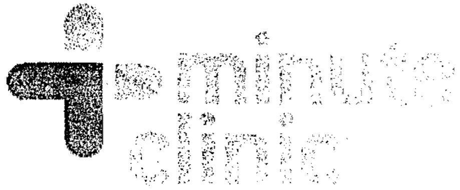

Delivering Greater Access to Affordable Healthcare

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Retail Clinics Prompt National Media Exposure

Over 1,200 articles and news segments featuring the "disruptive innovation" of MinuteClinic have run in the last 24 months on all national networks and in the leading national print media.

Los Angeles Times

CBS NEWS

Sun-Sentinel

abc WORLD NEWS TONIGHT

At retail-store clinics, medical treatment while you shop

Kiplinger's

The New York Times ON THE WEB

MONEY

U.S.News & WORLD REPORT

FAST COMPANY

FAST50

Next to the Express Checkout, Express Medical Care

FOX NEWS

Mar. 20, 2006

TIME

TODAY

Proprietary and Confidential

Mission

To integrate simple, high-quality healthcare solutions into consumers' lifestyles

- We are dedicated to providing high-quality, professional and affordable care for common family illnesses.
- We align ourselves around schedules that are "lifestyle conscious" in convenient locations, where customers live, work and play.
- We provide patients, employers and payers a cost-effective complement to traditional health care services.
- As a result, MinuteClinic is the leader in delivering accessible health care into our consumers' daily lives.

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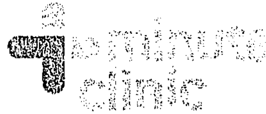
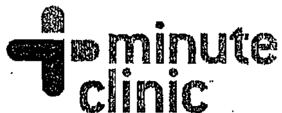
"Right-Sized" Engineered



- Focused range of services
- One practitioner per exam room
- Most services take 15 minutes
- Prices clearly posted
- First come, first served
- No capital-intensive equipment; only diagnostic supplies

ERs, Urgent Care and Medical Offices

- Broad services
- Specialists
- Varied service times
- Complex pricing
- Congested schedule
- Over engineered for simple services with capital-intensive diagnostic equipment



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Retail Clinic Scope of Services

Treatments and Services

(Most services $59 or an insurance copay)

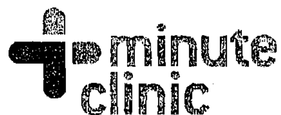
Bladder Infections
Bronchitis
Ear Infections
Pink Eye & Styes
Sinus Infections
Strep Throat
Flu Diagnosis
Mononucleosis
Pregnancy Testing
Wart Removal

Athlete's Foot
Cold Sores
Deer Tick Bites
Impetigo
Minor Burns & Rashes
Minor Skin Infections
Minor Sunburn
Poison Ivy
Swimmer's Ear
Suture Removal

Vaccines

(Price range from $25 - $110)

Flu (seasonal)
Hepatitis A & B
Polio - (IPV)
Meningitis
MMR - (Measles, Mumps & Rubella)
Pneumonia - (Pneumovax)
Tetanus, Diphtheria, Pertussis – (Td, DTap & TDaP)



