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ADDING HEALTH CARE TO YOUR SHOPPING LIST: THE EMERGENCE OF IN-STORE CLINICS

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Executive Summary

Kansas is one of many states across the country considering ways to reform its health care system. With the number of uninsured a top concern, the debate centers on how to provide care for those who lack coverage. Too often, unfortunately, policymakers assume that government solutions are the only answers to reforms. Ignoring private sector opportunities to enhance access to health care is a mistake.

In-store health care clinics are popping up across the nation and offer a private sector solution to some of the growing concerns of policymakers. These clinics offer basic acute care services as well as preventative care options. They offer clear price transparency with posted lists of services and prices and often accept insurance, too. For the uninsured particularly, these clinics offer an alternative to emergency room visits or untreated symptoms.

In-store health care clinics are conveniently located in pharmacies and stores making them particularly attractive for individuals who live in rural areas, areas with doctor shortages, or for virtually anyone with a busy schedule. The clinics are open extended hours into the evenings, weekends, and holidays making it easier for working families to get care. They are often paired with pharmacies, which makes it convenient to get prescriptions filled in one stop.

These private-sector clinics provide people seeking treatment an alternative to emergency rooms and government-run clinics. They empower people to take control of, and responsibility for, their own health needs. In-clinics offer an excellent opportunity for health care reform and policymakers should not only acknowledge their role in health care provision but also be careful not to create laws that stifle these innovations.



Introduction

Both at the local and national level, politicians and policymakers are discussing the issue of the uninsured, that is, those who do not have health insurance coverage. Roughly ten percent of Kansans are without insurance,¹ and numbers indicate that around 46 million Americans are uninsured.² While states are trying a patchwork of approaches and the federal government is discussing wider-based approaches, one clear theme seems to appear---legislators want to expand government health care and pursue a top-down approach to reform. Expansion of government-provided health insurance, however, is not the only answer to this public policy issue. Instead of looking to the government to provide the all the answers, the people would be better off looking towards consumer-driven alternatives. One possible way to address the need for more access to health care, including but certainly not limited to those currently uninsured, is the option of private health care clinics.

With companies like Target, Wal-Mart, Walgreens, and other pharmacies canvassing the country, basic health care is on the verge of reaching unprecedented levels of accessibility. The trip to the closest clinic could be just around the corner, literally.

In-Store Medical Clinics, an Explanation

In-store medical clinics are health centers located in pharmacies such as CVS, Walgreens or Osco or in stores such as Wal-Mart and Target. They are often staffed by nurse practitioners, who, depending upon the state, can prescribe medications to patients.

Such clinics are rapidly growing in numbers with estimates of 1,500 to 1,800 clinics opening by the end of 2008.³ They provide immediate access to both preventative care and get-well care. They generally offer

preventative treatments such as vaccinations, cholesterol screening, blood sugar testing, drug testing, and routine physicals. Additionally they provide acute care for strep throat, sinus infections, earaches, bladder infections, upper respiratory infections, and insect bites.⁴ These clinics provide an alternative to seeing family physicians or visiting emergency rooms.

Osco Clinics

In 2005, Take Care Health Systems, LLC opened nine health care clinics in Kansas City area Osco stores, which were the city's first retail health clinics. Take Care Health Systems decided to use Kansas City and Portland, Oregon as test cities for the clinics.⁵

Walgreens Clinics

Osco is not the only pharmacy in which Take Care Health Systems operates. By early 2007 they operated 51 health care clinics, which could be found in Chicago, Kansas City, Milwaukee, St. Louis, and Pittsburgh.⁶ In 2007, Walgreen Co. purchased Take Care Health Systems and is now putting the clinics in stores across the country. Walgreens announced plans to open more than 400 clinics by the end of 2008. In addition to the already open Take Care clinics, Walgreens transitioned existing clinics in Atlanta and Las Vegas into Take Care clinics.⁷

Take Care clinics treat patients 18 months and older and follow quality and safety standards outlined by the Convenient Care Association. They use evidence-based clinical guidelines when treating patients and also employ electronic medical record technology. This technology permits patients to take their records with them so they can show them to subsequent physicians or treatment providers.



