

The San Diego Union-Tribune

DOC-IN-A-BOX

Walk-in medical clinics at drugstores are spreading, but not to San Diego yet

By Keith Darcé, Union-Tribune Staff Writer, November 5, 2006

Tired of waiting a week or more to see your doctor for a sore throat, or taking half a day off work to tend to your child's earache?

Before long, you'll be able to duck into a nearby Wal-Mart or drugstore for a carton of milk, the latest celebrity magazine and a quick diagnosis.

With consumers looking to keep their health-care costs as low as possible, and a shortage of physicians, a handful of companies have opened at least 186 walk-in medical clinics across the country in CVS pharmacies, Longs Drug Stores, Wal-Mart Stores and other retail locations.

The tiny infirmaries are staffed by nurse practitioners and physician assistants who treat everyday illnesses and prescribe medication. The cost of the care can be half of what a patient or insurer would pay for a visit to a traditional doctor's office.

The clinics are proving particularly popular with the uninsured, who must pay for all of their health care out of pocket, or the underinsured who face high insurance deductibles or co-payments in traditional care.

"We really need to rethink what we are doing with health care," said Mary Kate Scott, a Marina del Rey health-care consultant and adjunct business professor at the University of Southern California. She conducted a study of the fast-emerging retail clinic market this summer for the California HealthCare Foundation.



Randy Pench / The Sacramento Bee

Hundreds of walk-in medical clinics have opened in drugstores and discount stores across the country, but the trend has been slow to take hold in California. This WellnessExpress clinic inside a Longs Drug store in Davis is one of six in the state.

“For those who have limited insurance or no insurance, and for the limited set of treatments that (retail clinics) offer, this is a great option,” Scott said.

Not everyone sees the clinics as a cure for the health-care industry's ills, and state regulations have blunted their spread to California.

Some skeptics warn that the outlets will steal business from doctors already facing shrinking profits due to steep declines in the fees they get for treating insured patients. Others worry that clinic staff members might miss signs of serious illness that would be caught by a physician who sees a patient regularly.

Still, convenience and low prices have made the clinics a fast-growing sector, with operators planning to open hundreds of more locations nationwide over the next year. By 2008, there could be thousands of clinics operating in every corner of the country.

The trend, so far, has been slow to catch on in California, where six clinics have opened – three in the Bay Area and three in the Sacramento area. Not one has opened in San Diego County. State regulations affecting clinic ownership and staffing, as well as the higher cost of operating a business here, have helped curb their spread.

California's ban on the corporate practice of medicine requires health clinics to be owned and operated by licensed health-care professionals, and that could get in the way of some clinic chains opening up shop.

Paul Kaufmann, founder and president of San Ramon-based Wellness-Express, found a way around the restriction by setting up clinics under a separate physician-owned company that contracts with Kaufman's firm to operate and manage them.

Noting that no company from outside California has opened a clinic in the state, Kaufmann said companies like his have an advantage because they already are familiar with the state's regulatory environment.

“It's much more difficult to set up a company here in this particular area,” said the entrepreneur, who previously owned and operated environmental remediation companies.

WellnessExpress operates clinics in Longs Drug sites in three northern California cities – Campbell, Davis and Sunnyvale – and plans to open 28 more in the state by the end of 2007.

Other California rules require at least one supervising physician for every four nurse practitioners and two physician assistants working in clinics. The supervising doctor typically works off-site and is consulted by telephone when needed.



Randy Pench / The Sacramento Bee

Physician assistant Roger Bickford checks the ear of patient Meeiran Shanmuganathan at a WellnessExpress clinic inside a Davis drugstore in northern California. Retail clinics offer treatments for everyday ailments, vaccinations, common diagnostic tests and medicine prescriptions.

Some states allow physicians to supervise larger numbers of health-care staffers or have no supervision requirements at all, making clinics in those states less costly to staff and operate, said Neil Krugman, a Nashville attorney who advises retail health clinic operators.

Most of the clinics are small operations – as little as 200 square feet – located near a store's pharmacy.

Each infirmary is staffed by a single health care professional who can treat colds and flu, perform physician exams, administer flu and vaccination shots, prescribe medicines and run routine diagnostic tests.

Clinic patients needing treatment for more serious ailments are referred to a physician or sent to an emergency room. Patient information is typed into a computer and no paper records are kept at the site.

A clinic can handle as many as 35 patients a day, with visits lasting about 10 minutes.