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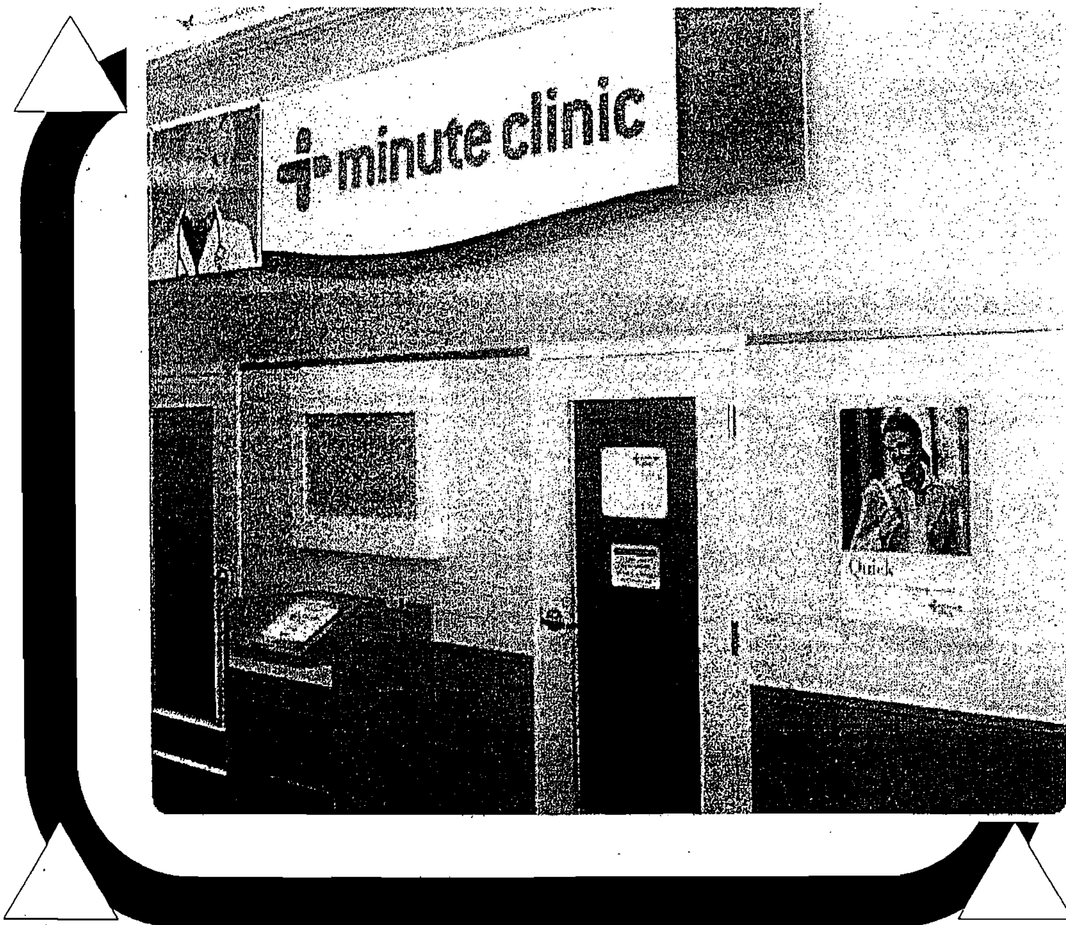
What Does a Typical Clinic Look Like?



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Customer Satisfaction Remarkably High

How would you rate the quality of care you received at MinuteClinic?

Excellent	93%
Good	7%
Average	0%
Less than satisfactory	0%
Unsatisfactory	0%

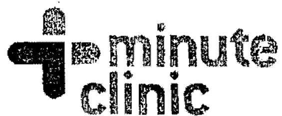
Would you use this service again?

Yes	99.6%

Do you plan to recommend this service to a family member or friend?

Yes	98.6%

Source: November 2005 survey; 26,273 respondents



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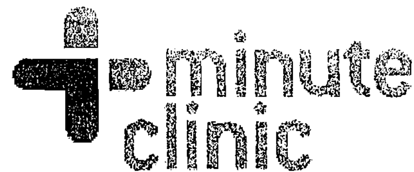
Essential Components

The following six components comprise the health care model

Focused on a narrow range of common family illnesses

Electronic billing to insurers

Staffed by board-certified Family Nurse Practitioners or Physician Assistants



Proprietary software guides evidence-based diagnosis and treatment

Local board-certified Physicians serve as medical directors in every market

Patient record sent to primary care provider

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Studies Confirm Savings

Various studies prove the cost-effective nature of the model

- In a study conducted by Mercer on behalf of Black & Decker using 2005 data:
  - MinuteClinic visits show a **30% to greater than 50% savings** over the same type of office visit at a primary care clinic.
- Blue Cross Blue Shield of Minnesota analyzed visits to MinuteClinic from June 2004 to June 2005 and found:
  - MinuteClinic visits **cost about half** of an office visit.
- A Minnesota-specific Reden and Anders Study from January 2005 to March 2006 indicates:
  - Episodic **savings of 30% or greater**.

