

## REPORT OF THE COUNCIL ON MEDICAL SERVICE

CMS Report 5 - A-07

Subject: Update on Store-Based Health Clinics

Presented by: William A. Dolan, MD, Chair

Referred to: Reference Committee G  
(Steve Kanig, MD, Chair)

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1 At the 2006 Annual Meeting, the House of Delegates adopted as amended the recommendations in  
2 Council on Medical Service Report 7 (A-06), "Store-Based Health Clinics." The House of  
3 Delegates also requested the AMA to continue to monitor the effects of store-based health clinics  
4 on the health care marketplace, and report back to the House.

5  
6 As noted in CMS Report 7 (A-06), the market response to store-based health clinics is partly  
7 attributed to a segment of the population that increasingly values convenience in accessing health  
8 care services. For physicians, store-based health clinics may raise concerns about the impact on  
9 their practices, the potential interruption of the physician-patient relationship, and a possible  
10 reduction in coordination of care for patients. Council on Medical Service Report 7 (A-06)  
11 concluded that the most effective course of action for the AMA was to advocate the adoption of the  
12 recommendations in the report, which established a series of key principles to guide in the  
13 establishment and operation of store-based health clinics (Policy H-160.921, AMA Policy  
14 Database).

15  
16 This report highlights the store-based health clinic market and its projected growth in the US;  
17 summarizes recent consumer trends; elaborates on changes physicians have made to their practices  
18 in order to compete with store-based health clinics; summarizes policy and actions of the AMA,  
19 and other professional organizations; and reviews recent state legislative activities in response to  
20 these clinics.

### 21 22 THE MARKET FOR STORE-BASED HEALTH CLINICS

23  
24 In 2006, there were more than 200 store-based health clinics nationwide. The California  
25 Healthcare Foundation (CHCF) found that approximately 13 companies have contracted with  
26 various retailers in the US to develop store-based health clinics. An additional 1,000 store-based  
27 health clinics are projected to open by the end of 2007. MinuteClinic, RediClinic, and Take Care  
28 Health Systems continue to be among the top industry leaders of store-based health clinics.

29  
30 MinuteClinic was the industry pioneer incorporated nearly seven years ago, and now has more than  
31 150 clinics in 26 cities. In 2006, MinuteClinic was acquired by CVS Corporation. Accordingly,  
32 the majority of MinuteClinics are now housed in CVS pharmacies. MinuteClinic plans to open  
33 300-500 more clinics in the next two to four years. MinuteClinic is an in-network provider for  
34 nearly 40 regional and national insurers, and accepts Medicare and Medicaid patients. This  
35 company reports that approximately 20% of its patients are uninsured. These clinics also offer a 24  
36 hour hotline for any follow-up questions patients may have after their visits.

1 Take Care Health Systems (“Take Care”), operates the majority of its 42 “health corner clinics” in  
2 Brooks Eckerd Pharmacies and Walgreens. The new partnership with Walgreens has rapidly  
3 expanded the growth of Take Care in the past year. These clinics are located in the Kansas City,  
4 St. Louis, Pittsburgh, and Chicago areas. Take Care plans to open 200 more stores in 2007, and  
5 have nearly 1,000 clinics open by 2009. Take Care is an in-network provider for about ten health  
6 insurers, and accepts Medicaid and Medicare patients.

7  
8 RediClinic has 29 clinics in five states, and are located in Wal-Mart, H-E-B, and some Walgreens  
9 stores. Aetna, Humana, and UnitedHealthcare insurance cover RediClinic visits. Wal-Mart stores  
10 report that between 25% and 40% of their clinic visitors are uninsured.

11  
12 Amidst the continued growth of store-based health clinics, one company, California-based  
13 Wellness Express, closed its stores last year. Wellness Express reported that it was unable to raise  
14 sufficient funds from venture capital firms in order to sustain operations. In addition, Take Care  
15 closed about 10 clinics in 2006 in the Portland, Oregon area. Take Care concluded that the market  
16 response to store-based health clinics was low in Portland.

