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Status Report on US Retail Health Clinics

RETAIL CLINICS: GOLD MINES OR FLOPS?

The Wall Street Journal recently reported there was a net drop in the number of retail health clinics nation wide. Is the business mall of the retail health clinic sick? You are listening to ReachMD, The Channel for Medical Professionals. I am Dr. Larry Kaskel, joining me today is Tom Charland, CEO of Merchant Medicine and a consultant that specializes in retail health clinics and he is here to explain the recent trend in the current status of retail health clinics in the United States.

DR. LARRY KASKEL:

Tom welcome to the show.

TOM CHARLAND:

Good to be here.

DR. LARRY KASKEL:

I would like to start with what the different types or the different categories of retail health clinics that are actually available in the current market, if you will.

TOM CHARLAND:

Sure. To a patient walking into one of these clinics, there might not really be that much difference. I think where there is a difference is who runs them and who owns them and I kind of view it as having three different types. One is those that are run by the retail chain themselves, examples would be CVS Pharmacy, Walgreens, and even Target. A second category would be those that are run by hospital systems and there are some examples going on now out there Aurora in Milwaukee, Sutter in Sacramento, Alegant in Omaha, MultiCare and Tacoma, they are all getting into this under their own brand, and then there are those that are run by private investors usually with an entrepreneurial physician involved. Those are the ones that of late have fueled a perceived decline in the business, in other words, most of those that have closed in the last 12 months are that third category, those run by private industries.

DR. LARRY KASKEL:

Tell me a little bit about My Healthy Access. I know that one has had some trouble.

TOM CHARLAND:

Sure. My Healthy Access has actually just reemerged, but they closed because they just weren't making it. They were in Wal-Mart stores in Houston. They also had one in Frederick, Maryland, all way on the other side of the coast. They have just reemerged under a telemedicine model and under that model as yet, I don't really consider them a retail clinic any longer because they are really using not even a physician extender through a telemedicine type of system to a physician who is kind of on the other end of a computer.

DR. LARRY KASKEL:

Who is the guy from AOL that got involved in clinics?

TOM CHARLAND:

In case who found AOL is one of the primary ambassadors in another company called Ready Clinic and Ready Clinic operates in HEB, grocery stores in Austin and Houston, Texas as well as a number of Wal-Mart stores throughout the country.

DR. LARRY KASKEL:

And how is that one done?

TOM CHARLAND:

They have leveled off. We saw them in the early days as an upstart that was opening very rapidly. They are a partner of Wal-Mart. Wal-Mart in their announcement made a big deal of Ready Clinic, but we just haven't seen many openings and it is hard to say what's going on.

DR. LARRY KASKEL:

The hospital as one of the categories is kind of new to me. I didn't know they were getting into that, so are they doing it to funnel patients in their hospital or they are doing it for just brand-name recognition. What's their motivation?

TOM CHARLAND:

Well, I think their motivation is threefold.

DR. LARRY KASKEL:

Or they even keep their ER less chaotic?

TOM CHARLAND:

Well, that's not the biggest reason. I think the biggest reason is to anticipate that one of these big players like Minute Clinic in CVS stores or Take Care in Walgreen stores might come to town and so they are trying to neutralize the competition before it happen keeping in mind that they have a very strong and trusted brand, so if they were to work with their physician groups and some of them are employed, some of them are affiliated and do a partnership with a local retailer under their brand you could see where the public would find this very convenient. It's under a trusted brand that they have already worked with and they essentially just extend their EHR, the electronic health record system right into those clinics, I think that it's a very smart strategy and I think we are going to see a lot of hospital systems across the country get into this business.

DR. LARRY KASKEL:

Tom, 20 years ago, I was a resident and I did some moon lighting in what was called a doc-in-the-box and those things didn't make it. So, I am wondering what has changed in 20 years that now they are going to survive and thrive.

TOM CHARLAND:

Well, the doc-in-the-box is, as I understand them, I never really studied them completely, but they had a pretty wide scope.

DR. LARRY KASKEL:

Right we could do anything and they were paying the doctor a lot.

TOM CHARLAND:

Yes, so they were physician based. They had x-ray, so, it was for injuries, it was for episodic illnesses, it was for just about everything. These clinics by contrast have a relatively limited scope and that scope is focussed on 5 of the most common episodic illnesses that create a lot of stress in family and those would be sore throats where people are looking for a strep test, ear pain, so usually a pediatric otitis media, urinary tract infections which create a lot of pain and discomfort, sinus infection which also create a lot of pain and discomfort, and pink eye which you know the daycare calls and says come your kids, they have pink eye and they can't come back for 24 hours. You know all of which creates chaos in this dual-income families where both parents are working and the kids are scheduled up to >with sports and school and everything else. So, that's what drives these clinics, and so long I think as they continue to focus on that area, they will be successful.

If you just tuned in, you are listening to the Clinicians Roundtable on ReachMD, The Channel for Medical Professionals. I am Dr. Larry Kaskel and my guest today is Tom Charland, CEO of Merchant Medicine, consulting from specializing in retail and onsite health clinics, and we are talking about the current status of retail health clinics in United States.

DR. LARRY KASKEL:

Tom, you mentioned the five things that they see these clinics for and many of them don't need any antibiotics. They just need time to go away and so I am wondering if there is a lot of extra excessive antibiotic prescriptions being written unnecessarily? Can you comment on that?

TOM CHARLAND:

I think where that is possible are things where it is purely a subjective judgment.

DR. LARRY KASKEL:

For your know sinus infections are historically 98% viral, but yet everybody gets an antibiotic and pink eye is a virus and everybody gets antibiotic eye drops, its crazy.