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Studies Confirm – No Utilization Concern

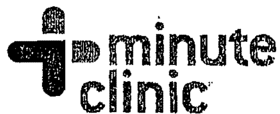
Studies prove there is little to no impact on utilization

2005 study conducted by Mercer using Black & Decker data:

- Only 8 per 1,000 patients recorded a visit to their primary care provider within 10 days of a MC visit

2005 HealthPartners study looking at utilization before and after adding MinuteClinic to network:

- 336 members per month episodes (strep, sinus, ear, eye, urinary) prior to MinuteClinic added
- 313 members per month episodes after MinuteClinic added



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High Quality Care – Highly Trained Practitioners

Every MinuteClinic practitioner is licensed and board-certified

- Credentialing – NCQA Guidelines
- Extensive internal training
  - Two-week training prior to working within a clinic
  - Curriculum is divided into the following components:
    - Professional skills
    - Operations skills
    - Clinical skills
- Practitioner competency is verified at the conclusion of each training session
- Each practitioner completes re-certification of each module annually

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High Quality Care – Proprietary Software

Electronic Medical Record (EMR) system results in improved effectiveness and efficiency

- Offers improved results and communication
- Prepares us for new national standard for electronic transmission of basic patient history – Continuity of Care Record (CCR)
- Designed to provide national best practices and clinical guidelines
- Formulary management
  - Generic drug default
- "Circuit Breakers" built in to assure proper triage and referrals
- Records are accessible from any MinuteClinic location, providing
  - Diagnostic record
  - Educational material
  - Patient bill
  - Prescription at end of visit (when clinically appropriate)
  - Reduced patient errors
- No paper charts are maintained – everything is electronic
- Privacy assured through centralized storage

minute clinic

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High Quality Care – Guidelines and Accreditation

MinuteClinic adheres to national standards of practice, as established by:

- Institute for Clinical Systems Improvement (ICSI) regional guidelines
- American Academy of Pediatrics (AAP) Red Book
- American Academy of Family Physicians (AAFP)

MinuteClinic also adheres to:

- AAFP and AMA Desired Attributes for Retail Health Clinics
- NCQA Guidelines for Credentialing

In addition, MinuteClinic is the first and only retail health care provider to be **JCAHO accredited** (as of August, 2006)

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Medical Community Relations

In each market MinuteClinic enters, we establish relationships with the local medical communities

- Local physicians serve as collaborating physicians (medical directors), supporting our delivery of care
- MinuteClinic establishes key relationships with local physicians, clinics and urgent care organizations
- 'Introductory Letter' is sent to local providers two to three weeks before a market opening
- Practitioner sends medical record to primary care physician (as determined by patient)
- If the patient has no primary care physician, a MinuteClinic practitioner will:
  - Discuss with patient and recommend patient develop primary physician relationship
  - Provide the patient with list of local physicians accepting new patients

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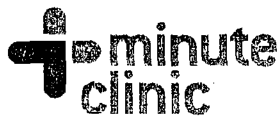

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The NEW ENGLAND JOURNAL of MEDICINE

Perspective

FEBRUARY 22, 2007

The Rise of In-Store Clinics — Threat or Opportunity?

Richard Bohmer, M.B., Ch.B., M.P.H.

The recent acquisition by the pharmacy chain CVS of MinuteClinic, a chain of in-store clinics founded in Minnesota, has put this model of primary care delivery back in the spotlight. Although still not widespread, the model is increasing in prevalence (see table) and appeals to several stakeholders: payers note that primary care is less expensive when delivered at in-store clinics than when provided in a doctor's office or emergency room, patients value the convenience and low price, entrepreneurs see a profitable business model, and proponents of consumer-driven health care see services that can be paid for out of health savings accounts. Physicians, however, express concern about the quality of care and the potential impact on their businesses.

The typical in-store clinic is a kiosk — a small, thin-walled structure located inside a store — staffed by a nurse practitioner. The clinics differ from the old "doc-in-the-box" model in that they are neither routinely staffed by a physician nor intended to provide all primary care services. Indeed, the range of services — posted as a "menu" on the company's Web site or on the kiosk — is strikingly small, including common adult vaccinations, screening tests, and treatment for simple conditions (see box).

But for these circumscribed services, the clinics provide a compelling value proposition. Care is intended to be quick, inexpensive, and convenient: visits and waiting times are short, the charge is usually less than $50, and extended hours are offered along with ample parking. It's not surprising, then, that patients and investors have taken notice. Although only 7% of respondents in a 2005 poll said they had ever used such a service, 41% said they would be likely to do so.[2] And since 2000, when the concept was developed by QuickMedx (which later became MinuteClinic), at least 10 other companies have entered the market and several hundred clinics have been opened or are being planned. The California HealthCare Foundation expects thousands to open in the near future.[1]

At the heart of the appeal are well-thought-out business and operational models, both dependent on the limited services menu. Overhead is low because staffing, real estate, and financing costs are low, and some of these overhead costs are shared with the