#### 17 18 CONVENIENT CARE ASSOCIATION

19  
20 In September 2006, a trade organization, the Convenient Care Association (CCA), was created in  
21 order to enable store-based health clinics to share best practices, establish common standards of  
22 operation, and develop professional relationships with the medical community and health care  
23 providers. In addition, the CCA has established a Clinical Advisory Board to provide input and  
24 guidance on the creation of national, industry-wide quality standards for store-based health clinics.  
25 Some standards may include peer and physician review, and the collection of patient outcomes and  
26 satisfaction at store-based health clinics. Currently, there are 18 CCA members, including  
27 RediClinic and Take Care. CCA’s board president is Hal Rosenbluth, the co-founder of Take Care.  
28 In 2007, CCA is planning to recruit health care leaders to join the CCA's Clinical Advisory Board.

#### 29 30 RECENT SURVEYS

31  
32 In January 2007, Forrester Research published a survey of nearly 11,000 households on the  
33 public’s perception, and the use of store-based health clinics. Of those responding to the survey,  
34 only 3% of the respondents had visited a store-based health clinic. Forrester Research found that  
35 store-based health clinic visitors generally are younger than non-visitors, more affluent, and more  
36 likely to have children. There was no significant difference in health status and the likelihood of  
37 having commercial health insurance between visitors and non-visitors.

38  
39 The survey found that convenience was the main motivating factor for people to visit store-based  
40 health clinics rather than improved quality of care. The top reasons for visiting a store-based health  
41 clinic were convenient hours of operation (56%), convenience of the location (48%), and longer  
42 wait times for an appointment with a health care provider (28%). Only 9% of respondents visited a  
43 store-based health clinic because other options for receiving health care services were more  
44 expensive. Few visitors reported that customer service was better at store-based health clinics  
45 (15%), or that store-based health clinics offer a better value than a typical doctor office visit (14%).  
46 Nevertheless, 55% of the respondents who visited a store-based health clinic reported that they  
47 were very likely to use a clinic again in the future.

1 A February 2007 survey, conducted by *Consumer Reports*, surveyed patients and doctors on their  
2 satisfaction rates (e.g., access and compliance) with one another. The top patient complaints about  
3 doctors were the time spent in the waiting room, with nearly one in four patients (24%), reporting a  
4 wait of 30 minutes or longer, and difficulties scheduling an appointment within a week (19%). It is  
5 these types of patient complaints that may attribute to the increased interest in store-based health  
6 clinics.

7  
8 PHYSICIAN RESPONSE TO STORE-BASED HEALTH CLINICS

9  
10 Some physicians have responded to store-based health clinics by becoming more competitive and  
11 making changes to their practices, such as extending their office hours and forming their own  
12 clinics.

13  
14 Physicians and Clinics

15  
16 Some physicians have begun to compete with store-based health clinics by owning and operating  
17 them, and in some cases staffing the clinics with physicians. Physician compensation for working  
18 with store-based health clinics varies, with some physicians receiving hourly fees and others being  
19 paid through their employer (e.g., medical group). Solantic is staffed and owned by physicians,  
20 who are on-site at the clinic at all times. Located throughout Florida, Solantic has clinics located  
21 inside retail stores and also freestanding clinics. Within three days of the visit, Solantic patients  
22 receive a follow-up call from the clinic to check on their condition.

23  
24 QuickHealth, headquartered in Burlingame, California, has six clinics in the Bay Area and Fresno  
25 and plans to open about 30 more clinics by the end of the year. QuickHealth is unique from several  
26 of its competitors in that it targets the uninsured and underinsured and is staffed by physicians,  
27 nurses, and medical assistants that work for the QuickHealth Medical Corporation. Health  
28 insurance is not required at QuickHealth locations. A standard visit costs \$39, and additional  
29 services and tests are available at a higher cost.

