Retail Health Clinics: Innovative Healthcare Delivery Model for Payors, Health Plans, and Patients

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This Executive Summary provides insights into evolving retail health clinic models, including a discussion of how these provider groups can help to fulfill payors’, health plans’, and patients’ imminent needs for accessible, high-quality and lower-cost basic healthcare services. This is not an in-depth discussion of all the intricacies of retail clinics, but rather a brief overview to introduce the reader to some of the common attributes of retail clinics and key considerations for payor contracting with retail clinics.

In this Executive Summary, we touch on three major concepts: first, we provide some background on retail clinic providers, including insight into who they are and how they can be structured; second, we discuss some of the advantages that retail clinics can provide for payors, health plans, and patients; and third, we discuss some of the key contracting issues to consider in a payor-retail clinic network agreement.

Background—The Who, What, Where, and When of Retail Clinics

Who Are the Providers?

The term “retail clinic” is a reference to a provider or group of providers who treats patients at a convenient retail setting, such as a grocery store or retail pharmacy location. As of January 1, 2013, there were approximately 1,418 retail health clinics in the United States, affiliated with or operated by approximately 98 different business
groups, located in 39 different states.¹ One retail clinic consulting firm reports that the model has been in existence for more than 13 years and that there are now 40 different retailers hosting these clinics across the country, either through direct ownership or lease agreements.² These clinics are typically staffed by physicians, nurse practitioners, or physician assistants who provide services within the scope of their licensure and training. The scope of services offered may vary, depending on the services the clinic operators and providers have elected to make available. In some instances, the providers may enter into a management agreement with another company to provide administrative services, such as human resources support and credentialing and billing services, among other management functions.

**What Are the Services?**

Retail clinics often provide basic healthcare services, including treatment for common illnesses, administration of vaccines, and wellness services such as health risk assessments, blood pressure readings, body mass index measurements, and patient counseling.³ The role of retail clinics throughout the country is continually advancing.⁴ Retail clinics are increasingly helping to fill the primary care void with new and expanded services that were not offered five years ago.⁵

**Where Are Retail Clinics Located?**

With patient convenience being one of the major benefits of retail clinics, location is key. Patients want easy access, so it should come as no surprise that retail clinics are often located inside or next to businesses with a regional or national presence. Generally,

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¹ Telephone Interview with Tom Charland, Chief Executive Officer, Merchant Medicine LLC, (Jan. 17, 2012).
² *Id.*
³ *Id.*
⁵ *Id.*
these businesses have already strategically identified convenient and accessible locations and attract consumers and patients in their own right. From grocery stores like Safeway and Kroger, to big-box retailers like Walmart and Target, to retail pharmacies like Walgreens and CVS, retail clinics will generally be found in convenient and accessible locations.

Forecasters predict growth within the industry moving forward. The outlook for retail clinics is promising, with a challenging healthcare environment that includes an increasing shortage of primary care providers and rising costs along with a still-weak U.S. economy. As further discussed below, the Affordable Care Act (ACA) creates an even greater need for healthcare services and access to affordable healthcare services. For these reasons, we can expect to see more retail clinics opening across the country.

When Are Retail Clinics Open?

Because convenience and accessibility are key differentiators for retail clinics, the hours of operation are significant to the business model. Retail clinics typically offer access to healthcare services at times when traditional providers are closed. For example, the Take Care Clinic locations at select Walgreens stores are generally open seven days a week, including extended evening and weekend hours, as well as holidays. The clinics accept walk-in patients and also offer same-day appointment scheduling online. A typical clinic’s hours are Monday-Friday 8:00 am to 7:30 pm and Saturday-Sunday 9:30 am to 5:00 pm.

Retail Clinic Advantages: Accessible Care, Cost Savings, Focus on Prevention and Quality

Accessible Care: Retail Clinics Can Help Meet the Growing National Need for Better Access to High-Quality Healthcare Services

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6 Charland, supra note 1.
7 Charland, supra note 1.
At the same time that healthcare reform is positioned to significantly increase the number of individuals who have access to healthcare coverage, there is a growing void in the availability of primary care providers. The ACA is expected to extend access to insurance coverage to more than 30 million Americans by 2014, yet a declining number of medical students have chosen to enter primary care over the past 15 years and the Association of American Medical Colleges estimates that the country will have almost 63,000 fewer doctors than needed in 2015. A predicted 35,000 to 44,000 shortage in primary care physicians is expected by 2025. Unfortunately for patients, the short supply of physicians and high demand for healthcare services has resulted in long scheduling and appointment wait times across the country, which can be expected to worsen with the expansion of healthcare coverage through healthcare reform.