Depending on size and staffing, a clinic needs between 18 and 25 patients a day to break even for its operator, said Scott, the health-care consultant and researcher. She estimated that as few as a dozen of the clinics are meeting that mark, partly because the business concept is so new and unfamiliar to consumers.

“It's pretty tough to break even in this business,” Scott said. Clinic patients are more likely to be low-income, Latino and younger than 40, she said.

QuickHealth of Burlingame has targeted Hispanic customers by locating two of its four California clinics in Farmacia Remedios stores that cater to Latino communities in Oakland and San Francisco.

Clinic costs can be substantially less than at more traditional health centers. The average WellnessExpress customer spends \$59 on a visit, Kaufmann said, compared with \$103 charged for the typical uninsured doctor's office visit for the same conditions, \$150 for care from an urgent care center, and \$350 for visiting a hospital emergency room.

Lloyd Middlekauff, a 38-year-old unemployed software salesman in Campbell, has visited the WellnessExpress clinic there to get a routine checkup, to have blood work done and to renew his prescription for anxiety medication. He started going to the clinic in August when he lost his health insurance after his employer went out of business.

A trip to a psychiatrist's office to refill his medication would have cost \$250, while a visit to his regular doctor for the other services would have cost at least \$150, Lloyd said. The clinic is “convenient, it's not expensive and they seem to really care,” he said.

While the clinics are especially attractive to people with little or no health insurance, a growing number of people with adequate insurance coverage are visiting the businesses as more insurers, such as Blue Cross and Blue Shield operator WellPoint and health maintenance organization giant UnitedHealth Group, extend coverage to clinic services. In California most insurers don't yet cover services provided by clinics because there are so few of them in the state.

Clinic operators lease space for their shops from the retailers that host them. The rental payments tend to be minimal, Krugman said. Retailers such as Wal-Mart and Rite Aid like the tenants because they attract more customers to their stores, he said.

“It’s primarily to drive business,” Krugman said. “While patients are waiting for their appointments, they can shop the stores for other products.”

The clinics also are part of broader efforts by retailers to make their stores the first place that a consumer thinks of turning to when they have an everyday health problem, said Phyllis Proffer, vice president of investor relations and corporate communications for Walnut Creek-based Longs. It’s a way for retailers to link their outlets directly to the delivery of health care.

“I wouldn’t try to make a dollars-and-cents purpose for doing this. It really is about being at the top of the (customer’s) mind,” Proffer said. “If you’re serving your customer well, they will shop at your store.”

Clinics could begin appearing in the San Diego area as soon as next year. Kaufmann of WellnessExpress said his 1 1/2-year-old company is scouting the county and other parts of Southern California for expansion sites.

“We won’t just put in one store. We’ll open four or five, then expand around that to maybe 10 or more,” he said.

When the clinics arrive, don’t expect Dr. Andrew Israel to be among the welcoming party. The San Diego family practitioner said the clinics have the potential to “cherry pick” cash-paying customers from physician practices such as his. But his biggest concern involves the potential deterioration of traditional patient-doctor relationships.

“In a doc-in-a-box, the physician has no personal relationship or long-term partnership with a patient,” Israel said. “In a normal doctor-patient relationship, knowing the patient over a period of time allows a physician to have a much broader and deeper perspective on the patient’s health.”

Poway family physician Monica Ormsby has similar concerns about the clinics. “When you’re talking about these clinics, you’re talking about corporate America, and it won’t have the continuity that a physician practice has,” she said. But Ormsby also sympathizes with patients who have to wait days and weeks for appointments because there aren’t enough doctors practicing family medicine.

“I’m one of the youngest physicians practicing in the Inland North County region, and I’m 42 years old,” she said. “I turn away 10 to 30 new patients a week. My waiting list is until March.

“Those of us in practice don’t worry about competition (from retail clinics). We worry about just keeping our heads above water,” Ormsby said.

Some doctors have welcomed the emergence of retail clinics as a much-needed challenge to an industry that has been slow to respond to market changes.

“The clinics are a wake-up call to mainstream delivery systems,” said Dr. Joseph Scherger, a University of California San Diego family medicine physician.

“For a lot of working poor without health insurance, a retail clinic will seem like the best option,” Scherger said. Clinic operators “are seeing an unmet need ... and they are grabbing it.”

“Competition is good,” he said. “It will make everybody better.”