30  
31 NOW Medical Centers, known as both NOW Express Care and NOW Urgent Care, are modeled  
32 after the convenience of store-based health clinics (e.g., no appointments, open seven days a week).  
33 NOW Urgent Care clinics offer physician access onsite and NOW Express Care satellite centers  
34 have nurse practitioners (NPs) onsite with physicians on call. Currently, there are 13 clinics  
35 located in the Twin Cities, and St. Louis. NOW Medical Centers has partnered with Cub Foods,  
36 and the SUPERVALU Corporation, a former partner of MinuteClinic, and plans to open clinics in  
37 Chicago, Milwaukee, Philadelphia, and other cities.

38  
39 ProHealth Physicians is another medical group owned and operated by physicians. Based in  
40 Connecticut, ProHealth is a collaboration of nearly 200 private practice physicians and has the  
41 largest group of primary care physicians in the state. In 2006, ProHealth opened a walk-in clinic  
42 named MedAccess, and plans to open six more clinics in Putnam Price Chopper grocery stores.  
43 MedAccess has physicians on staff along with NPs and physician assistants (PAs), who are all a  
44 part of ProHealth Physicians. MedAccess accepts health insurance, and uninsured patients  
45 reportedly are charged a flat fee of \$45. In comparison to other store-based health clinics,  
46 ProHealth believes that its clinic will better protect the physician-patient relationship, since  
47 ProHealth has professional associations with local hospitals, specialists, and physician groups for  
48 patient referrals.

1 TransforMED

2  
3 In response to the changing health care environment and the emergence of store-based health  
4 clinics, the American Academy of Family Physicians (AAFP) has developed a national practice  
5 redesign initiative entitled TransforMED, Empowering Medical Practices, to improve physicians'  
6 office efficiency and patient care. Based upon the recommendations of the Future of Family  
7 Medicine's report, the focal point of this initiative is the medical home model. TransforMED also  
8 attempts to demonstrate how physicians can adapt to the emergence of store-based health clinics.  
9 For example, core components of TransforMED are patient-centered care, eliminating scheduling  
10 and communication barriers, using advanced database information systems, and redesigning a more  
11 functional office. Many of these components are achieved through open access scheduling, online  
12 appointments, electronic medical records, and outcomes analysis. With open access scheduling,  
13 patients are seen on the day they call for an appointment regardless of the reason for their visit. For  
14 example, some physicians have expanded their walk-in hours for patients during the patient's lunch  
15 hour and postponed some tasks (e.g., hospital rounds) until later in the day. TransforMED's goals  
16 are to empower physicians to provide comprehensive and accessible services to their patients on an  
17 ongoing basis.

18  
19 RELEVANT AMA POLICY

20  
21 It is AMA policy (H-160.921[1]) that any individual, company, or other entity that establishes  
22 and/or operates store-based health clinics should adhere to the following principles:

- 23
- 24 • Store-based health clinics must have a well-defined and limited scope of clinical services,  
25 consistent with state scope of practice laws.
  - 26
  - 27 • Store-based health clinics must use standardized medical protocols derived from evidence-  
28 based practice guidelines to ensure patient safety and quality of care.
  - 29
  - 30 • Store-based health clinics must establish arrangements by which their health care practitioners  
31 have direct access to and supervision by MD/DOs, as consistent with state laws.
  - 32
  - 33 • Store-based health clinics must establish protocols for insuring continuity of care with  
34 practicing physicians within the local community.
  - 35
  - 36 • Store-based health clinics must establish a referral system with physician practices or other  
37 facilities for appropriate treatment if the patient's conditions or symptoms are beyond the scope  
38 of services provided by the clinic.
  - 39
  - 40 • Store-based health clinics must clearly inform patients in advance of the qualifications of the  
41 health care practitioners who are providing care, as well as the limitation in the types of  
42 illnesses that can be diagnosed and treated.
  - 43
  - 44 • Store-based health clinics must establish appropriate sanitation and hygienic guidelines and  
45 facilities to insure the safety of patients.
  - 46
  - 47 • Store-based health clinics should be encouraged to use electronic health records as a means of  
48 communicating patient information and facilitating continuity of care.

