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Market Trends

Efforts to Regulate Retail Health Clinics Slow, as Industry Finds Its Place

BOSTON—Patients seeking convenient, cost-effective care for common family ailments have triggered an expansion in the retail health clinic industry which has grown from a single Minnesota clinic in 2000 to more than 1,200 retail outlets located in 37 states today.

The rapid growth in the industry initially was greeted with suspicion by the provider community which raised concern about whether retail clinics would disrupt continuity of care and prevent patients from finding a “medical home” with a primary care physician.

Now, expansion in the industry, which some observers had projected to grow to 5,000 clinics by the end of the decade, has slowed. Several smaller stand-alone retail clinic chains have closed their doors and CVS recently announced it would shutter approximately 90 clinics due to a seasonal slowdown.

But nine years after the convenient care clinic model was unveiled, with the entrance of major retailers into the convenient care market, a slowing of legislative efforts to regulate the industry, and a recent agreement between the Cleveland Clinic, one of the nation's preeminent medical centers, and MinuteClinic, the leading provider of retail health care, the industry appears to have found its place on the spectrum of health care providers, and is on the brink of entering its second phase.

How Clinics Work

Retail health, or convenient care, clinics offer nonemergency services to walk-in patients for clearly posted prices, regardless of a patient's insurance status. The clinics usually are open seven days a week, with evening and holiday hours. The vast majority are located within a larger retail store, ranging from supermarkets and “big-box” discount-retailers to drug stores.

Visits generally are brief, and patients primarily are seen by a nurse practitioner (NP) or physician assistant (PA), who in most states are required to work under the oversight of a medical doctor.

Treatment is provided primarily for common episodic ailments such as sore throats, colds, pink eye, and ear infections, but increasingly, clinics offer immunizations, physicals, and health screenings.

Charges for services vary from chain to chain, but in most cases are lower than those for care received from more traditional sources, and are a fraction of the cost of obtaining care from an emergency room for nonemergency episodes.

For example, at clinics located in Target Stores, fees primarily range from \$59 to \$69, while at MinuteClinics located in more than 400 CVS stores, fees range from \$30 to \$110.

The original model called for patients to pay cash and submit claims for reimbursement to their health care insurer. Now many major insurers agree to pay the clinic directly for the care and patients simply are required to cover their co-pay or deductible. In 2007, according to the industry group, the Convenient Care Association (CCA), only 15.9 percent of patients paid out-of-pocket.

Cleveland Clinic Agreement Called Key

In what many view as a key development, the Cleveland Clinic announced in February that it has reached an agreement with MinuteClinic under which the two health care providers will offer coordinated patient care.

The plan calls for nine MinuteClinic locations housed in CVS/pharmacy stores in Northeast Ohio to be staffed by MinuteClinic nurse practitioners with clinical consultations provided by a Cleveland Clinic Health System-appointed medical director. As part of the collaboration, the Cleveland Clinic and MinuteClinic will fully integrate their electronic medical records systems to streamline all aspects of a patient's care.

With the entrance of major retailers into the convenient care market and a slowing of legislative efforts to regulate the industry, the industry appears to have found its place on the spectrum of health care providers.

Each Cleveland Clinic-affiliated MinuteClinic will have access (with patient consent) to a patient's Cleveland Clinic EHR. At the patient's request, MinuteClinic will share its patient information with other Cleveland Clinic-affiliated locations.

While patients with urgent medical needs who visit a convenient care clinic always are referred to their existing primary care physician or the nearest urgent care center or emergency room, traditionally patients have not been referred to convenient care locations by doctors or hospitals.

Cleveland Clinic patients who contact the Nurse on Call service may be referred to MinuteClinic as one option for the treatment of minor illnesses.

Rick Wade, American Hospital Association senior vice president of communications, said it appears that the Cleveland Clinic is trying to lessen the fragmentation of care in the marketplace.