CVS and Target Clinics

Following in the footsteps of Walgreens, CVS Pharmacy acquired MinuteClinics.⁸ MinuteClinics also operate in some Target stores in cities such as Minneapolis and Baltimore.⁹

Wal-Mart Clinics

Perhaps the best-known clinics, due in large part to media attention, are those operated in Wal-Mart stores. While Wal-Mart has had clinics in a little fewer than 100 stores for a couple of years, they have revamped and upgraded their plans for these clinics. While the previous clinics had various reports of success as they were managed by local hospitals or third-party organizations that rented space in Wal-Mart stores, the new clinics, which began opening this year, will be co-branded in-store clinics. These will be called “The Clinic at Wal-Mart.” The clinics are cobranded with RediClinic, LLC and local hospital systems.¹⁰ The first stores will open in Atlanta, Little Rock, and Dallas. Wal-Mart plans to connect their clinics to local community hospitals that customers in these areas already “know and respect.”¹¹

Recently, Wal-Mart announced plans to open 400 of these clinics in their supercenters across the country by 2010.¹² The original clinics will be converted to the new co-branded system when their leases expire.

Other Clinics

Other clinics are up and running, too. Medical Marts, for instance, is a Las Vegas based company. They work with grocery stores, Kmart, and Shopko in Utah, Illinois, Virginia, and Missouri. The company’s goal is to have 400 stores by the end of 2009. Unlike some of the other clinics, Medical Marts staff their clinics with primary-care physicians in addition to medical assistants or licensed practical nurses.¹³

Advantages and Benefits of In-Store Health Clinics

Cost and Access

Cost and access to health care is not a concern limited to the uninsured. There are those who are “underinsured” as well as those who have difficulties finding doctors or have incomplete access to them. There are also those who are uncomfortable going to the normal medical treatment facility or those for whom the complexities of the medical system serve as a barrier to treatment options. For all of these individuals, in-store clinics may offer a viable alternative for health care treatment as well as preventative care.

Price Transparency and Actual Costs

Most, if not all, in-store clinics offer complete price transparency with a list of services provided and the cost for each clearly posted for patients to see. This is a stark contrast to a visit to a physician who usually can only tell you what an insurance co-pay price might be. For those lacking insurance prices can skyrocket. Knowing the price upfront may be an incentive for many, especially those without insurance, to seek treatment.

Clinic prices vary but on average a physical exam costs \$60 (\$45 at most Wal-Marts), a flu shot around \$20, and strep throat tests around \$15. “According to the Minnesota Council for Health Plans, an industry association, the average charge for seeing a doctor about a sore throat, including a strep test, is \$109,” while a trip to the emergency room is about \$328.¹⁴

Many of the clinics accept health insurance. In 2007, 40 to 50 percent of clinics accepted insurance.¹⁵ The Wal-Mart clinics, for example, plan to accept Aetna, Humana, Blue Cross Blue Shield, and others.¹⁶ Those who have accepted insurance simply pay



their co-pay, generally between \$5 and \$20. Those who have Health Savings Accounts (HSAs) can use those funds to finance the treatment.

The Uninsured

The low costs and easy access make clinics a viable health care alternative for some of those who are uninsured. Wal-Mart clinics say that approximately 55 percent of their customers lack health insurance.¹⁷ These are individuals whose alternative may have been to visit the emergency room, racking up costs for taxpayers if those patients were unable to pay. According to a poll conducted by *Fitness Magazine*, 40 percent of people who went to clinics would have gone to the emergency room.¹⁸ A Wal-Mart survey showed that for those who were uninsured around 15 percent said they would have gone to an emergency room if the clinic had not been an option.¹⁹

Convenience

Perhaps the most substantial difference between the clinics and a visit to the doctor's office is the convenience the locations provide. At many of the clinics individuals are given a pager that will notify the person when their wait has expired. Thus, instead of sitting in a stuffy room with nothing to do, people can peruse the store and perhaps complete some needed shopping.

Clinic hours vary but generally the clinics are open when the store is open so hours are extended into the evenings, weekends, and even some holidays.²⁰ Many of the clinics don't require appointments so instead of waiting a few days until one's physician has an opening, a person can even stop at the clinic when the symptoms first hit. Indeed several clinics have extra staff on duty during lunch hours so that workers can use their lunch breaks for their doctor visits, instead of spending half a day waiting in their doctor's

office, if they have one. This is in stark contrast to visiting a doctor where, "Nearly half of patients wait more than 30 minutes, on average, to see a doctor in an office or clinical setting."²¹

An added bonus for both consumers and the stores is easy prescription access. Once the nurse practitioner, or physician, prescribes a medication, the patient can fill their prescription in the very same store. A single stop can be especially compelling for someone who is sick; sometimes that additional stop is nearly insurmountable when suffering from a severe sinus infection or the flu, for instance.