- 1 • Store-based health clinics should encourage patients to establish care with a primary care  
2 physician to ensure continuity of care.

#### 3 4 AMA AND FEDERATION ACTIVITIES

5  
6 Since the establishment of the principles contained in Council on Medical Service Report 7 (A-06),  
7 the AMA and the Federation have been engaged in a number of activities related to store-based  
8 health clinics.

#### 9 10 Co-payments and Store-Based Health Clinics

11  
12 In June 2006, a letter from the AAFP Board Chair to the Chief Executive Officer of Blue Cross  
13 Blue Shield of Minnesota (BCBS MN) voiced concerns regarding financial incentives given to  
14 patients that visit store-based health clinics. Currently, BCBS MN reduces or waives co-payments  
15 when patients visit store-based health clinics. In the letter, the AAFP encouraged BCBS MN “to  
16 establish co-payment rates that are the same whether the patient seeks care from their family  
17 physician/personal medical home or a retail clinic.” The AAFP opposed the insurer’s policies  
18 since it unfairly incentivizes patients to visit a store-based health clinic rather than a physician’s  
19 office.

20  
21 The AMA received a letter from the President of the Medical Association of the State of Alabama  
22 (MASA) raising similar concerns regarding the recent trend of insurers waiving co-payments for  
23 patients who use store-based health clinics. The AMA concurred with the concerns raised by  
24 AAFP and the MASA.

#### 25 26 Wal-Mart Retail Health Clinic Summit

27  
28 In August 2006, the AMA, AAFP, American Academy of Pediatrics (AAP), and the American  
29 Academy of Nurse Practitioners (AANP) met with several store-based health clinic representatives  
30 at the Wal-Mart Retail Health Clinic Summit in Bentonville, Arkansas. At the summit, the AAFP  
31 acknowledged the competitive aspect of the business, noting that many physicians have responded  
32 to these clinics by offering open access scheduling to provide convenience to patients. The AAFP  
33 discussed the establishment of some form of recognition given to store-based health clinics that  
34 adhere to the medical association’s principles. Since the summit, the AAFP has worked  
35 proactively with store-based health clinics to develop an “Agreement in Support of Desired  
36 Attributes.” According to the AAFP, this agreement does not make the AAFP an “endorser” of  
37 store-based health clinics, but indicates an agreement between the clinic and the association’s  
38 guidelines on how a store-based health clinic should operate. To date, the AAFP has worked  
39 independently of other medical associations, and three store-based health clinics have signed on to  
40 AAFP’s policies and by doing so pledge to support and comply with AAFP’s desired store-based  
41 health clinic attributes.

#### 42 43 AAP Policy on Store-Based Health Clinics

44  
45 The AAFP, the American College of Physicians (ACP), and the AMA have developed similar  
46 principles to help facilitate the operation of store-based health clinics. In contrast, the AAP issued  
47 a policy statement in September 2006, that opposes store-based health clinics as an appropriate  
48 source of medical care for infants, children, and adolescents. The AAP believes that health care  
49 issues for children are distinct from adults, since child health is marked by developmental

1 milestones, and each visit allows parents and physicians the opportunity to talk about expectations  
2 and healthy choices. The AAP’s opposition to the use of store-based health clinics is also based  
3 upon the belief that these clinics do not fit the “medical home” model. In addition, the AAP  
4 believes that store-based health clinics may increase the fragmentation of patient care; and threaten  
5 the provision of episodic care to children with special health care needs and chronic conditions,  
6 which may not be readily identifiable within this health care delivery model. At the same time, the  
7 AAP acknowledged that these clinics have already emerged and could potentially expand in the  
8 current health care market. Therefore, the AAP released five principles to guide store-based health  
9 clinics:

- 10 • Support the medical home model;
- 11 • Ensure prompt communication with a physician;
- 12 • Use evidence-based medicine;
- 13 • Take necessary precautions to prevent contagious diseases; and
- 14 • Oppose the waiving/lowering of cost-sharing for patients that visit store-based health clinics.

