

Retail Health: The Future of Healthcare?



You may have journeyed to the local pharmacy each Spring and/or Fall for your seasonal flu shots.

And many have relied on their local pharmacy for COVID-19 vaccinations. And why not? Getting a vaccination is one of the simplest medical procedures one could have, and going to your local pharmacy is considerably more convenient than going to your doctor.

But what about sleep apnea or chronic back pain? Definitely a specialized clinic. Sprained ankle? Diabetes management? These also require a trip to a specialized clinic, right?

Not necessarily.

While Walgreens, CVS, and others have been providing small in-store clinics for the past decade providing services such as vaccinations and treatment of minor ailments, they are now radically upsizing their offerings, and are directly challenging traditional healthcare providers. And while Walmart broke free of their pharmacy-only model in 2019 when they launched Walmart Health, they are also expanding. Even Amazon is dipping their toe into the \$3.6 trillion pool Americans spend annually on healthcare.

Healthcare options for consumers are expanding, and the retail sector is offering on-demand information, extended hours, convenient locations, walk-in appointments, affordable services, and more than ever, transparent pricing. The responsiveness of the retail sector is directly challenging traditional providers to follow suit.

Our job as Healthcare Architects is sometimes to advise clients on emerging trends and changes that impact their services. And we are a naturally inquisitive bunch at PRA. We've been monitoring these consumer-oriented announcements with interest and a few questions:

1. **Can non-traditional healthcare providers enter the market?**
2. **Can they provide quality service?**
3. **Can they improve community health?**

We explore some of those questions in our 2021 brief description of the state of Retail Health.



WALGREENS and VillageMD announced an alliance in July of 2020 to create the first national pharmacy chain to offer full-service doctor offices within its stores after a highly successful trial in Houston in 2019. They envisioned a five-year push to create up to 700 new “Village Medical at Walgreens” primary care clinics in more than 30 markets across the U.S., at a cost of \$800 million.

The new clinics would carve 3500 to 9000 square feet out of existing Walgreens stores, creating traditional Waiting Rooms and multiple Exam Rooms. They would be staffed by physician-led teams, some including Nurse Practitioners, Physician’s Assistants, and even social workers, all of whom would coordinate care with in-store Pharmacists.

This arrangement has many unique advantages; because of Walgreen’s already wide store distribution more than half of these new clinics would be located in Health Professional Shortage Areas and Medically Underserved Areas/Populations, as designated by the U.S. Department of Health and Human Services. Also, in addition to accepting a wide range of health insurance options, the clinics will offer a sliding payment scale to uninsured patients.

The clinics offer a wide range of wellness, specialty care and chronic care services, managing such diseases as diabetes, hypertension, and kidney disease. They also offer diagnostic services, including bloodwork, urinalysis, and EKGs, as well as diagnosis for most common illnesses, conditions and minor injuries.

But perhaps best of all, they provide these services with expanded hours, same-day appointments, walk-in appointments, and even in-home and 24/7 virtual visits.



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approx. **78%** of the population lives within **5 miles** of a Walgreens



<https://www.businesswire.com/news/home/20210708005282/en/Walgreens-and-VillageMD-to-Open-29-Full-Service-Primary-Care-Practices-in-Texas-This-Year>



When **CVS HEALTH** completed its purchase of Aetna in November of 2018, CVS Health President and CEO Larry J. Merlo declared:

“By delivering the combined capabilities of our two leading organizations, we will transform the consumer health experience and build healthier communities through a new innovative health care model that is local, easier to use, less expensive and puts consumers at the center of their care.”

- LARRY J. MERLO, PRESIDENT & CEO
CVS HEALTH

While this statement may sound like the usual bluster from a CEO, it is also a critique of the health system, essentially saying it is too far from patients, too expensive, and not customer oriented. CVS Health is now poised to address these issues by expanding its more than 9,800 retail locations and approximately 1,100 walk-in medical clinics.

In 2019, CVS Health announced plans to convert 1500 of its stores to a new “HealthHUB” concept, in which 20% of the store is dedicated to health services that include new durable medical equipment, supplies and various new product and service combinations. CVS is adding thousands of new personal care items as well as additional services at its MinuteClinics in the HealthHUB stores.

Services offered at these stores include the usual pharmacy clinic treatment of common illnesses and immunizations, but also care for chronic conditions like diabetes, high blood pressure, high cholesterol, and even sleep apnea and depression, with screenings, monitoring, counseling, and treatment.

These services are available either in-store, including evenings and weekends, via E-Clinic visits, in 33 states, 9am to 5pm, 7 days per week, or via a telehealth visit, available in 48 states, 365 days, 24 hours per day.

Prices for these services are clearly shown on the Minute Clinic website and are generally 40% less expensive than a typical urgent care clinic. Insurance is not required.



