

# **Why Are Retail Pharmacy-Based Healthcare Clinics Growing?**

## **Profile**

The expansion of retail-pharmacy based clinics continues across the United States. CVS and Walgreens each operate several hundred units and have plans to open more. CVS in-store clinics go by the name “Minute Clinic”. Walgreens is rebranding their in-store units from “Take Care” to “Health Clinic”. Grocery chain Kroger and mass merchandisers Target and Walmart have in-store clinic initiatives underway but trail CVS and Walgreens in the number they operate. Walmart’s approach is to partner with local providers to provide their services in nearby Walmart stores. While Walmart’s growth of in-store clinics has not been comparatively robust, they have not indicated they have given up on the concept. Rite Aid operates their own variation of an in-store clinic through virtual means. Patients can engage a nurse or physician via Internet kiosk located in select Rite Aid stores in conjunction with Rite Aid’s partnership with NowClinic.

## **Primary Drivers**

There are four primary considerations as to why retail pharmacy-based clinics are so successful:

### **One - Payer Acceptance**

Health insurance and managed care plans have included in-store clinics in their approved provider networks which have proven to be a true catalyst in their growth. They were already working with the chain drugstores, grocers and mass merchandisers to dispense prescriptions for their healthcare/pharmacy benefit members. By building on this relationship, health plans and retailers were able to cultivate the in-store clinic concept further. Health plan beneficiaries would have more access to care at rates considerably cheaper than what is offered by emergency room visits. The rates are low enough to compete with what a physician’s office visit charges as nurse practitioners are typically the care professionals found at in-store clinics. Health plans and consumers save money and the retailers are able to draw more customers into their stores.

## **Two - Consumer Adoption**

Consumer/patient comfort and confidence level in getting quality care from in-store clinics continues to grow. Seeking care for basic health needs is not confined only to the conventional physician setting anymore and another alternative to using the emergency room is now an option for short-notice, acute healthcare needs. Localized convenience of multiple locations is another important reason for in-store clinic popularity. A cross-town trek to the doctor's office for a sore throat is no longer mandatory. If a prescription or OTC medication is needed, a separate trip to a pharmacy is not required. As more health insurance and managed care plans cover in-store clinic visits in their benefits, consumers are more willing to use them.

## **Three - Operator Investment**

Substantial resources have been deployed to grow in-store clinic business. Key considerations are competent staff, clean/contemporary patient care settings, selection of care services, carefully negotiated rates with health plans and easy access locations adjacent to large numbers of patients. In-store clinic operators have fortified their utility by gradually expanding the assortment of care services they offer. Seasonal, travel and booster vaccines are offered, as well as school physicals and other basic care services are featured to draw in a larger, wider variety of consumer/patient types.

## **Four - Market Conditions**

Consumers have always valued easier access to quality healthcare. Commuting, hectic schedules and other daily time management issues put greater emphasis/value on convenience. In-store clinics accept patients on a walk-in and appointment basis. Consumers benefit from the flexibility offered to frequent in-store clinics closest to home, schools or work.

Efforts to reduce healthcare spending continue to drive health plans to seek less expensive ways for their beneficiaries to receive care. While primary care physicians are still a core component of healthcare delivery, in-store clinics augment the options of sources for basic care and services not requiring the advanced levels offered by medical doctors.

Technology has been a great enabler of the in-store clinic concept. Point-of-care diagnostics provide timely information to guide providers. Immediate access to patient health plan eligibility is critical to provide on-demand care and facilitate reimbursement to the health care provider.

Further information sharing is required for the dispensing/billing of prescription and other care services; technology is the backbone to facilitate this quickly.

### **Looking Forward:**

In-store clinics, propelled by managed care/payer support, increasing consumer acceptance, assertive operator investment and favorable market conditions, have room to grow in numbers and services offered. We can expect to see in-store clinics further evolve as they cultivate more capabilities. More support for chronic care patients is underway with periodic diagnostic patient monitoring, blood draws for laboratory analysis and/or infusion center services are likely extensions of care clinics may offer.

The components of the traditional healthcare delivery model of physician offices and hospitals are still mainstays. Over the last couple of decades, a large collection of new healthcare delivery models have entered the marketplace. We can expect to see more healthcare operating entities develop and remarkable changes in healthcare delivery driven by the consumers/patients and payers of the marketplace.

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