

Wal-Mart expanding in-store health-clinic program



In-store clinics to help bring 'much-needed price transparency'

By Ruth Mantell & Kristen Gerencher, MarketWatch
Last Update: 6:00 PM ET Apr 24, 2007

SAN FRANCISCO (MarketWatch) -- Wal-Mart Stores Inc. plans to open up to 400 in-store health clinics over the next two to three years, building on a pilot program begun in 2005, in an aim to implement customer solutions to America's health-care crisis, the company's chief executive said Tuesday.

The clinics, which will lease space in Wal-Mart ([WMT: news](#)) stores, will be managed by local or regional hospitals or other third-party organizations. They will also post prices for services and procedures, helping to bring "much-needed price transparency" to the American health care system, according to the company.

"We know that customers like and want these clinics. At existing clinics in our stores, about 90% of patients report being satisfied or very satisfied. They appreciate the fast, easy and convenient experience," said Lee Scott, president and chief executive, in a speech Tuesday at the World Health Care

Congress in Washington.

Currently, there are 76 clinics operating inside Wal-Marts in 12 states. The company, which has faced criticism on its own employee health coverage, said up to 2,000 clinics could be in stores over the next five to seven years if current market forces continue.

"We think the clinics will be a great opportunity for our business. 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," Scott said. "We believe we can deliver effective and efficient health care at the local level."

Also at the congress, Scott said people don't have the tools and the information they need to make the best possible health-care decisions, preventing them from being good health-care consumers. He added that the answer to improving health care is to lower costs for the whole system, and that information technology "is perhaps the single largest opportunity" to drive out costs.

"The private sector can make a difference," he said. "I believe American businesses can lead and we should."

Wal-Mart's move with the clinics comes at a time when consumers are being asked to take more responsibility for their care and its costs, and is part of a broader trend Forrester Research calls

the "retail-ization" of health care. Another harbinger came last summer when CVS acquired MinuteClinic and went on to purchase pharmacy-benefits manager Caremark. MinuteClinic began in the early 2000s in the Minneapolis-St. Paul metro area.

Another in-store health clinic called RediClinic, of which Steve Case's Revolution Health Group is the principal investor, is rapidly expanding in partner stores such as Wal-Mart and Walgreens. RediClinic is in about 50 locations today. Revolution Health hopes to double that quantity by the end of 2007 and grow to 500 by the end of 2009, spokesman Brad Burns said.

The clinics are a bet that time-pressed, price-sensitive consumers will seek care for simpler conditions such as ear infections, pink eye, strep throat and seasonal allergies just steps away from where they buy milk and household items. Some retailers also see an advantage in managing health-care expenses for their own employees with this model, according to a 2006 report on retail clinics from the California Healthcare Foundation.

Firing up critics

Wal-Mart's expansion of in-store clinics enrages critics of the world's largest retailer, who say the company has done little to alleviate the plight of its own uninsured and underinsured workers.

"This is another attempt by Wal-Mart to avoid the responsibility of providing health care to its workers and lessening the burden on taxpayers," said Chris Kofinis, spokesman for WakeUpWalMart.com, a grass-roots advocacy group in Washington. "This is part of a pattern. They talk about addressing health care, but they don't address their own health-care crisis."

Kofinis said the company "seems much more concerned with cynically addressing its faltering public image" than providing affordable health care to its uninsured workers, and called for Wal-Mart to provide universal coverage. He added that 775,000 Wal-Mart employees and their families had no company health care last year, a number Wal-Mart spokesman Dan Fogleman disputes.

Fogleman says 90% of the company's 1.3 million U.S. workers have some kind of health coverage. More than 47% have medical insurance through Wal-Mart, with others receiving benefits through spouses, school plans or other sources. Medicaid and other state programs account for 3% of workers' coverage, while 9.6% of employees are uninsured.

"By creating jobs and opportunities for people, we're providing a gateway for them to employer-sponsored health care -- in many cases for the first time," Fogleman said.

In a move widely believed to be aimed at Wal-Mart, Maryland lawmakers tried to require companies with more than 10,000 workers to spend at least 8% of their payroll on medical benefits or pay that money into the state's health program for low-income people. A federal judge overturned the law last summer.

Clinics target uninsured

Surveys indicate that more than half of those who visited a clinic in a Wal-Mart said they were uninsured, and almost 15% of customers said they would have gone to a hospital emergency room for their care if they could not have gone to one of the clinics, according to the prepared remarks.

Providers running the clinics, which will be staffed by certified nurse practitioners or physicians, will determine what services to offer, and will include preventive and routine care for conditions

such as allergies and sinus infections, as well as services such as cholesterol screenings, according to the company.

Scott also said that Wal-Mart ([WMT: news](#)) customers have saved about \$290 million on selected generic prescription drugs since September 2006, when the company began selling prescriptions for \$4 each in Tampa, Fla. The \$4 prescriptions have been available nationwide since November, and now account for more than 35% of all prescriptions filled at Wal-Mart, and almost 30% of the \$4 prescriptions are filled without insurance, according to the company.

"Within days of announcing our \$4 program, countless other discounters, drug stores and supermarkets dropped their prices on generic prescriptions," Scott said. "That has surely saved our health-care system millions of more dollars. So let there be no doubt that the private sector can lead."

Ruth Mantell is a MarketWatch reporter based in Washington.