Clinics based in convenient and accessible retail settings can help fill unmet healthcare needs because the clinics provide an easy overflow option for busy physician practices and can help fill the void by providing quality basic healthcare services that are convenient, accessible, and available during non-traditional office or other ambulatory

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In fact, it has been shown that a large percentage of patients who visit convenient care clinics do so in the evenings and during weekends.

In addition to providing basic healthcare services at a lower cost than alternative settings, retail-based clinics have been shown to provide high-quality care. The documented track record of retail clinics shows that patients experience a high level of consumer satisfaction with the services provided in the retail setting.

Cost Savings: Retail Clinics Can Provide a Solution for Inappropriate Utilization of Hospital Emergency Rooms and Cost Savings for Payors, Health Plans, and Patients

There is an overwhelming need to remedy the problems associated with inappropriate use of hospital emergency rooms for non-emergent care. It has been estimated that 13.7% to 27.1% of all emergency department visits could take place at an alternative site, such as a retail clinic or urgent care center, with potential savings to the healthcare system of approximately $4.4 billion annually. The growing shortage of primary care

12 Retail Clinics: Facts, Trends and Implications, DELOITTE (2010), available at www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_chs_RetailClinics_230708(1).pdf (retail clinics allow consumers a more convenient alternative to long scheduling and wait times often associated with alternative settings, such as emergency rooms and urgent care clinics, and give patients an option during times of low availability of primary care physicians, such as during weekends and evenings).

13 Avinash Patwardhan et al., After-hours Access of Convenient Care Clinics and Cost Savings Associated With Avoidance of Higher-Cost Sites of Care, J. OF PRIMARY CARE & COMMUNITY HEALTH, XX(X)1-3, DOI:10.1177/2150131911436251 (published online Feb. 11, 2012), available at http://jpc.sagepub.com/content/early/2012/02/06/2150131911436251 (focused study showing that 44.6% of patient visits to convenient care clinics occurred on a weekend or weekday at 5 pm or later).


16 See, e.g., Devon Herrick, Retail Clinics: Convenient and Affordable Care (Jan. 10, 2010), available at www.ncpa.org/pub/ba686 (of 119 million visits to hospital emergency rooms in a given year, 55% are for non-emergencies).

17 Robin M. Weinick et al., Many Emergency Department Visits Could Be Managed At Urgent Care Centers And Retail Clinics, HEALTH AFFAIRS 29, no.9 (2010):1630-1636; doi:10.1377/hlthaff.2009.0748, available at http://content.healthaffairs.org/content/29/9/1630.full; Patwardhan, supra note 13 (focused study showing that 44.6% of patient visits to convenient care clinics occurred on a weekend or weekday
providers is likely to exacerbate the concerns associated with patients using hospital emergency rooms as an access point for non-emergent care.\textsuperscript{18}

Retail clinics offer a solution to this problem because many offer healthcare services on a walk-in basis or by appointment, during weekdays, after hours, as well as on weekends and holidays, when other provider offices may not be able to timely accommodate patients. Clinics based in a retail setting have been shown to provide more cost-effective care and a convenient access point and alternative to hospital emergency rooms or other more costly care settings.\textsuperscript{19} For example, retail clinics provide a viable option for patients who are sick but do not necessarily require hospital-based services, as well as individuals who may not have an established relationship with a primary care provider, or those who have a regular provider but are not able to schedule a convenient appointment time.\textsuperscript{20}

Focus on Prevention and Quality: Retail Clinics Can Help Meet Healthcare Goals Relating to Preventive Care, Including for the Elderly and Low-Income Populations, and Can Help Improve Stars and HEDIS Quality Measures

The ACA has payors, health plans, providers, and patients focused on preventive healthcare services, including immunizations and health testing. Retail clinics and their licensed healthcare providers may be a valid source of Medicare Advantage risk adjustment data, and are positioned to help improve a health plan’s Stars\textsuperscript{21} and

\textsuperscript{18} Lowrey et al., \textit{supra} note 9.
\textsuperscript{19} Weinick et al., \textit{supra} note 17 (retail clinics have emerged as good alternatives to emergency department visits for nonemergency care).
\textsuperscript{20} Lowrey et al., \textit{supra} note 9 (doctor shortage results in individuals driving long distances to doctors, languishing on waiting lists, foregoing care, and overusing emergency rooms as an access point rather than establishing a relationship with a primary care provider who might keep them from getting sicker).
\textsuperscript{21} “Stars” refers to a five-star quality rating system used by the Centers for Medicare & Medicaid Services (CMS) to measure Medicare beneficiaries’ experience with their health plans and the healthcare system.
Healthcare Effectiveness Data and Information Set (HEDIS)\textsuperscript{22} quality measures through increased patient access to preventive, treatment, and health testing services.

