The Doctor Will See You in a Minute: A Study of the Rising Relevancy of Retail Clinics and its Implications on Traditional Health Systems

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Abstract

Background: Traditionally, the healthcare market has been constructed in such a manner that can most aptly be described as “business-to-business”. Given that employer-based coverage has been the most common source of insurance in years past, most of the interaction has taken place between employers, providers, and insurers. Upon studying this model, however, one may conclude that a significant fourth party is practically left in the dark throughout this process – that party, of course, is the consumer. As technology has advanced, the consumer has grown more and more aware of vital pieces of information, including insurance costs and benefits, that allow them to take matters into their own hands. With the advent of the Internet, consumers now have access to tools that allow them to compare health insurance packages, thus presenting them with the opportunity to choose the health plans that fit their budgets. Recent trends indicate that employers are more likely to offer their employees defined contributions in an attempt to limit the amount of money spent on employee coverage.¹ This model essentially labels the employee as the middle man – the employer provides the employee with a fixed amount of money that is designated for health insurance, thus presenting the employee with the opportunity to purchase insurance through public or private exchanges with corporate funding. As the role of the consumer has steadily risen, so too has the relevance of retail health clinics. Pharmacies and retail stores (CVS, Walgreens, Walmart, etc.) have promoted these clinics as affordable and convenient alternatives to physician’s offices and urgent care centers. The new “direct to consumer” approach, along with the surging popularity of retail clinics, has led to the “retailization” of the healthcare market.

Objective: The primary purpose of this research study was to analyze the mutable nature of the healthcare system, specifically as it relates to retail health clinics. What defines a “retail” market? In what ways have the retail market affected “traditional” health systems (physician’s offices, urgent care centers, etc.)? What courses of action are physicians taking in an attempt to adapt to the changing market?

Research

According to the United States Department of Commerce, more than 55% of the insured population received healthcare coverage through an employer in 2011.² However, S&P Capital IQ projects that nearly 90% of S&P 500 companies who currently provide health insurance for their employees are expected to alter their coverage plans by 2020.³ A number of inferences can be drawn from this projection, both in terms of how it will affect the employer and the impact it will have on the individual consumer. From an economic perspective, it is logical to conclude that this dramatic shift will save the companies a great deal of money that would otherwise be spent on employee coverage – in fact, the study projects that S&P 500 companies will save a combined $700 billion through 2025.⁴ Consequently, those who were previously covered directly through their employers will seek federally funded insurance through either public or private exchanges. What is the driving force behind such dramatic changes over a relatively short period of time?

First and foremost, the significance of the aging demographic cannot be overlooked. According to a study conducted by the Pew Research Center, about 10,000 baby boomers will turn 65 every day for the next 15 years.⁵ With more and more people qualifying for Medicare coverage, the gravitation toward federally funded insurance should not come as a surprise. Price transparency must also be considered a significant factor. Gone are the days in
which the consumer blindly follows the lead of the employers and insurance providers. With every passing year, consumers grow more and more aware of insurance costs and benefits – hence their new label as “retail shoppers”. Consumers now have access to healthcare comparison websites (Walmart’s “Healthcare Begins Here”) that are designed to educate the public about which healthcare package is best suited for their individual needs. Simple Google searches allow for consumers to compare healthcare services in terms of cost, quality, and convenience. For example, Castlight Health provides consumers with an interactive map that displays the stark difference in price from one health service to another. With a few simple clicks, a Southern California patient can learn that a lower back MRI in Sacramento can cost up to $2,635, while the same procedure in Fresno costs only $676. That’s a difference of $1,959 separated only by a manageable drive.\textsuperscript{iii}

The retailization trend can also be accredited to the sheer number of people who have been added to the healthcare market as a result of the Affordable Care Act’s individual mandate. Roughly 10 million people entered the healthcare fray since implementation of the ACA – for the sake of comparison, 49.9 million Americans were uninsured in 2010, the year the ACA was passed. The rate of primary care physicians is seemingly unable to keep pace with the surging number of insured Americans – a Health Affairs study recently projected that there would be a shortage of anywhere from 35,000 to 44,000 primary care physicians by the year 2025. Not coincidentally, the public’s dependence upon nurse practitioners and physician assistants has increased as PCPs have become increasingly difficult to access.\textsuperscript{iv}

Retail health clinics have experienced a spike in relevancy that is consistent with the fast-growing, increasingly cognizant consumer market. Typically staffed by nurse practitioners and physician assistants, retail clinics cater to those who seek affordable, convenient care without sacrificing quality of service. Retail clinics have seen a surge in popularity in recent years - CVS MinuteClinics, for example, have provided care for over 25 million patients since the clinic’s inception in 2000. The true strength of the retail clinic, however, does not lie solely in the sheer number of patients – those who have been treated at a MinuteClinic have responded with a resounding 95% approval rating, which suggests that CVS delivers perceived quality care in addition to convenience and low cost.\textsuperscript{viii}