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In-Store Clinic Companies.*

Clinic Operator and Headquarters	Locations and Expansion Plans	Affiliated Retailers	Slogan
Aurora Quick Care			
Milwaukee	17 Locations in Wisconsin	Aurora Pharmacy, Piggly Wiggly, Wal-Mart	No appointment. No waiting. No hassle.
Curaquick			
Sioux City, Iowa	11 Locations in Iowa, Nebraska, and Ohio	Hy-Vee, Pharm Discount Drug	The nurse is in.
HealthRite			
Atlantic City	1 Location in New Jersey	ShopRite grocery stores	Health care right when you need it!
MediMin			
Phoenix	3 Locations in Arizona	Bashas', Food City	Time, sensitive care.
Medpoint Express			
South Bend, Indiana	3 Locations in Indiana	Wal-Mart	Get well sooner.
MinuteClinic			
Minneapolis	156 Locations in Arizona, Connecticut, Florida, Georgia, Indiana, Kansas, Maryland, Michigan, Minnesota, Missouri, Nevada, North Carolina, New Jersey, New York, Ohio, Rhode Island, Tennessee, Texas, and Washington	CVS, Target, Supervalu's Cub Foods, Bartell Drugs, QTC	You're sick. We're quick!
QuickClinic			
Akron, Ohio	3 Locations in Ohio	ACME Fresh Market, Ritzman's Pharmacy	On the spot relief.
QuickHealth			
San Francisco	7 Locations in California and Iowa	Farmacia Remedios, Longs Drugs, Wal-Mart	We make quality medical care affordable and convenient.
RediClinic			
Houston	29 Locations in Arizona, Georgia, New York, Oklahoma, and Texas	HEB, Wal-Mart, Duane Reade	Get well. Stay well. . . . Fast!
SmartCare			
Greenwood Village, Colorado	12 Locations in Colorado, North Carolina, and South Carolina	Kerr Drug, Wal-Mart	Convenient healthcare for everyday needs.
Take Care Health Systems			
Conshohocken, Pennsylvania	36 Locations in Kansas, Missouri, and Oregon	Brooks–Eckerd Pharmacy, Rite Aid, Osco, Sav-On Drugs, and Walgreens	Professional care. Always there.
The Little Clinic			
Louisville, Kentucky	14 Locations in Florida, Indiana, and Kentucky	Kroger, Publix	Convenient neighborhood medical care.

* Information is updated from Scott.[1]

store. Clinics are located in states that allow prescribing by nurse practitioners, and physician involvement is limited. In addition, their focus on out-of-pocket payment limits accounts-receivable costs. Affiliations with drugstores benefit both partners: patients appreciate the convenience of being able to fill prescriptions on the spot, and the clinic draws customers to the store.

The operational model is equally well constructed. The originators based their design on the McDonald's hamburger chain, in which customers select items from a limited menu. The services listed are highly standardized interventions and require no physician evaluation. Diagnoses are made

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A Typical Menu for Care at an In-Store Clinic.

Conditions Treated, Tests Offered

Allergies	Minor burns and rashes
Athlete's foot	Minor skin infections
Bladder infections	Minor sunburn
Bronchitis	Mononucleosis
Chlamydia	Nausea and vomiting
Cholesterol screening	Pinkeye and sties
Cold sores	Poison ivy
Diabetes screening	Pregnancy testing
Diarrhea	Ringworm
Ear infections	Sinus infections
Flu	Strep throat
Impetigo	Swimmer's ear
Insect bites	Swimmer's itch
Laryngitis	Wart removal
Lice	

Vaccines

Diphtheria, tetanus, and pertussis
Flu
Hepatitis A
Hepatitis B
Measles, mumps, and rubella
Meningitis
Pneumonia
Polio
Tetanus and diphtheria

by using a simple binary test (such as for a streptococcal throat infection) or by applying a rigid, protocol-based decision rule. In some cases, no diagnosis is required (such as for a hepatitis vaccination). In addition, the conditions treated and therapies offered require no or minimal follow-up (for instance, clinics offer diabetes screening but not treatment), and decisions can be guided by highly specified protocols. More important, the conditions can be diagnosed and treated quickly.