Approximately 50,000 adults die every year from diseases that are preventable by vaccine.\textsuperscript{23} Retail clinic providers that offer convenient access to vaccinations outside of regular office/clinic hours fulfill a national need and goal to increase the availability and accessibility of immunization services, including to the elderly and medically underserved populations.\textsuperscript{24} One recent study showed that, out of 6.3 million vaccinations administered in a retail setting to patients with a median age of 62, a significant number of patients chose to get their vaccine after hours and on weekends and holidays when traditional provider offices are closed. From this study, 25.4\% of patients who were older than 64 years of age and 37.1\% of patients who were 18-64 years of age received vaccinations during off hours.\textsuperscript{25}

Retail clinics also have the ability to offer a unique focus on accessibility for wellness and prevention services, such as those made more readily available to Medicare beneficiaries through the ACA. For example, the Take Care Clinics at select Walgreens stores offer new preventive and wellness services recently made available to Medicare patients at no out-of-pocket cost.\textsuperscript{26} These services, referred to as the Welcome to

\textsuperscript{22} HEDIS is a tool used by more than 90\% of health plans in the United States to measure performance on important dimensions of care and service. National Committee for Quality Assurance, available at \url{www.ncQA.org/HEDISQualityMeasurement/WhatIsHEDIS.aspx} (“Altogether, HEDIS consists of 80 measures across 5 domains of care. Because so many plans collect HEDIS data, and because the measures are so specifically defined, HEDIS makes it possible to compare the performance of health plans on an ‘apples-to-apples’ basis.”) (Accessed Feb. 19, 2013).


\textsuperscript{24} Adam Cannon et al., \textit{30288 Vaccinations Administered During Off-Clinic Hours at a National Community Pharmacy: Implications for Increasing Patient Access and Convenience} (presented at 2012 National Immunization Conference, Mar. 26-28, 2012), available at \url{https://cdc.confex.com/cdc/ nic2012/webprogram/Paper30288.html} and \url{https://cdc.confex.com/cdc/nic2012/webprogram/Session13000.html} (this study showed that more than 30\% of vaccinations were provided during “off hours,” meaning weekdays 6-9 pm and weekends and holidays).

\textsuperscript{25} Cannon et al., supra note 24.

\textsuperscript{26} See, e.g., \textit{Take Care Clinics at Select Walgreens Offer Medicare Wellness Visits} (Apr. 12, 2012), available at \url{http://news.walgreens.com/article_print.cfm?article_id=5575}. 
Medicare Preventive Visit and Medicare Yearly Wellness Visits, are wellness services that include screenings for a number of common conditions and education and counseling to encourage wellness and disease prevention.\(^{27}\) Retail clinics have the potential to fill the documented need for these types of wellness services, which have been available to Medicare beneficiaries since January 2011 yet have not been widely available or accessed at traditional provider offices.\(^{28}\) In addition to providing a convenient access point and opportunity for beneficiaries to improve their health and identify previously undiagnosed medical problems, retail clinics are able to share important information with health plans, which can help them improve the quality of care offered to their membership as measured by the Stars quality rating system and HEDIS guidelines.\(^{29}\)

**Key Contracting Issues to Consider in a Network Agreement with a Retail Clinic**

We have discussed some of the benefits of retail clinics to payors, health plans, and patients, but what considerations should a payor, health plan, or a retail clinic provider consider during the network contracting process? This section focuses on issues unique to retail clinics and does not explore considerations more universally applicable to any network contract.

**Contracting Entity**

The first, most fundamental question to consider in entering into a network contract is: who are the parties? Which legal entity should enter into the contract?

\(^{27}\) Id.


