

BUSINESS NEWS

Amazon Delves Into Health Data

Online-pharmacy deal means tech firm faces tight rules on handling medical information

By LAURA STEVENS
AND SHARON TERLEP

Amazon.com Inc. knows more about consumers' online-shopping habits than any other retailer. Now it is about to get its hands on the most intimate of personal data: people's health conditions.

Last week's acquisition of online pharmacy startup Pill-Pack will give Amazon insight into people's prescriptions, putting the tech company into the highly regulated realm of health information with more restrictions than it is accustomed to on data-mining.

Amazon has mastered the use of personal data by analyzing people's purchasing decisions to predict whether they might buy toilet paper, watch a romantic comedy or ask its Alexa voice assistant for a recipe. The behavioral tracking has helped turn it into a retailing powerhouse with \$178 billion in revenue last year.

But collecting and safeguarding medical information is far more complex than tracking when an online shopper buys a new lamp.

"Prescription drug information is highly personal information—it can tell if someone has cancer, if they have a sexually transmitted disease," said Julie Roth, a health-care regulatory attorney with Spencer Fane LLP in Overland Park, Kan. That might raise some privacy concerns, she said.

Amazon's purchase of **Pill-Pack** gives it the ability to ship prescriptions to customers' homes in 49 states. It paid roughly \$1 billion for the company and beat out Walmart Inc. in the process, according to people familiar with the



An Amazon fulfillment center in Aurora, Colo. Amazon has mastered the use of personal data in analyzing purchasing decisions.

ing Facebook Inc. and Alphabet Inc.'s Google draw scrutiny from lawmakers over the use of consumers' data. The European Union and state of California both recently passed stricter data-collection regulations, and consumers are becoming savvier about what companies know about them.

PillPack gives Amazon the chance to lure consumers away from the local pharmacy, and win the store purchases that can come with the trip.

Amazon will be limited in what it can do, especially to start. PillPack's specialty—packaging a month's supply of pills for chronic-disease patients—is a small part of the overall market. It has said it has tens of thousands of customers versus Amazon's hundreds of millions.

data on consumers' nonprescription purchases and browsing activity, the federal government tightly controls the privacy of medical information through the Health Insurance Portability and Accountability Act, or HIPAA.

Companies can't sell patient data to another party or market complementary products based on a person's health condition—such as sending coupons for diapers to a woman with a prescription for prenatal vitamins.

The federal privacy act does allow companies to share information about patients for marketing purposes, but only with the patient's consent. That consent could be given when patients simply check a box on privacy disclosures that come with most medical

Stark, senior privacy attorney with the law firm of Page, Wolfberg & Wirth. He said Amazon likely would need to wall off PillPack from its larger operation, otherwise it might have to take steps to ensure the entire business meets federal privacy standards, which govern things such as who has access to data and how user passwords are encrypted.

An Amazon spokeswoman said the company will comply with HIPAA, as well as with all other laws and regulations.

Pharmacy rivals CVS Health Corp. and Walgreens Boots Alliance Inc. have long relied on low-tech methods such as loyalty cards to collect data.

CVS has a rewards program in which shoppers get \$5 to spend in CVS stores for every

consent, the only information shared with the retail side of the business is the number of prescriptions filled, without details on the medications themselves.

The federal privacy act was created specifically to prevent marketers from unwittingly targeting people based on what medical services they access, said Ms. Roth, the regulatory attorney.

Amazon already has insight into people's health by tracking consumers' browsing and shopping habits. A shopper who has suffered from health issues might have purchased over-the-counter medicines and vitamins, plus medical equipment such as a heating pad or humidifier. Amazon can potentially surmise when that person is sick, because they

Perry Ellis Founder Faces Rival Deal Bid

By DANA MATTIOLI

Perry Ellis International Inc.'s founder is about to get some competition on his proposed buyout of the apparel brand.

Men's accessories company **Randa Accessories** is preparing to submit a \$28-a-share bid for Perry Ellis that could upend Perry Ellis founder and former Executive Chairman George Feldenkreis's \$27.50-a-share deal to take the apparel company private, according to people familiar with the matter.

Mr. Feldenkreis and his son Oscar, the company's current chief executive, are two of Perry Ellis's biggest investors. Their deal in place for Perry Ellis values the company at about \$437 million; the Randa bid would value it at about \$444 million.

Perry Ellis, a popular brand of the 1990s, has since lost some of its luster in the fashion community, especially compared with some other brands popular at that time. Other hot brands of the '90s, such as Champion and Calvin Klein, have been staging a comeback and positioning themselves as vintage in the streetwear community.

In addition to its namesake men's apparel, Perry Ellis has a portfolio of brands including Laundry by Shelli Segal, Original Penguin and Cubavera.

Based in New York, Randa is one of the world's largest menswear accessories companies. The company has more than 50 brands it owns or licenses including Dockers, Nautica and Pierre Cardin. It also does private-label manufacturing for some of the largest department stores in the U.S. Its