

Insight Driven Health

US Retail Health Clinics Expected to Surge by 2017 According to Accenture Analysis

Increase driven by shifting focus from retail to clinical

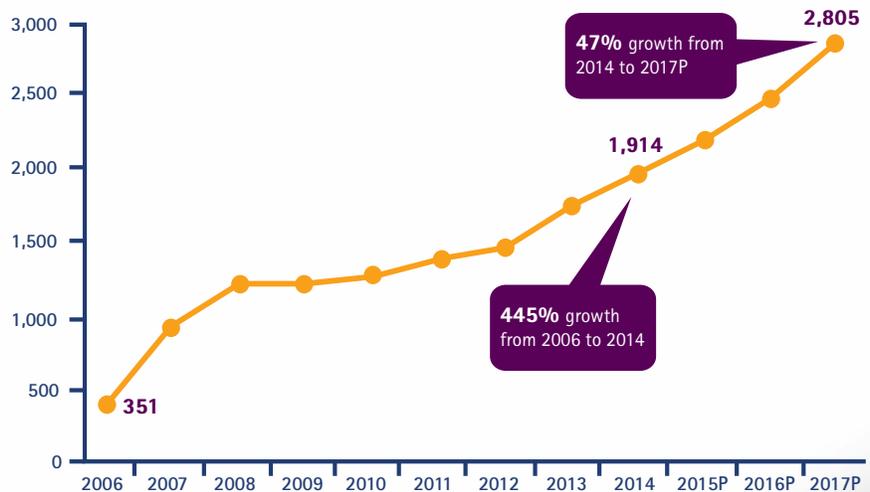


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Since making their US debut in 2001¹, retail healthcare clinics have offered convenience for consumers but frequently struggled to make a profit. Now, however, that profitability gap is closing as more companies introduce a variety of innovations that promise future profitable growth. In fact, based on these changes, Accenture's latest analysis of retail clinic growth points to a resurgent industry going forward (Figure 1).

Accenture predicts 14 percent annual growth through 2017 – a 47 percent increase over 2014 levels when approximately 1,914 retail clinics existed. In 2017, the number will exceed 2,800 retail clinics.

Figure 1: US retail healthcare clinics to surge by 2017



Why the change?

Typically located in retail stores, supermarkets and pharmacies, retail clinics originally offered a limited scope of services treating low acuity or seasonal medical issues. Now, companies have begun to shift their focus from the "retail" elements of this equation, emphasizing the clinical by expanding services, investing in capabilities and partnering with other health value-chain players to grow patient volume. These changes are having a profound impact on the overall profitability of these clinics and will serve as a key driver of future growth.

Today's profitability playbook

Industry players have formulated new strategies to make their retail clinics profitable on a stand-alone basis. The near-term success of these innovations has some retail clinic operators sharing aggressive growth goals. While initially conceived with convenience as their primary consumer-facing value proposition, retail clinics are fueling expansion plans and patient volumes via three distinct approaches that focus on expanding services, investing in healthcare IT and creating an ecosystem of partnerships that span traditional industry silos.

1. Expand services to broaden appeal

Originally designed to offer patients greater medical convenience while boosting store traffic, retail stores increasingly offer expanded clinical services that bring the pharmacist out from behind the counter to interact directly with patients—something many in the industry see as a clear differentiator. Other new services include primary and preventive care, pediatrics and wellness, health screening and testing, chronic disease monitoring and management, and transitional care. For instance, Walgreens has increased the array of services offered by its Health Clinic to include chronic care assessments and medication reconciliation. It has also boosted the number of preventive health services it offers.² Wal-Mart has launched some new primary care clinics that offer more sophisticated services than patients can receive at the retailer's other health centers, such as chronic disease management.³

2. Invest in healthcare IT to expand role

Leading organizations are purchasing more advanced medical equipment and records management systems to augment their expanding service capabilities. Take CVS Health: the company's MinuteClinics are installing a proven electronic health record (EHR) system nationwide, which makes it easier to transmit clinical data to regional health information exchanges (HIEs).⁴ With a growing number of hospitals and physicians' offices using the system, the move may facilitate data sharing between CVS and the local health providers.

