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HEALTH | HEALTHCARE

Why the Amazon, JPMorgan, Berkshire Venture Collapsed: 'Health Care Was Too Big a Problem'

Data-sharing, bureaucracy and competition stalled progress of Haven venture

By [Sebastian Herrera](#) [Follow](#) and [David Benoit](#) [Follow](#)

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Haven faced challenges obtaining health-care data from providers and insurers. AL BELLO/GETTY IMAGES

Amazon.com Inc., JPMorgan Chase & Co. and Berkshire Hathaway Inc. set out three years ago to join and transform health care. Instead, they struggled to solve even fundamental challenges, such as understanding what some kinds of care actually cost.

Haven, [the joint venture they set up together in 2018](#) to use technology and find new ways to reduce costs for their combined 1.5 million employees, [will end operations next month](#). The project cost the three companies roughly \$100 million combined, people familiar with its budget

said.

From its inception, Haven faced challenges obtaining data, staff turnover, fuzzy goals and unexpected competition, according to current and former employees and executives at Haven and the partner companies. Those factors doomed the partnership from early on, those people said.

Data was a central challenge. Haven struggled to aggregate and analyze information on health-care costs for the three companies' employees. Data concerns from the partners and resistance from insurers stymied Haven's efforts to determine how much the companies paid for medical care and why, the people said.

Haven isn't the first venture to struggle with [the lack of transparency in health-care costs and data](#), an issue that has long complicated government reform efforts and technology solutions. A new Trump administration rule, effective this year, is supposed to [force greater disclosure of the rates negotiated between hospitals and insurers](#).

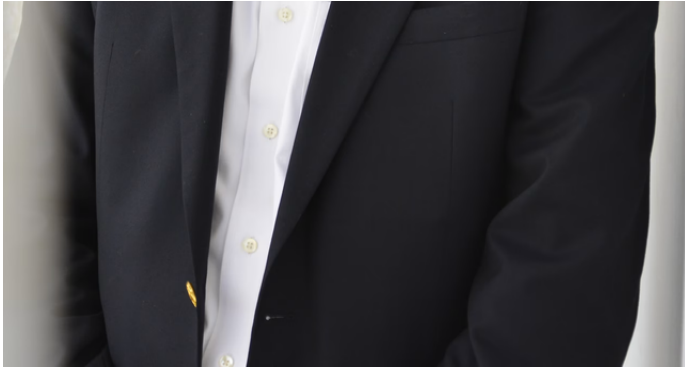
As of Jan. 1, hospitals are required to publish the prices negotiated privately with each payer for 300 common services for easy use by consumers and make public the same information for all their procedures in a format that can be read and analyzed by computers.

"You can't solve the problem when you can't see it," one of the people involved in the venture said. "We were all doing our own thing and health care was too big a problem for us to solve."



A Haven spokeswoman said the founding companies "were committed and engaged from day one through to [the decision to end Haven's operations](#)" and will continue to collaborate informally.

While leaders of the founding companies were initially optimistic about Haven's potential, the challenge of applying its work across three sprawling corporations slowed progress and added complexity, the people close to the venture said. Eventually, the companies



Atul Gawande stepped down from Haven in May and has since joined President-elect Joe Biden's Covid-19 team. PRIYANKA PARASHAR/MINT/GETTY IMAGES

realized they could implement many projects more efficiently on their own, they said.

Despite [Amazon](#) AMZN **0.56%** ▲, [JPMorgan](#) JPM **0.25%** ▲ and [Berkshire's](#) BRK.B **1.20%** ▲ collective size, they [lacked scale to garner enough negotiating power](#) with care providers. To achieve their big aims, they would have needed more partner companies to join, or cooperation with government, said health-care specialists familiar with Haven's work.

"They did not have enough bargaining power with the insurance industry or with providers," said Lyndean Brick, CEO of health-care consulting firm Advis. Sweeping changes "will take massive governmental and business reform, and we have yet to see that cooperation."

Haven, which had about 75 employees at its peak, took on more projects than staffers said they felt it was equipped to handle. Much of its work had to be approved by the three founding companies, slowing progress.

Atul Gawande, a writer, surgeon and Harvard University professor who was tapped to lead Haven, [stepped down in May](#), saying he planned to focus on [the Covid-19 pandemic](#). He didn't respond to requests made to his press office for comment. In November, he was named to President-elect [Joe Biden](#)'s coronavirus task force.