Some concerns have been raised, however, about quality of care. Critics worry that important, albeit rare, diagnoses and opportunities to address other concomitant health issues may easily be missed by nurse practitioners following rigid protocols. Questions have also been raised about the potential lack of continuity of care: when care is fragmented, with different clinics or clinicians providing care at different times, trends suggestive of serious underlying conditions may be missed, and if clinics have no explicit after-hours arrangements, complications arising from daytime care may go unaddressed. In addition, past experience suggests that for-profit clinics might be motivated to overservice patients.

These drawbacks have thus far remained theoretical. Clinics have worked to maintain good relationships with local primary care practitioners,[3] some have software that searches for patterns of repeated presentations, and the strict reliance on evidence-based protocols should prevent overservicing. Both the American Medical Association and the American Academy of Family Physicians support the concept of pluralism in primary care services.[3] Moreover, these clinics raise important issues regarding the future design of primary care delivery.

First, in-store clinics reflect a well-designed operating system in which all the elements — location, physical structure, information systems, staffing, clinical and business processes, and range of services — are aligned to meet a particular population's needs efficiently and effectively. Health care services tend to be loosely stratified, typically by patient age, by body system, or by disease. Although these variables are often rough proxies for the complexity of medical problems, complexity itself is not usually an organizational rubric. In-store clinics, by contrast, stratify the primary care market into more and less complex care and are carefully configured to serve the needs of the less sick. Focus on a small segment of the market facilitates such operating system alignment.

The effect of this specialized care delivery model on traditional primary care practices may be to remove some patients and services from the doctor's office, leaving a sicker population behind. Some practitioners will see this as "cream skimming" and a threat to their revenue, particularly if they rely on income from short appointments for simple cases to subsidize the cost of more time-consuming appointments for more complex cases. But others may see in-store clinics as a way to improve their patients' access to care, decompress their busy waiting rooms, free them up to spend more time with patients, and serve the uninsured, a group of patients whom they may wish to avoid.

Second, in-store clinics place patients in a new role, as they become responsible for sorting their medical problems according to their complexity. Because some menu items are diagnoses, there is an implicit assumption that patients can make their own clinical judgments, relying on clinics only to confirm the diagnosis and deliver the treatment. The clinics' highly engineered business and operational models are very sensitive to misclassification. Attracting patients for whom the clinic is not configured — for instance, someone with an acute, life-threatening disease — would cause a serious delay for others in the queue and weaken the customer value proposition of speed and convenience. Clinics, however, say that such occurrences are less common than one might fear; Michael Howe, the chief executive officer of MinuteClinic, notes that less than 10% of patients are turned away at his company's clinics, which have never had a

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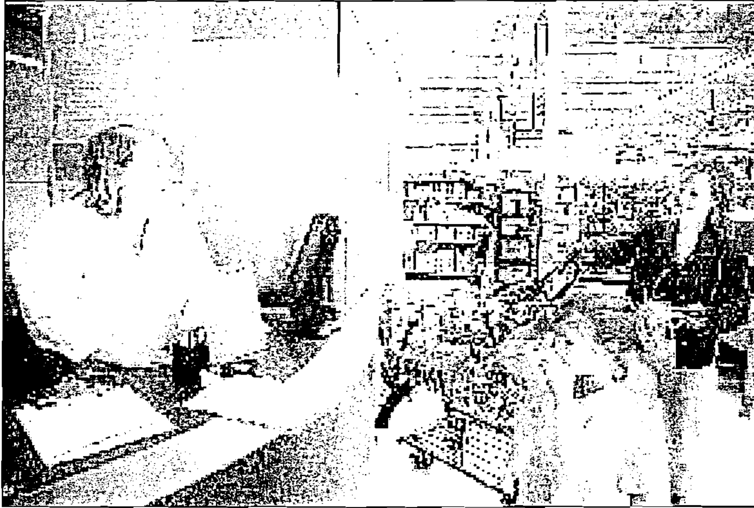

patient present with chest pain, for instance. With regard to the circumscribed set of conditions on the menu, patients have turned out to be capable diagnosticians. Moreover, some patients — and not just those in higher socioeconomic groups — seem to be happy with this role and comfortable arranging their own care.

Third, prognosticators see an impending crisis caused by the convergence of a reduced supply of physicians and nurses and an increased demand for health care as baby boomers age and develop chronic conditions.[4] Service models such as in-store clinics may efficiently provide services to a small slice of the population, freeing up primary care practitioners and emergency rooms to deal with more complex cases, for which they are more appropriately configured. In fact, primary care practices and emergency departments could themselves use such a model, both to improve access to care and to create spare capacity. Indeed, several provider organizations have already opened their own in-store clinics, using their powerful local brand to attract consumers.