He noted that 60 percent of the patients who seek care in the emergency room of a hospital do not need that level of care. If the Cleveland Clinic is able to get some people who normally are treated in the emergency room directed to an affiliated MinuteClinic, there can be a real benefit, Wade suggested. Getting patients the right care in the right sector of the market and containing costs is a positive outcome, he said.

And that, say proponents of the retail clinic industry, is the goal.

According to CCA, research has shown that retail clinics are less expensive than more traditional provider settings because of the limited scope of services they offer. The group notes that total treatment costs for a convenient care clinic operator were found to be \$281 less than emergency departments and clinic visits were found to cost consumers half as much as doctor's appointments for similar conditions.

The group says the quality of care at clinics is high because it is typically delivered by board-certified, highly trained NPs or PAs, who treat a limited range of common illnesses and provide preventive care using evidence-based protocols. They generally are supported by an electronic medical record system and supervised by local physicians.

State Regulation of Clinics Limited

When the clinic model first appeared on the scene, numerous states sought to adopt legislation restricting who could provide care and how the clinics would operate. Despite this legislative flurry, most bills were not adopted and specific state regulation of retail clinics has been limited, according to the National Conference of State Legislatures.

In an April 2009 legislative update, NCSL found that only Massachusetts has a comprehensive regulatory framework for retail clinic operation. The Massachusetts Public Health Council created regulations in early 2008 for the operation of limited service services clinics, including a specific list of services that clinics can provide (16 HCPR 54, 1/14/08).

Legislation in Florida limits the number of retail clinics a primary care physician can supervise, according to NCSL, while activity in other states has targeted the ability of nonphysician providers—such as nurse practitioners and physician assistants to operate independently or under the supervision of a physician.

Recent legislative efforts in states—including Illinois, Rhode Island, and Tennessee—focused on efforts to limit the sales of tobacco products in locations with retail clinics, while efforts in other states focused on issues related to the physical set-up of the clinics.

CCA Executive Director Tine Hansen-Turton, noted that the most comprehensive and burdensome bill directed at the retail clinic industry had been proposed in Illinois. But a review of that legislation by the Federal Trade Commission indicated the measure, if passed, would raise issues of competition and it was not adopted, she explained.

While there is no federal regulation of retail clinics, Hansen-Turton pointed out that there are many federal rules with which all health care entities, including convenient care clinics, must comply. This includes the federal Health Insurance Portability and Accountability Act (HIPAA) and certain Occupational Safety and Health Administration rules. She also noted that there are many state boards of oversight and regulations that various providers must follow.

Hansen-Turton noted that earlier in the decade, much concern was expressed by physician groups over the convenient care clinic model. Both the American Medical Association and the American Academy of Family Practitioners crafted guidelines that they urged clinics to adopt, and many state medical organizations led the drive for legislative oversight. Several groups and legislative bodies also called for an investigation into the industry.

But, Hansen-Turton said, the provider community now appears to realize the value of the retail clinic and how it can partner with providers to provide appropriate, cost-effective care.

While the issue of retail clinics has been a prime topic for discussion at previous AMA annual meetings, as of early April, no resolutions related to the retail care industry have been submitted to the group for the upcoming annual meeting, according to a spokesperson.

Fragmentation of Care

But Ted Epperly, president of the American Academy of Family Physicians, expressed concern over what he sees as fragmentation in the health care system, a situation that is exacerbated when patients seek care at a retail health clinic.

He admits that the nation is experiencing a shortage of primary care physicians which has driven the growth in the convenient care clinic industry. Ideally, he said, the retail clinics and the rest of the health care community could work to provide patients with convenient care that is part of a coordinated coverage plan.

But he said that is not what is happening. Epperly said that his office gets information back from his patients' visits to retail clinics less than 25 percent of the time. It is extremely important that patients have a single primary care home where all of their care is coordinated, he stressed.

Hansen-Turton stressed that the convenient care industry has been proactive in adopting quality and safety standards that are more stringent than those required by the AMA, AAFP, and the American Academy of Pediatrics. Clinics also will provide copies of electronic health records to a patient's primary care physician at the request of the patient.

