MANAGED CARE WEEK

AS RETAIL HEALTH CLINICS GROW, INSURERS EYE POTENTIAL SAVINGS

By Jill Brown, January 29, 2007

Although many health insurers are adding retail health clinics to their provider networks, some observers say they're not convinced that the lower-cost clinics really will save costs.

Walk-in clinics in retail stores generally are staffed by nurse practitioners who treat a limited number of conditions, such as colds, allergies, strep throat and skin conditions. Nationwide, the number of retail-based clinics conservatively is expected to grow from about 300 clinics now to between 600 and 900 by the end of the year, says Tine Hansen-Turton, executive director of Convenient Care Association, a new trade group that represents such clinics.

BlueCross BlueShield of Tennessee recently contracted with MinuteClinic, the largest provider of retail-based clinics and a subsidiary of CVS Corp. "What we've chosen to do is contract with them as if they were a primary care provider," says Ken Patric, M.D., chief medical officer at the Tennessee Blues plan. The copayment structure is exactly the same as it would be in any other urgent care clinic for a general nurse practitioner or physician's assistant, he adds.

But whether it's cost effective remains to be seen. "We don't know yet," Patric says. "That's obviously the big question. Will this end up serving people who otherwise wouldn't have accessed the system? Is this a less expensive alternative to going to the emergency room? The jury is still out."

The savings may be minor to the overall health care system, warns Joseph Paduda, principal of consulting firm Health Strategy Associates. Most health care dollars are spent on patients with chronic conditions, such as diabetes, who would not use a walk-in clinic, he notes.

Still, "the clinics are a lower-cost provider who can appropriately deal with 80% to 90% of the things that people have when they walk into a clinic: 'I sprained my ankle. Wrap it up. Here is your anti-inflammatory. Off you go,'" he says. He predicts that over time, insurers will try and motivate patients to go to these types of providers.

Among patients who use walk-in clinics, roughly 30% do not have insurance, although the percentage can vary from 20% to 40% depending on the provider, Hansen-Turton says. She says that the model makes sense to insurance companies. "Any insurer would be interested to send a patient to somebody after hours — or if they can't get an appointment with their primary care provider — rather than having them go to the emergency room, which costs the plan a lot of money."

One hurdle for clinics partnering with health plans involves the expense of dealing with billing, says Mary Kate Scott, a consultant who recently wrote a paper about retail clinics for the California HealthCare Foundation. "Insurance carriers are saying, 'Yes it's cheaper.' But it's very difficult for the insurance company's system to fit in with the billing system of the clinic," she says.

In the paper, "Health Care in the Express Lane: The Emergence of Retail Clinics," Scott asserted that health insurers typically have a "paper and people-intensive process" that includes multiple claims rejections and negotiated discount arrangements with providers. "That is why many of the clinics initially charged cash, because they didn't want the expense of the billing system," Scott explains. "A billing system can be up to 30% of a primary care physician's office. Put that 30% overhead on, and these clinics will never make it. It's tough for an insurance company to actually adapt its system to manage this."

In the report, Scott described a deal MinuteClinic worked out with some insurers to get around this issue. The two sides agreed to a "radically simplified system: 100% payment for 100% of claims within 10 to 14 days." The insurers instead used random claims audits to ensure that utilization was appropriate, rather than individual claims review.