TOM CHARLAND:

Yes, same with ear infections, you know the American Academy of Pediatrics came out with new guidelines there as well, you know, and its not just these retail clinics, it's everywhere we are seeing over prescribing and its why I would applaud the American Academy of Pediatrics for coming out with those new guidelines to point out that the vast majority of the cases are viral.

DR. LARRY KASKEL:

Let's talk a little bit more about the hospital models. Are they teaming up with the Wal-Mart or the Targets, or they are kind of doing their own thing?

TOM CHARLAND:

Wal-Mart's stated approach is to team with hospitals. They started out with an announcement back in April of 2007, that they were going to open 400 of these retail clinics. At that time, they had 76 already and then that didn't seem to work out really well and they followed it up with another announcement in February of this year that they were going to focus more exclusively on opening with hospital system and that haven't happened yet either. So, in terms of hospital systems in Wal-Mart, I am somewhat skeptical because I haven't really seen much come out of Wal-Mart. On the other hand across the country we see hospital system teaming up more with either local retailers and then the one retail pharmacy, National Retail Pharmacy I see getting into this business is Rite Aid is doing quite a bit with local hospitals across the country, probably the best examples we have are Sutter in Sacramento, MultiCare in Tacoma, and there is another one in the San Diego area as well. Their Rite Aid is partnering and I think we would probably going to see them open in the Baltimore area with another hospital system as well, and then apart from that we are seeing hospital systems partner with the regional grocery chain, so, I think we are going to see more and more of this, and in terms of who the retailer is its going to be different in every case.

DR. LARRY KASKEL:

Is there any way to track the care that is given between a hospital-owned model versus a private investor owned models? The EHR I would imagine are hopefully linked up with the hospital?

TOM CHARLAND:

Yes, in fact that's one of the reasons that I am bullish on this hospital model both from a continuity of care point of view and from an economic point of view is that you can deliver much better care when you are linked. So, for example, Sutter is teaming with their physician group when they see someone who comes into a retail clinic because I could not get in to see their physician, the physician extender has their record right there and can see, for example, if they are due for a certain kind of vaccination, if they are diabetic, if they are due for some kind of assessment or screening for A1c, for example, they can do that right on the spot, enter it into the EHR so the next time the physician takes a look at that record they can see that was completed. So I think in the area of chronic illness, chronic disease management, there is a huge opportunity for these hospital systems to have order of magnitude improvement on some of the NCQA HEDIS scores.

DR. LARRY KASKEL:

So, what happens when one time you take your son to Ready Clinic, another time you take your son to a Wal-Mart Clinic, and those two EHRs do not speak to each other? Are we going to see some sort of unification in the future where everybody can talk to everybody?

TOM CHARLAND:

I don't think that's going to come quickly. The only initiative that I have some hope that might bring us to that is the Google Health Initiative, which essentially goes directly to the patient and says you maintain your health records, you bring it, and you make that portable for every visit. I think more likely what is going to happen is people will figure out that there is value to the medical home, there is value to an EHR and a record and that's where I think these hospital systems have the opportunity to educate patients about the importance of the medical home, but at the same time create more access through branded retail clinic.

DR. LARRY KASKEL:

Tom, can you comment a little bit on what's happening in Minnesota, I know the Blue Cross Shield there is actually waving the co-payment if their patients seek treatment at a retail health clinic. Is that growing trend and is it legal and is it even fair?

TOM CHARLAND:

Well, if the trend in Minnesota and I don't know that it's something that is going to translate nationally. I was with Minute Clinic from the early days right until we formed the CVS partnership and was involved in going out to some of the new markets across the country, and I just found Minnesota is different and it's different primarily because employers were more progressive here and they are more aggressive about costing and they have figured out here that visits to these retail clinics are less expensive than a visit to a regular doctor's office or an urgent care center.

DR. LARRY KASKEL:

Tom, how did you get into this initially?

TOM CHARLAND:

Well, the funny thing is that I am the son of a pharmacist and my dad's pharmacy had a doctor's office adjacent to it and Dr. Spencer used to have his patients sit at the pharmacy coffee counter and he would call over and let people know that he was ready for them, so they weren't just sitting down on a bench with amongst other sick people. From that day, I have always been interested in this. I came into health care through technology and was recruited into Minute Clinic to help them with their strategy and business development, and so I kind of have the right combination of backgrounds to get into it.

DR. LARRY KASKEL:

As you mentioned that why is it that pharmacies can employ physicians or actually own a physician, but the physician cannot own a pharmacy?

TOM CHARLAND:

This is a good question and my answer is going to sound sarcastic, but the truth of the matter is they can't, but what they do is hire lawyers to create entities that essentially are separate enough to be able to pull it off and these companies that are doing this are very, very large and they have vast numbers of lawyers who can defend their actions and I think the truth of the matter is that your family practice office could have a pharmacy if they had the kind of financial resources to hire lawyers and big law firms and defend their actions, but they don't. You know, that is unfortunate that you have this situation, I think it is another reason why insurance companies have gotten so big and have so much leverage over smaller practices as well as that they just got the legal resources and the ability to defend their actions.

DR. LARRY KASKEL:

Well, on that note, Tom Charland, thank you very much for talking with me today.

TOM CHARLAND:

Thanks for having me.

My guest was Tom Charland, the CEO of Merchant Medicine, which is a consulting firm that specializes in retail and on-side health clinics, and we were discussing the status of retail health clinics in United States. I am Dr. Larry Kaskel. If you would like to comment or make any suggestions on our shows, please visit our website at www.reachmd.com and thanks for listening.

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