Working with a leading telehealth services provider, Walgreens has introduced a new mobile app that give its website users round-the-clock access to US board-certified doctors. The app enables users to consult with the service's doctors on a virtual basis to discuss a variety of acute conditions.⁵ Walgreens has also developed an EHR system with a prominent provider for its chain of pharmacies. The system can help provide a seamless patient experience from prescription, immunization and health-testing records of all patients.

3. Work with partners to coordinate care

Many retail clinics are expanding their collaborative horizons to offer patients and other healthcare participants a more integrated care solution. Target is partnering with Kaiser Permanente to launch a number of retail clinics in California that provide greater levels of service and information sharing between clinics and the integrated delivery network. The expanded list of coordinated offerings includes pediatric and adolescent care, family planning, wellness for women and the management of chronic conditions such as high blood pressure and diabetes.⁶ Likewise, Walgreens is collaborating with one of the largest health systems in the US, Trinity Health, to coordinate patient care in an effort to improve outcomes and increase access to care while reducing overall costs.⁷

CVS Health recently announced that it has joined with four major regional health systems to provide better access to affordable patient health care services. This brings the total number of MinuteClinic's health system affiliations to 60.⁸ These relationships provide patients improved access to clinical support, medication counseling, chronic disease monitoring, and wellness programs.⁹ In the future, we expect retail clinics to explore other avenues to profitability.

Assessing the new retail care landscape

As more retail clinics shift from cost to profit centers able to more predictably deliver stand-alone profits, the implications for retailers and healthcare value-chain players are significant. The projected future expansion of this sector makes this a growing opportunity for some participants and an increasing threat to others. Regardless, consumers look like the big winners in this expanding disruption to the healthcare status quo. Benefits will include convenient access to new, locally based health treatment centers, potentially lower costs for services and copayments, "one-stop shopping" for treatments and prescription medications, potentially shorter wait times and all of the assurances that accompany a trusted retail brand.

Importantly, research studies have demonstrated that quality of care received by retail clinic patients for common conditions is at least equal, and in some cases superior, to care received at emergency departments and ambulatory care facilities.

Traditional health providers could address the growing competencies of retail clinics by either co-opting them via collaborative agreements or competing with them head-on.

For payers, retail clinics provide a new, lower-cost treatment channel, which should compel them to introduce differentiated copayment plans and other incentives to reward member usage.

The retail clinic phenomenon is here to stay and Accenture forecasts robust growth ahead as more companies crack the profitability code for these subsidiary businesses. Consequently, the disruptions associated with these convenient, lower-cost health care alternatives will intensify, which could catch some health value chain players off-guard. Industry leaders need to assess this opportunity (or threat) seriously, and begin to develop strategies that position them on the right side of this breaking wave.

Figure 2. Consumers look like the big winners in the disruption to the healthcare status quo



¹ <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3202999/>

² <http://news.walgreens.com/press-releases/general-news/take-care-clinics-expand-scope-of-health-care-services-to-include-chronic-condition-management-and-additional-preventive-health-offerings.htm>

³ http://www.nytimes.com/2014/08/08/business/in-ambitious-bid-walmart-seeks-foothold-in-primary-care-services.html?_r=0

⁴ <http://www.darkdaily.com/cvs-minuteclinic-to-use-epic-emr-in-support-of-nationwide-growth-plan-also-opens-possibility-of-accessing-clinical-laboratory-data-from-local-providers-723#axzz3UUUCVClor>

⁵ <http://news.walgreens.com/press-releases/general-news/walgreens-and-mdlive-expand-telehealth-platform-to-three-new-states-add-desktop-and-tablet-functionality.htm>

⁶ <http://pressroom.target.com/news/target-and-kaiser-permanente-bring-innovation-and-primary-care-to-target-clinics>

⁷ http://www.burrillreport.com/article-retail_clinics_partner_with_health_systems.html

⁸ <http://www.cvshealth.com/newsroom/press-releases/corporate-info-events-cvsminuteclinic-cvspharmacy/cvs-health-announces-new.htm>

⁹ http://www.burrillreport.com/articleretail_clinics_partner_with_health_systems.html

**For more information,
please contact:**

Kristin Ficery
kristin.l.ficery@accenture.com

Contributors:

Alan Nalle

Drew Boston

Binoy Bhansali

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