A number of studies have been conducted in order to weigh the difference in cost, quality, and convenience between retail clinics and other health services. One such study, titled “Physician Office vs. Retail Clinic: Patient Preferences in Care Seeking for Minor Illnesses” sought to compare patient’s experiences at retail clinics and physician’s offices through two major categories: cost and patient wait time. The researchers presented the respondents with four points of consideration, with two options for each: price ($59 or $75), wait time (same day or wait 1+ days), care setting/clinician combination (nurse practitioner at a retail clinic or a physician at an office), and type of illness (urinary tract infection or influenza). Each subject was presented with every combination of the aforementioned conditions, and asked how he/she would respond in each circumstance (would you go to a physician’s office for a UTI if it cost $75 and you had to wait more than one day?). Unsurprisingly, the researchers concluded that, if price and wait time were not considered, most would prefer to be treated by a physician as opposed to a nurse practitioner. However, the results indicated that the respondents would be willing to seek care at a retail clinic if they saved at least $31.42.

Researchers at Health Affairs have found that the average cost per visit at a MinuteClinic is $55 less than that of a physician’s office. Walmart employees can receive care at any Walmart health clinic for a mere $4. The results of these studies seem to indicate that most people would be willing to go to a retail clinic based on price alone. Furthermore, this study concluded that patient wait time is a significant consideration, as the respondents indicated that they would seek an alternate source of care if they had to wait more than one day.\textsuperscript{ix}

Another study conducted by the Annals of Internal Medicine collected data from enrollees of a Minnesota health plan in order to measure the cost and quality of care received at retail clinics compared to those of physician offices, urgent care centers, and emergency departments. Based on the data derived
from price receipts and quality indicators, the study determined that the overall costs were significantly lower at retail clinics ($110) than each of the other three settings ($166, $156, and $570, respectively). Patient reports were then used to gage the difference in care quality between retail clinics and the other settings. The results indicated that the patients did not sacrifice a great deal in terms of quality when treated by a nurse practitioner as opposed to a physician, as the quality rating for retail clinics (63.6%) was comparable to those at physician offices and urgent care centers (61.0% and 62.6%, respectively). As was the case in the previously analyzed studies, these researchers determined that retail clinic are far more price sensitive than the other health settings – however, this study confirms that one would not suffer in terms of quality of care if one were to visit a retail clinic for minor health concerns. Based on the data derived from price receipts and quality indicators, the study determined that the overall costs were significantly lower at retail clinics than each of the other three settings.³

Response

It is evident that the retail clinic serves as a primary competitor for physicians in the evolving healthcare market. It is the responsibility of the physicians, therefore, to determine ways in which they can market themselves as attractive an option as possible to the retail consumer. One such development is that of telehealth. Telehealth is the modern practice in which electronic means of communication are used in place of the traditional face-to-face interaction between physicians and patients. The principle purpose of telehealth services is to promote the qualities of retail healthcare that primary care centers previously lacked - namely, affordability and convenience – while maintaining the high level of quality that the public has come to expect of primary care physicians. According to a report conducted by the Georgia Public Policy Foundation, over 2 million patients are transported between emergency departments every year at a cost of $1.39 billion.⁴ Researchers at the Center for Information Technology Leadership sought to determine the economic impact telehealth services would have on such transportations; it was concluded that telehealth services could result in the prevention of over 850,000 unnecessary transportations, yielding a savings of $537 million per year.⁵ The benefits of telehealth services are not limited to savings in regards to emergency department transportations; researchers at Health Affairs compared the spending of critically ill Medicare patients who used some form of telehealth services to those who opted to receive strictly in-person care. The results indicated a significant reduction in spending for those who partook in telehealth services, as the subjects saved anywhere from $312 to $542.⁶

Lehigh Valley Health Network has emerged as a proponent of telehealth services in recent years, serving over 17,000 patients in 2013 alone. LVHN’s TeleBurn program uses cameras and mobile devices to deliver quality, affordable care to burn patients throughout Pennsylvania, New York, and New Jersey. While convenience is the primary benefit of the TeleBurn program (specialists can be accessed 24/7 via electronic communication), the program has also proven to be very cost effective, as those who do not require in-person care are saved a trip to the burn center. LVHN also offers TeleInfectious Disease services, which utilize videoconference technology to deliver care from ID specialists to 489 patients from April 2011 – August 2013. LVHN’s adaptations are not limited to telehealth services – the network recently implemented nine separate walk-in care sites, known as ExpressCARE, which provide care for minor injuries and common illnesses without an appointment. The recent developments of telehealth services and ExpressCARE clinics are indicative of the impact the “retailization” trend has had on the healthcare market.⁷
References


xi Bachman, R. (2015, January 9). Telehealth & Patient-Centered Care

