

Building a Culture of Health

# The Value Proposition of Retail Clinics



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## Executive Summary

Retail clinics offer convenient, low-cost basic primary care treatment, screening and diagnostic services in a variety of settings. Increasingly, these clinics are an integral part of a U.S. health care system in the throes of massive change as payers and providers migrate toward Triple Aim goals of improved patient care, population health and reduced cost. Many retail clinics are adapting their offerings to provide basic chronic care management services and forming partnerships with area health systems in efforts to become better integrated with other community providers. Some retailers are leveraging other assets within their stores, including pharmacies and healthy foods, to create a package of enhanced services for customers and payers. A few retailers have gone a step beyond and are exploiting the enormous foot traffic they generate to offer additional services not traditionally found in their stores, including enrollment assistance and access to public nutrition programs.

As the role of retail clinics evolve they face a series of challenges and opportunities to integrate this business model into a health care system reconfiguring to advance Triple Aim goals and to contribute more broadly to a Culture of Health.

# The Retail Clinic Landscape

Retail clinics typically employ nurse practitioners (NPs) and physician assistants (PAs) to handle most patient interactions. Like many primary care providers, retail clinics are more prevalent in higher-income, urban and suburban areas, though they also can be found in rural and underserved communities. The majority of retail clinics accept commercial, Medicare and Medicaid coverage, and all accept cash payment regardless of insurance status.

The cost of providing care and treating patients has been found to be lower at retail clinics when compared to other settings. However, it remains unclear if retail clinics reduce the total cost of care by replacing other primary care encounters. And while some measures of performance indicate that the quality of care offered at retail clinics is comparable to other settings, there is less evidence of how clinics impact clinical outcomes.

To date, more than 100 partnerships between retail clinics and health systems have been formed, linking care between retail sites and primary care medical homes, expanding after-hours care options and enabling health systems to provide patients with alternatives to emergency departments (EDs). In fact, one study estimated that up to 27 percent of ED visits could be handled appropriately at retail clinics and urgent care centers, offering cost savings of \$4.4 billion per year. The full benefit of these partnerships can only be realized when care is coordinated, protocols are adopted, and information systems are effectively linked. The reach and effectiveness of retail clinics can be constrained by varying and restrictive state scope-of-practice rules that increase the administrative costs of retail clinic operators and limit their practitioners' scope of services. Health system partners have helped resolve some of these issues by providing physician oversight, though that can add to overhead and cost.

Increasingly, retailers are bundling clinic services with pharmacy, nutrition, lifestyle and obesity management programs to deliver more comprehensive offerings. The business case for providing those services can be compelling, especially when they are aligned with incentives from payers. Finally, the astonishing foot traffic that these retailers generate can serve as a platform for offering services not traditionally delivered in retail setting, such as enrollment assistance for public or private coverage, nutrition and housing support.

Retail clinics have demonstrated that their value proposition in a Culture of Health is convenient, low-cost, transparent and accessible routine primary care. To the extent they are able to coordinate care with health system partners, their value will be further enhanced. Additional research is warranted to examine the expanded role retail clinics can play in supporting public health initiatives, the benefits of tightly coupling and bundling services that better leverage retailer assets, and how stronger ties to a range of services not widely accessible through retailers that address underlying social determinants of health can be created and sustained.

## Recommendations for Optimizing Value and Advancing a Culture of Health

- **Integrating into the delivery system**, through better linkages between retail clinics and health system partners.
- **Measuring and reporting the quality of the care** using a more complete set of clinical outcome measures that assesses performance against other primary care providers.
- **Improving access in underserved communities**, through partnerships between municipalities and state governments to open new retail stores with clinics in disadvantaged areas.
- **Providing services to young children** by removing obstacles preventing the appropriate administration of vaccines and provision of routine primary care in retail clinics to children over 18 months.
- **Standardizing scope of practice** rules for NPs and PAs and removing restrictions that prevent NPs and PAs from practicing to the full extent of their license and training.
- Requiring Medicare and all other payers to reimburse retail clinics for **appropriate telehealth services**.
- Examine more expansive roles retail clinics can play in **supporting public health and emergency response efforts**.
- **Making the business case** to payers to broaden and bundle services.
- **Researching the business case for** a broader range of services including insurance enrollment assistance and access to nutrition, housing and other programs.

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## ABOUT THE AUTHORS

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