

Retail Clinics: A Gamble Worth Taking

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Consumerism has been a healthcare buzzword for years, but in most markets only now is becoming a reality. A significant subset of healthcare consumers, driven by high-deductible health plans and a demand for more immediate access, are voting with their feet (or their iPhones) for care channels that offer convenience, low cost, and pricing transparency. If your organization is not providing care options that meet those criteria, these consumers will go elsewhere.



You are probably already considering strategic options to meet consumer demands. Unfortunately, many of these options are not profitable when considered on a traditional, stand-alone ROI basis, which may discourage your organization from implementing them.

However, there are more nuanced ways to evaluate the ROI of consumer-oriented strategies.

Consider the example of retail clinics. These usually are small facilities staffed by a nurse practitioner or physician's assistant, located in a drug store, mall, or other retail setting. Typically, even under the best conditions, a retail clinic will produce a loss on operations. So where is the value to a hospital or health system considering this strategy?

Many hospitals and health systems still look first to a clinic's potential as a source for downstream referrals to primary care physicians, imaging and testing, citing the fact that 40 to 50 percent of consumers who access care in a retail clinic don't have a primary care physician. However, evidence is mounting that these consumers don't have a primary care physician because they don't want one or feel they don't need one, meaning those referrals and downstream revenues may not materialize.

The real value in retail clinics, as in many consumer strategies, is their potential as part of a larger population health management strategy. In that context, retail clinics can add significant value in the following ways:

- Offering a low-cost (and low-risk) option for patient acquisition compared to a primary care practice
- Serving as an extension of busy primary care clinics to offload as much as 20 percent of typical practice visits
- Providing an access point to the delivery system where the health system has limited or no primary care presence
- Serving as an alternative to higher-cost, potentially inappropriate settings (e.g., the emergency department)
- Helping to manage care for patients with chronic conditions, particularly for at-risk populations (e.g., people with diabetes)

The bottom line is that as long as the clinic is owned and operated by the health system and fully connected through a common electronic health record, retail clinics keep consumers in a relationship with your system, help you control the care they are getting and the cost of that care, and prevent fragmentation of care. While a traditional ROI analysis may not support their development, for organizations engaged in population health management (i.e., risk management), they may be a gamble worth taking. ●

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