Walmart Health

WALMART opened its first Walmart Health location in 2019 and then shook the health care world with the announcement this year that they plan to open 4000 “supercenters” in their stores by 2029. What differentiates Walmart’s approach from the other retail players like Walgreens, CVS, Target, and Rite-Aid is their focus on price and convenience. Marcus Osborne, Senior Vice President at Walmart Health explained:



“It’s issues of affordability. That people can’t afford the care they need for themselves and their families. It’s issues of access . . . That really is the business that we’ve been in. Walmart’s business has been about helping people afford the things they need, getting them in a more accessible, convenient way, and doing it in ways that are simple. Healthcare’s no different in that regard.”

- MARCUS OSBORNE, SENIOR VICE PRESIDENT
WALMART HEALTH

Walmart’s success with the affordability and access formula is legendary, and 90% of Americans live within 10 miles of a Walmart. If they can deliver the same healthcare services as their competitors while undercutting them on price, they could truly disrupt healthcare as we know it.

And they do offer the same Primary Care and mental health services, in addition to hearing, dental and optometry services, as well as clinical laboratory testing and x-ray diagnostics. Appointments can be walk-in or scheduled, in-person or via telehealth.

Walmart is also dabbling in the insurance market, currently insuring 500,000 people in Georgia through its Walmart Insurance Services group. John Scully, former CEO of Apple and current chairman of Nirvana Health thinks this is a harbinger of things to come:



“If the Walmart tests are successful, and I suspect they will be, people will be able to go in and get these kinds of health services at a lower cost than if they had health insurance.”

- JOHN SCULLY, FORMER CEO OF APPLE



AMAZON, in 2019, launched the pilot program for Amazon Care, a service that connects patients with doctors and nurses through a mobile app. At first only available for their employees in Washington state, the company announced in March of 2021 they are offering the service in all 50 states and will soon offer it to employees of other companies.

Born of Amazon founder Jeff Bezos' frustration with healthcare costs, Amazon Care and Amazon Pharmacy have become the company's priorities in healthcare.

Amazon Care connects people through a mobile app with doctors and nurses. They can message, talk, or video. In some locations, the healthcare workers can visit employees at work or in their homes for exams and labs. Amazon Care also arranges prescription deliveries where necessary.

Users can connect with clinicians 365 days per year, 24 hours per day. An independent medical practice called Care Medical manages the

licensed doctors, nurse practitioners and registered nurses chosen to address patients' needs. A Care Team is assigned to each patient consisting of 4 doctors or NP's and 3 nurses. That way patients can develop a relationship with caregivers who are familiar with them.

The team can help manage chronic health conditions like asthma, depression, hypertension, coronary artery disease, and diabetes, as well as provide preventative care services such as blood counts, metabolic panels, and blood pressure, as well as immunizations and birth control.

With no brick-and-mortar clinics to treat their patients, the Amazon Care model differs significantly from the offerings previously discussed. But we can rest assured that Amazon's creative geniuses at its Grand Challenge idea incubator will find ways to realize Bezos' dream of reducing health care costs. Among these will no doubt be the use of wearables to treat people at home and avoid the costs associated with hospital and nursing home care. As Jeff Becker, a principal healthcare analyst at CB Insights said:

“ *If you can get emergency-department visits to the urgent-care setting, and then urgent-care visits to the home, you're saving tons of money by doing that — enough that it's worth driving a doctor to your house.”*

- JEFF BECKER, PRINCIPAL HEALTHCARE ANALYST
CB INSIGHTS

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<https://coverager.com/amazon-launches-amazon-care/>

CONCLUSION

There are several challenges facing all of these retailers as they add to or expand their health care services. Perhaps the biggest is the fact that **75% of Americans** already have a primary care physician, and physician choice has always been important to the American public. Retailers will struggle to convince consumers that they can create a personalized healthcare experience.

They may also struggle to find doctors. If the Association of American Medical Colleges report of a growing deficit in primary care doctors is true, the U.S. is already facing a shortage of 45,000 physicians. But if getting to a primary doctor becomes even harder for patients seeking treatment, retail health clinics can help close this gap through their widespread store/clinic distribution and telehealth options.

Contributing to the likely success of these retail health providers is Americans' love of a good deal – especially people who do not have insurance or who are paying high co-pays. This is a sizable portion of the population and could easily sustain these retail health providers while they build credibility.

The healthcare market is clearly evolving. Non-traditional retailers are entering the market with consumers poised to exercise more control over how they access healthcare. This evolution appears ready to increase access to information, to primary providers, to treatment options, to affordable offerings, and to flexibility and simplicity.

We are all part of this evolution. Thoughtful design and construction professionals are proactively engaging with providers to discuss these retail examples and the evidence of consumer demand. Identifying a sustainable mix of delivery options will be key to maximize consumer convenience and, perhaps, positively impact population health.



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ABOUT PLUNKETT RAYSICH ARCHITECTS, LLP.

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