Hansen-Turton also noted that when legislation has been introduced in various states, the CCA has seen it as a chance to address the concerns behind the legislative initiative and use it as educational opportunity.

Hansen-Turton suggested that the convenient care clinics could be a key to expansion of affordable health care coverage, a key goal of the Obama administration. She said that based on the number of convenient clinics already in place, 17 million patient visits could be handled. And that, she explained, is based on a single provider using a single exam room.

Most clinics offer the capability to have two providers using two exam rooms, which could double the number of patients who could be treated at lower rates, she said. Even community health care centers are not able to charge the affordable rates billed by the convenient care clinics for provision of routine care for common ailments.

Excess Capacity: Opportunity and Challenge

The huge capacity represents a prime opportunity to help provide low-cost coverage for uninsured individuals. She note that Medicare does reimburse for coverage received through the retail clinics, but said because Medicaid reimbursement models tend to focus on providing care through HMOs, there currently is less flexibility on the Medicaid side.

It is this availability of excess capacity that represents the greatest challenge and the greatest opportunity for the convenient care industry.

CVS recently announced that it would close approximately 90 of its in-store MinuteClinics following the completion of the cold and flu season which also brought with it heightened demand for influenza vaccines. However, the company noted that the locations where clinics will be closed primarily are located within one mile or so of another in-store clinic.

Tom Charland, chief executive officer of Merchant Medicine, an industry consulting group, said that CVS is "not by any means bailing out," but simply appears to be scaling back by closing some clinics that are located too close together.

He also said that those chains that have shut their doors entirely in recent years have been privately backed operators that worked independently of other income sources and depended upon clinic income to fund their investors. However, he noted that some privately backed operators, most notably RediClinic, continue to exist in the marketplace and are poised for further growth.

The most successful operations have been those that integrate the clinics, he said. For example, clinics located in pharmacies benefit by drawing patients into the store who may then fill their prescriptions and buy other products as well.

As an example, he cited MinuteClinic and Take Care Health, both owned by pharmacy companies, which combined account for 74 percent of the retail clinics open in the United States.

In other models, a retailer may team up with a local health care system and, again, a patient who comes in with a cough may end up leaving with a number of other purchases. The health care system, in certain cases a local hospital system, benefits from having its name out in front of the public, and from possibly

having patients funneled into their health care practice. Walmart, for example, continues to build its retail clinic presence by teaming with local hospital systems.

Becoming Self-Sustaining

David Harlow, health care consultant and former deputy general counsel for the Massachusetts Department of Health, said one question facing the convenient clinic industry is how it will become self-sustaining. He suggested looking at broadening the services the clinics provide.

One fertile area for expansion of services would be in management of a whole host of chronic conditions, he said, such as diabetic checkups. These areas are susceptible to oversight by protocol, rather than by physician, making them ideal for the clinic format. Patients who are in need of further care could be referred to their physicians for follow-up. Clinics also are looking at the possibility of providing weight loss and smoking cessation counseling, among other services.

Other areas being explored include development of worksite and near site clinics, partnering with health plans and employers to steer members and employees to retail health clinics, and looking to partner with medical device and pharmaceutical companies.

However, AAFP's Epperly warned against the convenient clinics seeking to become a "new age primary care practice." The providers do not have the level of training and skill to branch into these expanded areas in their attempts to fill capacity, he said. What started out as a convenient way of providing coverage for a list of most common ailments is now trying to grow into a chronic care practice, he said.

But CCA's Hansen-Turton said it is the convenient care industry's belief that the health care community has seen the need for expansion of services and that the retail clinic model fits right into the care continuum. "The convenient care industry has a lot to show the health care world about how to be much more user-friendly," she said, "and that is why we are attracting patients and keeping them coming back."

More than 3.5 million people have received routine medical care at the convenient clinics.

By Martha Kessler

More information on the retail clinic industry may be found at <http://www.ccaclinics.org/>.