For those visiting clinics in Wal-Mart or Target another plus is the recent decrease in costs for some generic prescription drugs at their pharmacies. Wal-Mart says that customers have saved around \$290 million since September 2006 when \$4 prescriptions first began; nearly 30 percent of the Wal-Mart \$4 prescriptions are for people who are uninsured.²²

Rural Access

In-store clinics can also be a convenient option for individuals in smaller rural areas which many of times lack a supply of physicians. While these areas might be short on the supply of doctors there is often a Wal-Mart, even in more remote areas.²³

Doctor Shortage

As the baby boomers are aging a growing concern is a possible crisis of a doctor shortage. In-clinics offer an alternative to the traditional doctor visit. It also provides the doctors who are available with more time to treat those who need more intensive treatments or for more complex cases.²⁴ In Massachusetts, for example, there is a shortage of primary-care physicians which in turn causes patients to go to emergency



rooms for routine care.²⁵ This was a problem even before the government-mandated universal plan for health care in Massachusetts which is likely to further exacerbate the shortage and its many negative spillover effects.

Preventative Care

In addition to acute care---such as the treatments for strep, bladder infections, etc., the clinics offer preventative care. Clinics offer blood tests, cholesterol screenings, and routine physicals. These convenient clinics will make it more difficult for people to put off treatments since easy access is available, which, in turn, may mean people are able to detect ailments faster. This can be of particular importance for those who are uninsured or who are wary to visit a government-run clinic.

Clinics may also provide an alternative atmosphere for parents to immunize their children and themselves. This may lower the risk of contagious diseases spreading when individuals who may otherwise go without these immunizations opt for a low-cost vaccination.

Economic Advantage

Some critics have claimed that these in-store clinics are simply not viable and are a passing health care fad. Analysts claim that most clinics do not turn a profit and only a portion break-even. Such critics claim that it can take a clinic up to three years to become profitable.²⁶

Instead of an argument against these clinics, however, critics should be hopeful because the public sector would possibly never be able to recover similar start-up costs. The private sector, though, has other revenue streams stemming from these clinics that allow them to become a viable option.

For instance, while a clinic is in its start-up stage, a company like Wal-Mart can afford to invest in the clinic knowing it may be a year or more before they can recover start-up costs from the clinic itself. Additionally, the advantages of having consumers frequent their stores and pharmacies creates an economic advantage that a public sector clinic would not have. Clinics at least partially owned by the stores in which they operate have offset overhead costs and ways of decreasing costs other service providers may lack. Furthermore, Wal-Mart is known for its innovations in business models and they are likely to employ and capture the advantages and opportunities for making clinics more efficient and effective that can often be overlooked in the public sector.

The fact that so many companies are entering the market – no doubt after extensive market research – indicates a strong likelihood that some will succeed. Even if all fail, though, the costs will fall on the companies themselves, not taxpayers. This is a vital distinction between such efforts and any government sponsored health care initiatives for greater access.

Philosophical Benefits

Today's society is often paternalistic in its calls for health care reform. Instead of treating people as capable individuals who can make decisions for themselves, policymakers seem to want to take health care out of the individuals' hands. Like most things, however, the individual is generally far better at making decisions for him or herself when the opportunity is available.

Yes, there are a millions of uninsured Americans. Yes, there are parents out there who fail to immunize their children. And yes, many of us - even those who are insured - fail to embrace preventative medicine practices as perhaps we should.



But in-store clinics provide the opportunity for those who are uninsured, those who can't take time off from work during the day, or those who may put off preventative trips to the doctor. When a clinic is right in front of you, ready for you to walk into it, it is much more amenable than remembering to make that appointment and then the trek to the doctor; an effort that may cause one to forgo that routine physical or blood sugar test all together.

There are people out there who mean well, who can't afford insurance, who don't want to go to the emergency room, but know no other solution. These people can look at a price list and decide if they can afford that \$15 for a strep culture or whatever their needs may be. Someone who can't afford insurance may be able to afford the price that is provided to them upfront. This empowers them. They become guardians of their own care. This is arguably far better for them psychologically than having to be dependent on emergency care.

The Debate over Clinics

Quality of Care

Some critics voice concern over allowing nurse practitioners (NPs) to see patients and write them prescriptions. Indeed not all states allow this practice. "Doctors also contend that patients could wind up with lower-quality care because the clinics don't have physicians on-site."²⁷ They claim that NPs are not qualified to fill the role of the doctor. Furthermore, NPs who are following protocols may miss rare diagnoses.²⁸ Edward Hill, president of the American Medical Association has said that, "A cough might be something as simple as a cold, or something as serious as congestive heart failure. The ability to ferret out the 20% of serious illnesses that present with simple symptoms is what we went to medical school for."²⁹

Many states, including Kansas, however, already have NPs working in doctors' offices. Individuals going to their doctor's office may never actually engage in conversation with the doctor, but will instead see a NP, particularly if the doctor's practice is full. NPs have considerable education and training to do what they do. Thus far there has not been any evidence that NPs in these clinics have failed to perform adequately.