Finally, some wonder whether this model is a "disruptive innovation" — that is, a service or technology that enters a market at the low end, initially not performing as well as higher-end incumbents, then improves until it captures the whole market.[5] In-store clinics are certainly entering the market at the low end of medical complexity. However, they have, by design, limited ability to move "up" into coverage of more complex conditions or problems. The menu of services consistent with their operating model is short, and taking on others would undermine their operations and their customer value proposition. Consequently, it is unlikely that in their current form they will usurp the core business of primary care practitioners.

Whether or not this model becomes a permanent feature of the health care landscape, the thinking behind it — in terms of operating-system alignment, alternative approaches to stratification and capacity creation, and the patient's role — may well influence the design of future delivery systems. If these clinics are to complement existing services, they will have to ensure continuity of care by building effective relationships with local primary care physicians and by developing systems to track patients who have multiple appointments in order to identify patterns suggestive of underlying illnesses. However, concern about the quality of care is not a reason to reject such models out of hand. Given the stresses expected to bear upon delivery of services in the future, such models deserve consideration as one potential mechanism for managing a particular class of medical problems, serving a particular patient need, and maximizing patient benefit with limited resources.

An interview with Dr. Bohmer can be heard at www.nejm.org.

Dr. Bohmer is a senior lecturer in business administration at Harvard Business School, Boston.

1. Scott MK. Health care in the express lane: the emergence of retail clinics. Prepared for the California Healthcare Foundation. (Accessed January 30, 2007, at http://www.chcf.org/topics/view.cfm?itemID=123218.)
2. Many agree on potential benefits of onsite clinics in major retail stores that can provide basic medical services, yet large number are also skeptical. Wall Street Journal Online/Harris Interactive health-care poll. October 26, 2005. (Accessed January 30, 2007, at http://www.harrisinteractive.com/news/newsletters/wsjhealthnews/wsjonline_hi_health-carepoll2005vol4_iss21.pdf.)
3. Store-based health clinics. Report 7 of the Council on Medical Service (A-06). June 2006. (Accessed January 30, 2007, at http://www.ama-assn.org/ama1/pub/upload/mm/372/a-06cmsreport7.pdf.)
4. Bodenheimer T. Primary care — will it survive? N Engl J Med 2006;355:861-4.
5. Christensen CM, Bohmer RMJ, Kenagy J. Will disruptive innovations cure health care? Harv Bus Rev 2000;78(5):102-12.

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CORRECTION

The Rise of In-Store Clinics — Threat or Opportunity?

The Rise of In-Store Clinics — Threat or Opportunity? . The third sentence of the seventh paragraph (page 767) should have read "Both the American Medical Association and the American Academy of Family Physicians support the concept of pluralism in primary care services," rather than "the American Association of Family Practice." The text has been corrected on the *Journal*'s Web site at www.nejm.org.

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The Boston Globe

May 2, 2007 Wednesday
THIRD EDITION

SECTION: METRO; Pg. A1

LENGTH: 990 words

HEADLINE: CVS seeks to open clinics in its stores - Would be first in state; health officials cautious

BYLINE: Liz Kowalczyk GLOBE STAFF

BODY:

CVS Corp. has asked Massachusetts health officials for approval to open the first of 20 to 30 planned "MinuteClinics" in Boston-area stores that executives said will offer patients fast, inexpensive care in a region struggling with packed emergency rooms and closed doctors' practices.

Retail medical clinics are taking off nationally, with about 400 in drugstores, discount chains, and supermarkets in other states. If Massachusetts officials approve the plan, the CVS medical clinics would be the first store-based clinics in the state.

Company executives said they would open the first clinic in a CVS at 474 Washington St. in Weymouth; they would not disclose the other planned locations.

At MinuteClinics in other states, nurse practitioners and physician assistants typically spend about 15 minutes with a patient. They are trained to treat 20 or so common conditions, such as bladder infections, strep throat, and poison ivy, give pregnancy tests and vaccines, remove stitches, and write prescriptions. The clinics would usually charge $59 a visit, and CVS officials said they are negotiating with Blue Cross and Blue Shield of Massachusetts, Harvard Pilgrim Health Care, and Tufts Health Plan to cover their members' visits.

