Amazon is already being felt by retailers and companies that sell drugs over the counter. The head of Bayer AG's consumer-health business said on a conference call with analysts

Thursday that the wider shift to online shopping by U.S. consumers was hurting its business. Erica Mann, the division's chief, dubbed it the "Amazon effect," saying buyers are looking for value.

At the same time, the pecking order in the health-supply chain is beginning to shift.

Earlier this month, insurance giant Anthem Inc. said it was cutting ties with Express Scripts Holding Co. after a long dispute over pricing and starting its own pharmacy-benefits manager in 2020. A bulked-up CVS and Anthem's new venture could raise the pressure on Express Scripts, which has touted its independence.

Any tie-up of Aetna and CVS would follow a pair of failed mergers among health insurers. The deals would have reduced the ranks of big U.S. health insurers from five to three, a prospect that led the Justice Department to oppose both prospective tie-ups.

If the Aetna deal happened, "CVS would have a dominant position" in the drug-benefits business, said Michael Rea, founder of Rx Savings Solutions, which has an app that helps patients find low-cost drugs.

PHARMACY THREAT

Analysts have speculated that Amazon could soon enter the business of selling prescription drugs, threatening to disrupt retail drugstores, drug wholesalers, and the pharmacy-benefits management business. While Amazon has never publicly commented on what its plans may be, CNBC reported this month that the internet giant could make a decision about selling drugs online by Thanksgiving. The network didn't name its sources.

Bloomberg News confirmed that Amazon had obtained wholesale-pharmacy licenses in at least 13 states, including Nevada, Idaho, Arizona, North Dakota, Oregon, Alabama, Louisiana, New Jersey, Michigan, Connecticut, New Hampshire, Utah and Iowa. An application is pending in Maine. Some of the licenses were obtained late last year and some this year.

Amazon declined to comment.

The licenses could be part of Amazon's business-to-business sales effort, which would include sales to hospitals, doctor's offices and dentists. Amazon on Tuesday announced "Business Prime Shipping," which brings the quick delivery associated with Amazon household orders to workplaces.

Robert Langreth, Jared S. Hopkins and Spencer Soper report for Bloomberg News.



CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **Council Zoning Hearing on Wednesday, November 15, 2017, beginning at 6:00 PM**, to consider the following rezoning application. The City Council will consider this item for **SECOND READING**. This meeting will be held at the **City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida, 33166**. The proposed rezoning application applies to the property shown on the map below.

The City of Doral proposes to adopt the following Ordinance:

ORDINANCE No. 2017-19

AN ORDINANCE OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, APPROVING/DENYING A REZONING FROM INDUSTRIAL (I) TO OFFICE 3 (O-3) FOR 4.9± ACRES LOCATED AT 3265 N.W. 107TH AVENUE, DORAL, FLORIDA; AND PROVIDING FOR AN EFFECTIVE DATE

HEARING NO.: 17-11-DOR-05

APPLICANT: Eurocon, LLC

PROJECT NAME: Doral Condo Hotel

LOCATION: 3265 NW 107th Avenue, Doral, Florida 33172.

FOLIO NUMBERS: 35-3029-100-0010

SIZE OF PROPERTY: 4.9± Acres

PRESENT LAND USE: Office (O)

PRESENT ZONING: Industrial (I)

REQUEST: Eurocon, LLC is requesting a rezoning from Industrial (I) to Office 3 (O-3) for the property located at 3265 NW 107 Avenue, Doral, Florida.33172.

LEGAL DESCRIPTION: DORAL WEST PARK 1ST ADDN PB 150-4 T-19518 TR C LOT SIZE 4.97 AC M/L FAU 30-3029-092-0010 F/A/U 30-3029-100-0010 COC 24924-3340 09 2006 1

Location Map



Information relating the subject application is on file and may be examined in the City of Doral, Planning and Zoning Department Located at **8401 NW 53rd Terrace, Doral, FL. 33166**. All persons are invited to appear at this meeting or be represented by an agent, or to express their views in writing addressed to the City Clerk, **8401 NW 53rd Terrace, Doral, FL. 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Any persons wishing to speak at a public hearing should register with the City Clerk prior to that item being heard. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes If a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

NOTE: If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide interpretation services during the zoning application process or during any quasi-judicial proceeding.

NOTA: Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés, es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento durante el proceso de solicitudes de zonificación.

Connie Diaz, CMC
City Clerk
City of Doral

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