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Costco joins in primary care disruption—but can disruptors deliver on quality?

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<https://www.chartis.com/insights/costco-joins-primary-care-disruption-can-disruptors-deliver-quality>

The Buzz This Week

Primary care continues to see disruption from retail entrants. This week, Costco joined CVS, Walgreens, Amazon, and Walmart as retailers offering primary care services with the announcement of its partnership with start-up Sesame, a cash-pay service connecting patients to healthcare providers. Costco members will have access to Sesame's more than 10,000 providers for same-day televisits at a rate of \$29 per visit. Costco members will also get discounted rates on Sesame's other services, including labs and in-person appointments.

Costco is not the only retailer expanding primary care capabilities this month. Two weeks ago, Walgreens announced a partnership with Pearl Health, a software platform that aids physicians in value-based contract performance. This is the latest partnership deal since Walgreen's acquisition of Summit Health, an urgent care company, in late 2022. Walmart is also making primary care moves. Recent reports suggest Walmart is interested in buying a majority stake in ChenMed, a primary care company with operations in 15 states, focused on providing care to low- and middle-income seniors. Additionally, Walmart has been expanding its primary care clinic footprint. The retail giant has opened 30 primary and urgent care locations across 5 states (Arkansas, Florida, Georgia, Illinois, and Texas) since 2019, with announced plans to open in 3 more states (Arizona, Missouri, and Oklahoma) in 2024.

These announcements follow previously reported news of [Amazon's 2022 purchase of OneMedical](#) and the [CVS acquisition of Oak Street Health](#) from earlier this year.

Why It Matters

The Association of American Medical Colleges (AAMC) projects a shortage of between 17,800 and 48,000 primary care doctors in 11 years. There are many factors for primary care shortages, including physicians reducing hours or leaving the field for other industries or retirement; more demand from increased chronic conditions; and fewer young physicians choosing to practice primary care because of financial and lifestyle incentives. Over the last 30 years, there has been a steady decline in the percentage of Americans who see a consistent primary care doctor for their medical care. Today, 1 in 4 Americans do not have a regular medical provider, and for adults under 30, that number is 1 in 2.

With a growing need for care, many retailers, start-ups, and other ventures have sought to fill the primary care gap. Many consumers have also prioritized convenience over continuity of a care provider, especially when traditional primary care options have not been able to provide reliable, timely appointments. Yet a paper published in the Milbank Quarterly earlier this year indicates that consistency may be important to clinical outcomes. Patients with a regular primary care provider were healthier and lived longer than those without.

Primary care disruptors are actively positioning to own the consumer relationship and upend the industry. Retailers have already proven they can deliver on convenience and lower cost, but what remains to be seen is whether they can deliver on quality and the promise of value-based care, especially for those with chronic conditions.

Traditional healthcare organizations have experience in value-based care that retailers may be able to learn from. Partnership between traditional providers with expertise in managing chronic conditions and retailers with expertise in technology, cost reduction, and convenience may be part of the solution to meet persistent primary care demand. A complementary retail primary care offering would give patients a low-cost, convenient option that could help to decant volumes from primary and urgent care centers and increase access—giving traditional primary care providers the bandwidth to see and manage patients with chronic conditions who need consistency of care.

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