Furthermore the trade-off is not always between going to a physician and going to a clinic. Many individuals may go untreated without clinics. And, while there have been some criticisms of the strict diagnostic standards used by the clinics, these NPs are using a system which is supposed to provide a nearly error-proof practice. "Diagnoses are made by using a simple binary test (such as for a streptococcal throat infection) or by applying a rigid, protocol-based decision rule."³⁰

While there will always be the stories of the rare untreated illness, it is not limited to NPs. Indeed the stories we generally hear are of doctors who failed to make the correct diagnosis. Medicine is not a perfected science. People will always make mistakes.

These clinics are clear on what they do provide as services. While some clinics may provide up to 30 or so services they are limited to vaccinations and relatively simple cases. When necessary, the clinics refer patients to a physician. These clinics are not intended to be a catch-all. They do not want someone who feels he or she is having a heart attack to come to them. Clinics are intended for preventative and routine care, not complex care.

Over-service of Patients

Another concern is that for-profit clinics may be motivated to over-service patients, although no evidence of this has surfaced



thus far.³¹ It is hard to see how this plays out since clinics do not provide care for in-depth problems. Instead, clinics refer patients to physicians for the complex care issues.

Lack of Continuity of Care

Critics of in-store clinics also worry about what they call a lack of continuity of care. Patients at clinics may not always see the same NP or even go to the same clinic and so the doctor-patient relationship does not develop and these individuals are not pursuing what is sometimes called a “medical home.” Mary Frank, President of the American Academy of Family Physicians says that, “It definitely disrupts the doctor-patient relationship... It isolates problems that sometimes can be openings to other health care issues, or preventative-care discussions.”³²

Again, this argument assumes a doctor-patient relationship exists, which it does not for many Americans, and may simply not be possible outside of idealized notions of health care provision. Furthermore, clinics provide patients with their records so they can continue to see their regular doctor or go to a doctor for other issues with their previous records, which helps to negate the continuity of care concern. And Wal-Mart may be moving to an electronic records system to increase continuity between their clinics.³³ Preventative concerns are often addressed with the options that clinics offer for preventative care. In fact, preventative care may increase due to the clinics.

Doctors’ underlying fears may be based on a belief that they will lose their client base. Treatment of routine issues, which can be quickly addressed are profitable for doctors who are often reimbursed by insurers based on how many patients they treat.³⁴ While such concerns may not be entirely unfounded, they do not justify restricting access to care to those in need.

Consumer Response

The consumer response to clinics has been overwhelmingly positive. One individual explains, after going to a Walgreens Clinic for a sinus infection she woke up with on a Sunday morning that, “It’s less expensive than an emergency room or urgent care, and I feel like I get better one-to-one attention.”³⁵

In an address to the World Health Care Congress, Lee Scott, president and chief executive of Wal-Mart stores said that, “... customers like and want these clinics. At existing clinics in our stores, about 90% of patients report being satisfied or very satisfied. They appreciate the fast, easy and convenient experience.”³⁶

The *San Francisco Chronicle* interviewed a woman in California treated for shingles at a QuickHealth clinic. The woman, 63-year-old Rebecca Vonilla, said in Spanish that she had didn’t have health insurance because she had recently lost her job but that she could pay the \$39 office visit at the clinic. When asked what she thought about the clinic she said “la Gloria abierta.” “A loose translation – ‘We have what we need.’”³⁷

Recently, the *Wall Street Journal* pointed to consumer concerns about clinic safety for a slowing in the boom of clinics.³⁸ But, the new Wal-Mart model of co-branding with hospitals should serve to alleviate trust concerns and Wal-Mart continues to be on track to open 400 stores by 2010.³⁹



Conclusion

In-store health care clinics offer an exciting opportunity for health care reform. While clinics are not a surefire way to solve all the health care issues in the United States, they do offer an alternative model of care that may be beneficial to a variety of people. In-store clinics offer a viable alternative for the insured and uninsured alike. They provide individuals with the opportunity to pay for and receive treatments they might not have been able to afford or that were inaccessible before.

These clinics provide opportunity and incentives for people to make smarter, better decisions about their health care. Policymakers should be encouraged by these clinics, include them in their assessment of the health care industry, and be careful not to stifle opportunities for private sector reform options.

About the Author



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