\(^{29}\) Press Release, Walgreen Co., supra note 28 (Medicare Wellness Visits through Take Care Clinics may help Medicare Advantage plans improve the quality of care they offer as measured by the Five-Star and HEDIS rating system, as noted by a Senior Vice President of Medicare at Coventry: “We're pleased that greater access to preventive services at Take Care Clinics will make preventive care even more available to Coventry’s members and improve their health and well-being.”).
The licensed healthcare provider (who could be a physician, nurse practitioner, physician assistant, or other clinician) or provider group will be the party and legal entity that contracts and enrolls with payors and plans. The individual provider and his or her employer/professional corporation may enroll in Medicare and Medicaid and may contract with commercial plans.

The provider group’s relationship with the owner of the host retail business may be as simple as a lease arrangement or may involve a more robust management services relationship. Depending on the business goals and legal structure of the retail clinic, the retail clinic provider itself may wish to enter into the network contract, or the retail clinic may prefer to enter into the network contract through its management company. As noted above, some retail clinics work with a management company to outsource some of the business functions of operating a retail clinic. Contracting through the management company may offer administrative advantages, especially if the retail clinic providers have affiliations and a brand presence that spans across state lines. In such case, the management company may be able to contract on behalf of multiple retail clinics across multiple states. Contracting through the management company may streamline the contracting and implementation process where multiple retail clinics are contemplated or expansion into new markets is anticipated. A retail clinic that exists in only one state may still prefer to work with a management company in order to free up its resources for clinical work, but if the retail clinic operates on a smaller scale, the utility of a management company may be less significant.

**Licensing and Credentialing**

The individual healthcare providers will be licensed and authorized to practice under state law. Although the provider group may also be licensed as a clinic or facility, it is often exempted from state facility licensing requirements because it operates as a group practice. As with other provider contracts, the payor may wish to obtain contractual
assurances that the services provider is appropriately licensed and in good standing under applicable state law.

Most network contracts contemplate the credentialing of the individual licensed providers or the provider group. While the health plan often needs to undertake credentialing for its accreditation purposes (e.g., under the direction of Utilization Review Accreditation Commission or National Committee for Quality Assurance), retail clinics may already have their own credentialing process to vet their individual providers. If a retail clinic has its own credentialing program, it may be administratively and financially advantageous to request “delegated credentialing” from a health plan. The health plan will often want insight into the retail clinic's credentialing process, but may delegate credentialing responsibilities to the retail clinic itself. This avoids unnecessary duplication of effort and cost. Since the health plan does not need to repeat efforts already taken, the retail clinic can begin billing claims in-network sooner. It need not wait for the health plan’s credentialing process to be completed.

When health plans delegate credentialing to retail clinics, this can raise Health Insurance Portability and Accountability Act (HIPAA) considerations.

**HIPAA**

In some instances, health plans request that retail clinics, or, more often, the retail clinic’s management company, enter into a business associate agreement (BAA) with the health plan. This request may or may not be appropriate, depending on the role of the management company. As a provider of healthcare services, the retail clinic providers are covered entities (covered healthcare providers) under the HIPAA Privacy Rule and a health plan is a covered entity under HIPAA in its own right. The retail clinic provider may delegate some of its responsibilities to its management company. In such case, it may be appropriate for the retail clinic to enter into a BAA with its management company, which acts as the business associate (BA) of the provider retail clinic. If the
retail clinic provider has authorized its management company to contract on its behalf, and barring some additional relationship between the health plan and the management company, the management company will be acting as the agent (and the BA) of the retail clinic provider, not the health plan.

That said, there may be situations where the retail clinic (or the management company) is acting as a BA of the health plan if the retail clinic is performing a service or function for the health plan that requires it to receive protected health information (PHI) of the health plan. One example might be where the health plan, acting in its capacity as a covered entity, is delegating credentialing functions to the retail clinic (or the retail clinic’s management company). In this situation, the retail clinic (or the management company) may be acting on behalf of the health plan and may have access to PHI that the health plan has a right to access. This might happen when a health plan, as a covered entity, audits a sample of patient records to verify the quality of a provider as part of the credentialing process. In such cases a BAA may be appropriate with this narrowed scope.

Conclusion

Retail clinics provide an accessible point of care for insured, uninsured, and underinsured Americans, including the millions of people who are soon expected to benefit from increased access to healthcare. Retail clinics have been in existence for more than 13 years and the developing body of research, published studies, and literature (some of which has been referred to herein) demonstrates the value that these providers bring to the healthcare community. They can provide strategic value to payors, health plans, and patients. The market forecast for retail clinics shows that this accessible model will likely continue to expand. Finally, the practical considerations for payors, health plans, and providers to factor in while drafting contracts can help facilitate and expand the network of care for all patients.
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