

Handle with care

Is an in-store health clinic right for your operation? Here's how to find out.



By Michael Rubenstein

The convenient care industry—in the form of in-store health clinics usually staffed by nurse practitioners—is one of the fastest-growing direct-access health care markets in the United States today.

The industry was pioneered in 1999, and has taken shape in recent years in more than 500 retail locations across the country, including many supermarkets.

The primary motivation for the industry's existence is to fulfill a need for a patient to have increased access to health care, with cost-effective measures that include price transparency.

Target, Walgreens, and CVS have all carved out significant initiatives for this segment of the market. Wal-Mart alone has expressed an interest in using the model to roll out more than 2,000 clinics within the next five to seven years.

In light of that potential growth, it's no doubt tempting for retailers, including grocers, to consider whether they need to be in on the game. Retailers looking to get into the in-store clinic business, however, can easily get a bit overwhelmed by the wide choice of providers and services available to them. Indeed, there are easily over 100 separate clinic operators and associated retail hosts, in various stages of development, across the entire landscape of the market.

I've laid out for you here a basic guide to help navigate through the various types of in-store clinic providers and services, to find which ones are right for your business.

Within the business model of convenient care, the operators are primarily made up of three constituents:

- Health systems and hospitals that have sought to expand their businesses and feed referrals back into their organizations;

- Venture capital firms or angel investors that have been sought after and/or are seeking entrepreneurial health care entities (i.e., physician practices, medical doctors, nurse practitioners, home health firms, occupational medicine groups, etc.); and

- Publicly traded organizations that are affiliated to a more closely related sector in health care, and by extension have chosen to create a division for direct-access health care that specifically calls for the convenient care business model.

Regardless of what form they take, in-store clinics are typically staffed by nurse practitioners or physician assistants, sometimes accompanied by medical assistants and/or automated registration kiosks linked to electronic medical records. There are also a few convenient care clinic facilities staffed by medical doctors.

The health provider and the retailer must share equally in the marketing effort.

The key characteristic of this burgeoning business is of interest to grocers: While some of the services associated with this model are offered in standalone clinics without a given retail host, the vast majority of clinic operators and health systems see the value in partnering with a retailer with stores that serve as destinations for its patients/customers.

The right sites

Those retailers looking to install an in-store clinic must first determine which locations are appropriate. This isn't easy. Whatever clinic model you choose, it needs to accurately reflect the existing market—more precisely, the available or high-potential market. Ethnicity, household income, and insurance status of the market are important factors to analyze, and should be part of the market evaluation process to determine the appropriate services and marketing efforts.

Site selection depends on additional information from clinic operators. Some clinic operators might insist that they're pursuing a business model that targets the uninsured population, which typically uses urgent care facilities and emergency rooms as means of primary care. In this case the clinic operator will be specific as to which stores would fit the bill.

This operator will likely pursue a neighborhood that has an urgent care facility or emergency room spilling over with patients. Those patients are likely to be underinsured or uninsured, or those without a family physician, and such a market is thus typically likely to yield potential clinic customers.

You will find as well that some health systems might simply want to use the clinic model as a means by which to deploy their branded name for health care in the community. In other words, making money wouldn't be a primary objective for the clinic itself. Although this isn't true of all health systems, you would do well to

carefully evaluate a prospective tenant with this in mind.

More broadly, the convenience factor is likely the most important motivation for patients to visit a clinic, and thus should also be a prime determinant in selecting appropriate sites. Convenience is relative, and encompasses elements such as drive time, hours of operation, alternative care provider options, urgency, and waiting times.

More than a tenant

A truly successful partnership in this business is one that's not strictly a landlord-tenant relationship. Retailers should work closely with the clinic operators and health systems to seek a winning combination of services. The health provider and retailer must share equally in the marketing effort. This includes details such as a commitment that you'll allow your retail health provider to display exterior signage outside of your store.

Regarding placement in the layout, a clinic operator will want immediately to negotiate a location next to your pharmacy—even though the presence of pharmacy services hasn't yet necessarily been proved to be a successful anchor.

You must leverage information about your shoppers' in-store behavior to determine the best placement of a proposed clinic. To this point, you, as the retailer, probably have a valuable asset: data. Indeed, an active customer loyalty program could prove to be one of the greatest assets you bring to the partnership.

Be aware: There are Stark laws that don't permit sharing of certain types of data with your medical partner. However, some buying habits and trends are certainly permissible to share with the convenient care operator, and that sharing will allow for present and future marketing analytics.

It's important to remember that a health care provider's customer base is likely somewhat transient and quite

dynamic over their lifetimes as customers/patients. You and your partner must keep track of their spending habits and where they may move. This is a more important factor than negotiating your lease with your clinic partner. You, as the retailer, have an obligation to your convenient care clinic operator to help it think like a retailer if it's to see increased patient volume over time.

Another component of the business model to consider is what model you want to be associated with: traditional convenient care, or traditional convenient care plus.

Traditional convenient care is focused primarily on acute care (cold, cough, flu, poison oak, and strep throat, for example.). Traditional convenient care plus is focused on acute care as well as chronic condition management, wellness, and prevention.

Many of your progressive pharmacies might already perform medication therapy management (MTM) services as an extended offering to patients. This involves coaching on personal health-monitoring devices and personal health records. Wellness and prevention concentrate primarily on having a patient stay well by eating right and being physically fit.

Here's an innovative example of how one convenient care clinic provider and retail host pursued the wellness and prevention model. They placed a nationally renowned cardiologist on the box cover of the popular cereal brand Wheaties, a spot usually reserved for sports heroes. This convenient care operator works with its retail host in such creative ways that together they're co-branding the name of the clinic and the retailer, and jointly communicating a healthy-living message associated with the foods people purchase in every aisle.

The point of this campaign is to make it clear that customers/patients have a medically trained advocate looking out for them every time they make a purchase.

What to look for

It's important that your clinic partner has accurately thought out the details of the business model in a manner that takes into account you, the

potential retailer host. Here are some points for you, in turn, to consider when evaluating a clinic operator:

1. Does the clinic operator have a complete business plan for this venture that includes my retail operation as a significant part of that plan?

2. Does the clinic have a specific convenient care turnkey construction and design solution for my industry, one that addresses permitting requirements that are particular to food retailing?

3. Does the clinic's construction and design firm have extensive experience in a health care clinic environment?

4. Does the clinic's construction and design firm understand new construction, remodels, and retrofits?

5. For supermarket operators with stores in many states: Does the clinic's construction and design firm have the ability to perform nationally?

6. Does it make business sense for our organization to enter convenient care?

7. How do we ensure it becomes profitable?

8. What is our patient acquisition strategy?

9. How do we build loyalty with patients in collaboration with their primary care providers, specialists, and hospital systems?

10. What care and wellness services will the clinic provide its customers?

11. How will the clinic brand its offering and enhance our position within the community?

12. What is the clinic's strategy-to-execution road map?

13. How do we strategically identify sites?

This is a unique business model, and its players have a dynamic need to continually educate both consumers and the medical practices within the community as to what their role is within health care, and how they can add value. If you and your clinic partner accurately think through these questions beforehand, it will pave the way for a successful partnership.



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