#### 21 STATE LEGISLATIVE ACTIVITIES

22  
23 The AMA Advocacy Resource Center continues to track state legislative activities and provisions  
24 that may affect the implementation and operation of store-based health clinics. Currently, several  
25 states have bills pending in their legislatures on the regulation of store-based health clinics. The  
26 following are highlights of some recent state laws.

- 27 • California—Store-based health clinics are required to be a part of a medical corporation owned  
28 by a physician. The medical corporation is required to hire the medical staff (e.g., NPs and  
29 PAs), in comparison to store-based health clinics (e.g., MinuteClinic) hiring the medical staff.
- 30 • Florida—Health care practitioners are required to wear a name tag or orally explain to patients  
31 which license they hold. Another law requires a sign to be posted at clinics notifying patients  
32 whether or not a physician is on-site. Also, if a patient has a choice to be seen by a physician  
33 or NP, the law mandates that a patient be given the choices in writing.
- 34 • Missouri—Store-based health clinics must have a physician immediately available for  
35 consultation at all times. An NP and a physician must work together for at least 30 days prior  
36 to the NP practicing separately, including at a store-based health clinic location.

#### 41 DISCUSSION

42  
43 Since the development of Council Report 7 (A-06), the market for store-based health clinics has  
44 continued to grow and receive media attention. In the last year, at least an additional 100 clinics  
45 have opened, with many more clinics projected to open in the next few years. At the same time,  
46 some store-based health clinics have faced difficulties and closed. Store-based health clinics can  
47 help patients receive quick access to a medical professional when they cannot schedule a same day  
48 appointment with their physician. Within the context of a pluralistic market-based system, those

1 who value convenience in accessing health care services may choose store-based health clinics—  
2 just as others may choose services provided by concierge physician practices.

3  
4 Some physicians have responded to the emergence of store-based health clinics by extending their  
5 office hours and forming their own clinics. Physician-owned store-based health clinics are able to  
6 offer patients immediate access to a physician, additional physician oversight, a larger network of  
7 specialists, and access to local hospitals. Physician collaboration with store-based health clinics  
8 enable physicians to expand their practices, establish a “medical home,” and better ensure that  
9 patients are receiving follow-up care when necessary. For example, the AAFP initiative,  
10 TransforMED, has helped physicians make their practices more efficient and accessible to patients  
11 with open access scheduling and better functioning office designs. The Council encourages  
12 physicians to continue to work to change their own practices to become more accessible to their  
13 patients.

14  
15 Consistent with the approach taken by several national medical societies, the Council continues to  
16 believe that the most effective course of action for the AMA is to advocate that store-based health  
17 clinics adhere to the guidelines adopted by the House of Delegates. In light of recent reports that  
18 some health insurers waive and/or lower co-payments for patients who seek treatment at store-  
19 based health clinics, the Council recommends amending Policy H-160.921 to add a principle  
20 prohibiting this practice. These financial incentives may inappropriately steer patients to these  
21 clinics primarily on the basis of cost rather than quality of care. The Council will continue to track  
22 emerging issues related to store-based health clinics, as appropriate.

23  
24 RECOMMENDATIONS

25  
26 The Council on Medical Service recommends that the following be adopted and the remainder of  
27 this report be filed:

- 28  
29 1. That Policy H-160.921 be amended by addition of the following:  
30  
31 (3) Health insurers and other third-party payers should be prohibited from waiving and/or  
32 lowering co-payments only for patients that receive services at store-based health clinics.  
33 (Modify HOD Policy)  
34  
35 2. That our AMA continue to monitor store-based health clinics, and report back to the House of  
36 Delegates as appropriate. (Directive to Take Action).

References for this report are available from the AMA Division of Socioeconomic Policy  
Development

Fiscal Note: No Significant Fiscal Impact