The three founding companies showed varying interest in the venture, the people said. JPMorgan Chief Executive Jamie Dimon, who had come up with the venture idea, was the only CEO out of the three companies to actively participate in meetings and help push forward pilot projects, these people said.

Employees at Boston-based Haven found themselves working on projects similar to ones the individual partners were also developing, particularly with Amazon, which has focused on a number of health-care expansions in recent years. Those include a virtual primary

Jamie Dimon told JPMorgan employees that the three companies would continue working together, just not formally. SEAN PRESSLEY FOR THE WALL STREET JOURNAL

improving and reducing the cost of care for employees with chronic conditions. The program would also offer employees online doctor visits, the people said. Workers on the Haven project were caught off guard in the fall of 2019 when Amazon publicly launched “Amazon Care” for its Seattle employees, a telehealth service with similar capabilities, although it focused on a broader segment of workers, the people familiar with the matter said.

Amazon Care had been in the works before Starfield, but Haven employees were unaware of Amazon’s work until the company announced it, people familiar with the matter said. A pilot project for Starfield in Columbus, Ohio, involving JPMorgan employees got underwhelming engagement, the people said. Soon after, Haven executives began to deprioritize the project and eventually shut it down around last May, they said. By then, the pandemic was driving doctors to virtual visits anyway.

An Amazon spokeswoman said Amazon Care and Starfield “are entirely separate projects and programs and do not have anything to do with one another.”

“Amazon has been working in lockstep with Haven and the founding partners on a number of pilots and tests within our benefits programs,” she said. Beth Galetti, Amazon’s senior vice president of human resources, “was fully engaged as a member of Haven’s board and was empowered to move things forward in real time.”

A spokeswoman for Berkshire acknowledged CEO [Warren Buffett](#)’s absence in Haven meetings, saying that Berkshire investment manager and Geico CEO Todd Combs has represented the company.

Mr. Dimon told bank employees in a memo Monday that the three companies would continue working together, just not on a formal basis. He said Haven worked best as an “incubator” of ideas.

care for Washington state employees and [an online pharmacy business](#) launched in November.

About two years ago, Haven began work on a project nicknamed “Starfield,” a virtual primary-care service geared in part toward

Dr. Gawande's departure left a leadership void that was never filled, leading some Haven employees to leave, people familiar with the matter said. Some staff who had joined from the founding companies went back. Hiring slowed in 2020, and Haven had at least one round of layoffs. The venture employs around 60, and its staff is expected to be split among the three companies.

Tech giants like Amazon and Apple are expanding their businesses to include electronic health records -- which contain data on diagnoses, prescriptions and other medical information. That's creating both opportunities and spurring privacy concerns. Here's what to know. Photo Composite: Heather Seidel/ The Wall Street Journal

The companies, while powerful, were an odd fit, former staff members and health-care experts said. Their vastly different workforces sprawled across many locations, making it difficult to implement health-care initiatives in an industry that is largely dependent on local providers. Amazon's workforce includes not just corporate employees but hundreds of thousands of warehouse workers, while Berkshire Hathaway has a swath of subsidiaries.

"Many aspects of health care are local, and [employees] were spread around at somewhat different levels of these organizations, and that makes it much harder" to accomplish health-care initiatives, according to Kimberly MacPherson, co-director for the Center for Health Technology

at the University of California, Berkeley.

Data-sharing provided some of the thorniest challenges, according to people familiar with its struggles. Initially, the leaders of the joint venture imagined that if they could see what the three companies were spending on health care and why, the data would show them what to fix, those people said.

Getting a hold of those figures proved difficult. Haven employees built a platform to allow them to compile cost and claims data from all three companies, but the companies were unhappy with how it worked, people familiar with the matter said. Due to those concerns, Haven had to rebuild aspects of the system, further delaying the goal of understanding, analyzing and reducing costs, the people said.

Haven also struggled to access [information that insurers typically keep secret](#), such as granular details behind the pricing and cost structures of certain types of medical procedures, people familiar with these challenges said. Such details are often required to be kept confidential under contracts between insurers and hospitals.

—Anna Wilde Mathews and Dana Mattioli contributed to this article.

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