Michael Howe, chief executive of MinuteClinic, which CVS bought last year, said the clinics "are one piece of the solution for improving access in the state" and are not intended to replace primary care doctors. "But it can give consumers back something they're looking for - time," he said. MinuteClinic's slogan is, "You're sick. We're quick!"

The average wait is 20 minutes, Howe said, and MinuteClinics don't require appointments and have evening and weekend hours.

Massachusetts public health officials, who license clinics and must determine if they can operate safely, said they are moving cautiously on the proposal. There has been no organized opposition, but some Massachusetts doctors are concerned about the possible negative impact on patient care. They worry that serious problems will be missed when patients are treated outside their regular physicians' offices, or when they are treated by nurse practitioners and physician assistants without onsite supervision from a doctor.

Dr. Allan Goroll, an internist at Massachusetts General Hospital, said the opening of clinics in CVS stores and in Walmarts in other states reflects "the sorry state of primary care in America." He said insurers underpay primary care doctors, leading to a physician shortage. One answer, he said, is more investment by payers in primary care practices.

"We don't need another doc- or nurse-in-the-box practicing in isolated, uncoordinated fashion and burdening practices with requests for information" about patients they are not familiar with, he said in an e-mail.

MinuteClinic now has 145 locations in CVS pharmacies, Targets, and other stores in 18 states. He said the company analyzed demographics and access to care in the Boston market before developing its plan. The region has a large number of families with two working parents, which may indicate a strong need for quick care, Howe said. The retail clinics also can provide extra business for CVS when patients fill prescriptions in the stores and buy other merchandise.

Sacramento Business Journal - May 14, 2007
http://sacramento.bizjournals.com/sacramento/stories/2007/05/14/story11.html

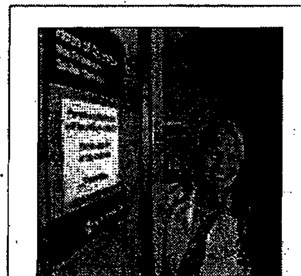
BUSINESS PULSE SURVEY: Allstate: Leave door open or slam it shut?

Retail health clinics working for Sutter; more locations planned

Health system pilot program picking up where doctors' offices leave off

Sacramento Business Journal - May 11, 2007 by Kathy Robertson Staff writer

Five months after Sutter Health's foray into the retail health business kicked off in a Natomas **Rite Aid** drugstore, almost 3,300 patients have been treated at the medical system's six clinics in the region.



Dennis McCoy | Sacramento Business Journal
Lynn Denham Martin works as a nurse practitioner at the Sutter Express Care clinic in Natomas.
View Larger

Seventeen healthcare providers now staff that clinic and those in Gold River, Elk Grove, Greenhaven, Folsom and, as of April 26, Roseville.

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PROFESSIONAL ISSUES

Physicians pushing state lawmakers to regulate burgeoning retail clinics

Alarmed by the rapid growth of retail health clinics, some physician organizations are beginning to move past voluntary guidelines toward strict regulation.

By Kevin B. O'Reilly, *AMNews* staff. June 4, 2007.

With the number of store-based health clinics expanding quickly, physicians and lawmakers in at least seven states have explored legislation aimed at ensuring that these new sources of primary care do not worsen quality, patient safety and continuity of care. In some cases, doctors' legislative fights are against industry-supported measures that would loosen existing regulations that could be applied to retail clinics.

Industry watchers say these legislative and regulatory challenges are the next hurdles for retail clinics.

"A year ago, this industry was an interesting experiment, and a year later, it is a viable model. Now, regulators have a tremendous opportunity to either encourage or impede the advance of retail clinics," said Mary Kate Scott, a health care technology consultant. Scott prepared a July 2006 report on retail clinics for the California Healthcare Foundation, a nonprofit organization that aims to expand access for the underserved.

The country's leading pharmacy chains, retail outlets and health systems will have an estimated 1,500 convenient care clinic locations up and running by the end of next year, compared with about 400 today. There could be consumer demand for as many as 5,000, Scott said.

States regulate the extent to which nurse practitioners and physician assistants can operate independently of physicians, along with safety issues such as the proper handling of biohazards. Also, the AMA and national family physician, pediatric and internist organizations have set out standards for how retail clinics should interact with physicians to ensure quality, safety and continuity of care. Clinics say the recommendations reflect what they already are doing, and the Convenient Care Assn. adopted its own set of standards in March.