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Wal-Mart expands in-store clinics

Retailer's long reach means health field has to take notice

By John Schmeltzer and Bruce Japsen
Tribune staff reporters

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Wal-Mart, the world's largest retailer, said Tuesday it has plans to dramatically expand the number of health clinics it operates, opening as many as 400 in U.S. stores in the next three years and possibly 2,000 of them within five to seven years.

With its extraordinary reach and power, the proliferation of Wal-Mart clinics providing customers with access to simple medical treatment is almost certain to have an impact. Given enough scale, it could put pressure on other big retailers to follow suit, which in turn could force primary-care physicians to become more competitive on pricing.

"This is just one of many changes that are coming in health care in the future," said David Fortosis, senior vice president in the health and benefits practice Aon Consulting Inc.

At its heart, though, the clinics are designed to provide consumers with another reason to shop at their neighborhood Wal-Mart, especially if the clinics are opened as planned in 55 percent of U.S. stores by 2012. The clinics would earn fees but also provide a constant supply of prescription business for the company's highly profitable pharmacies.

Wal-Mart was praised last year for lowering the cost of many generic drug prescriptions, another move that single-handedly brought in more customers and forced rivals to respond.

"This is the way they run their business. They are always trying to increase the number of people coming through the front door," said George Whalin, founder of Retail Management Consultants in San Marcos, Calif.

Lee Scott, Wal-Mart's president and chief executive, acknowledged the marketing aspect of the plan but also emphasized how the clinics can provide greater health-care access. At existing Wal-Mart clinics, he said, more than half the patients are uninsured.

"We think the clinics will be a great opportunity for our business," he said. "But most importantly, they are going to provide something our customers and communities desperately need -- affordable access at the local level to quality health care."

Under the plan outlined by Scott during his closing address to the 2007 World Health Care Congress in Washington, the clinics would be staffed by nurse practitioners or doctors and offer preventive and routine care such as allergy treatments and physicals, typically costing \$40 to \$65.

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Currently, 76 clinics are open inside Wal-Marts in 12 states. They are being operated by companies including Aurora Quick Care, CheckUps, MedPoint Express and My Healthy Access. The company said it wants to lease space to local hospitals and clinics.

"They want to get people into the store, and they want people to value Wal-Mart as a provider of more than low-price merchandise," said Bob Goldin, executive vice president of Technomic Inc., a Chicago market research and consulting company.

Wal-Mart isn't alone in its interest in clinics, which are designed in part to attract customers who don't have medical insurance or a doctor.

Already, CVS/Caremark Corp. operates more than 150 retail health clinics in its stores, and Deerfield-based Walgreen plans to have about 250 locations nationwide by this summer. Walgreen already has about 60 in its stores including 17 in the Chicago area stores.

But David Osterberg, executive director of the Iowa Policy Project, which is seeking solutions to expand consumer access to health care, questioned how the clinics would help many of the people who don't have adequate access to health care: those without insurance coverage. Wal-Mart itself has been criticized for not providing enough insurance to its employees.

"At this point, nobody is saying that the reason health-care costs are out of control is that clinics have to pay too much rent," he said.

Fortosis of Aon Consulting, however, praised the decision.

"It just makes great sense to have an employer as large as Wal-Mart make preventative care more accessible to their customers and the employers they serve," he said. "Employers are trying to find better ways to get preventive care to their people and what better way than to make it convenient?"

Retail health clinics are staffed with advanced degree nurses known as nurse practitioners who have the ability to prescribe medications. A doctor comes by to review charts and other decisions made by the nurse practitioners but typically does not see patients.

Such clinics advertise they will treat patients with routine maladies in 15 minutes or less, the amount of time you might spend in a waiting room at a doctor's office as physicians pack more patients into a day.

Although state laws vary on how retail health clinics are regulated, they generally require doctors to have some kind of affiliation with the clinic operator and the nurse practitioners who staff them.

But because doctors aren't giving the hands-on care, organized medicine has asked consumers to greet the retail health clinic model with some skepticism.

"Doctors believe everybody should have a regular physician with whom they visit over time [because] they know their family and their history," said Dr. William Hazel, a member of the American Medical Association board of trustees.

"The issue that we worry about with the clinics like this is that they are probably not going to be a good substitute for an ongoing relationship with a physician," Hazel added. "We would not want to see the quick-in, quick-out kinds of things replace a good relationship with physicians. We worry about the quality of care a little bit."

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