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## **Retail Health-Clinic Industry is Primed for Expansion**

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The National Center for Policy Analysis estimates that, at present in the U.S., there are between 1,100 and 1,200 retail health clinics — walk-in facilities located in places such as pharmacies and discount stores.

The Dallas-based nonprofit has authored a new report that predicts the number of these retail clinics is expected to nearly triple over the next four years.

Devon Herrick is a senior fellow for the National Center for Policy Analysis (NCPA). He authored the new report on retail health clinics.

Herrick says the number of retail clinics is expected to reach 3,200 by 2014. He points to increased consumer demand for convenient, affordable health care as one reason for the anticipated growth.

“I expect the growth of retail clinics in Texas will outpace the national average,” Herrick says.

Roughly one-in-four Texans is uninsured. Herrick says retail clinics offer those patients an option to access and some greater cost transparencies than they might encounter elsewhere.

“Moderate-income people,” Herrick explains, “may not have coverage or may not have met their deductible. So they want low-prices — and especially the ability to

know in advance of (treatment) what it’s likely to cost.”

But retail clinics are attracting more insured patients, too. Whereas many of these clinics once accepted only cash payments for the care they provided, more are now accepting health insurance.

“Now only about one-third of (retail clinic) patients pay cash,” Herrick says.

### *New strategy*

Retail clinics are typically open seven days a week. They offer limited services but do not require patients to make appointments.

The industry has experienced some growing pains.

Webster “Web” Golinkin is CEO of Houston-based [RediClinic](#). He says the retail clinic industry enjoyed some rapid growth a few years ago but then retrenched as operators faced new challenges and worked to adjust their business models.

In 2006, RediClinic announced that it expected to open as many as 500 new locations across the U.S. by 2009. That plan never materialized. At present, RediClinic has 22 locations — 16 in Houston and six in Austin. Each are located in H.E.B. stores.

“We changed our strategy. We decided we wanted to refine the business model before implementing that expansion,” Golinkin explains. But he says RediClinic has retooled its business model and expansion is again part of the game plan.

“We will add a meaningful number of new clinics over the next few years,” he says.

Does that expansion plan include San Antonio?

Golinkin won’t say which markets RediClinic is considering. What he will say is that H.E.B., which is based in San Antonio, is “an important partner.”

Golinkin expects that other retail clinic companies will also look to expand their presence. He expects to see some significant industry expansion beginning later this year.

Herrick, who notes that the retail clinic industry was not immune to the national recession, expects modest growth over the next few years. He points to a report by the Deloitte Center for Health Solutions, which projects 10 percent to 15 percent growth in 2010 through 2012 and a 30-plus percent growth rate in 2013-2014.

Herrick says he expects that operators, after enduring a “period of cautious retrenchment,” will “build on what they’ve learned.”

### Important role

John Hawkins is senior vice president of advocacy and public policy for the Texas Hospital Association.

He suggests that retail clinics might help lift some of the burden off of overcrowded hospital emergency rooms.

“The Texas Hospital Association supports innovative solutions to expand primary care and make basic health care services more accessible and affordable for patients,” he says.

“Retail clinics — provided that they meet appropriate quality standards and that there are clinical oversight requirements — play an important role in the health care continuum, especially for those who are uninsured and under-insured,” Hawkins adds.

Golinkin agrees.

“Anything that increases access and reduces costs is necessary,” he says. “Retail clinics are doing a good job in both areas.”

Herrick says the retail clinic industry has had to learn what works and what doesn’t.

According to Deloitte, there are a trio of factors that are critical to any sustained industry growth: profitability, patient volume and the ability to attract more insured employees.

Says Herrick, “More people are becoming familiar with retail clinics and more insurers (are) willing to reimburse for retail clinic visits.”

But Herrick says one of the factors that will drive retail clinic expansion is access — a fact which he expects will be compounded by any national health care reform package.

“I believe,” he says, “the underlying condition that will ultimately lead to more people using retail clinics is ... the difficulty many people have in getting to see their primary care physician.”

