The ConvUrgentCare® Report

Thanks for taking the time to learn more about the ConvUrgentCare® Report from Merchant Medicine. Here is a rundown of what's included. Sample pages are attached.

Market Report includes:

- Data updated and published monthly
- Openings and Closings Major Announcements
- Full Article on Trends to Watch Monthly Feature Articles
- Available Back Issues to January 2010
- e-Alerts on Major Developments
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Tables Include:
Retail Clinic Operators by Total Clinics and State
Retailer Hosts by Total Clinics and State
Retail Clinic Operators by Top 100 Metro Areas
Urgent Care Clinics by top 100 Metro Areas
Hospital-Based Retail Clinic Operators
Alphabetical List with Web Sites

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Taking Medicine to the Marketplace

The ConvUrgentCare™ Report
U.S. Walk-In Clinic Market Report

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Lines Blur Between Convenient Care and Urgent Care

The Emergence of ConvUrgentCare™

Over the long term, it could be that seasonality is the least of a retail clinic operator's worries. As we noted last month in an article about the long road to breakeven for retail clinic operators, traditional medical practices are taking a page out of the retail clinic playbook and focusing more than ever on patient convenience and consumer marketing. The result is a trend that we call "ConvUrgentCare™," the merging of convenient care, urgent care and any type of walk-in medicine that involves non-emergent acute medical care.

Today you can see retail clinic techniques crossing over not only to urgent care and emergency care, but also pediatrics, family medicine and work-site clinics. It is a trend that will continue to grow, so much so that our market report has a new name: The ConvUrgentCare™ Report.

And these techniques appear to be working to change the game in walk-in medicine. It represents disruption for the disruptors and also represents more or less costly approaches to competing when MinuteClinic and Take Care come to town, if they come at all.

HealthPartners' multispecialty clinic in Woodbury, MN, houses an urgent care center and a retail-like Quick Clinic.

When we refer to these "techniques," some are the obvious ones like no appointment, prices posted and carved out services. But there are a number of not-so-obvious techniques, many of which are not available to the large operators of retail clinics.

Hospitals/Urgent Care/ Convenient Care

Competing for walk-in traffic is nothing new. Hospital emergency departments were up in arms when urgent care clinics started carving out less complicated services and taking business from their walk-in business back in the 1970s and 1980s. And there are still markets today, mostly rural, where as a result of the local hospital's clout, urgent care clinics simply do not open.

But hospitals in larger cities are becoming more sophisticated in competing for business, going head to head not only with urgent care centers, but also retail clinics.

The most obvious trend is what is commonly referred to as "fast tracks." These are physical spaces inside the emergency department of a hospital that are carved out for more simple cases in order to reduce patient wait times and compete with urgent care and convenient care centers. The hospitals follow CMS rules that require different billing procedures and lower fees, which

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Because of the CMS rules that lower prices, many emergency departments have gone ahead and changed the name of these fast tracks to urgent care centers. We've listed several examples in the sidebar on page 4.

But competition for walk-in medicine is far more complex today than just fast tracks, especially in the top 200 markets in the United States. Many fast track concepts have evolved beyond the confines of hospitals into hub and spoke networks of acute care centers.

In Springfield, IL, Memorial Health System has a hospital with an emergency department right in the downtown center. There are no convenient care operators in Springfield, but Take Care has just opened two centers a little more than 50 miles north in Peoria. So Memorial has ringed the city with three acute care centers called "ExpressCare" that have radiology and labs, and bill out at urgent care rates. As their own marketing copy states: "ExpressCARE provides fast and affordable healthcare seven days a week with hassle-free walk-in appointments. It is the perfect alternative when your primary care provider is not available or your case doesn't call for a trip to the Emergency Department."

Follow Interstate 55 north to Chicago and you find lots of convenient care locations. Central DuPage Hospital (CDH) is surrounded by them. In fact you can find a dozen Take Care and MinuteClinic locations within the hospital's immediate service area. But that has had only modest impact because CDH has ringed its service area with six acute care centers it calls "Convenient Care Centers."

Like the Express Care centers in Springfield, the CDH Convenient Care centers include radiology and labs, are staffed almost exclusively with physicians and bill out at urgent care rates. Although the centers do not currently post services and prices, the signs are in production.

"Between these six sites we do [illegible] visits a year," said Darin Jordan, MD, medical and operations director for CDH Convenient Cares. "Most of our patients hear about us via word of mouth or are referred by their primary care physician."

Jordan says the relationship between these Convenient Care centers and area physicians is very strong, which helps keep patient volumes high throughout the year. "They know we will take care of the problem no matter what their patients are coming in for, and they know we will send those patients back for follow-up."

The CDH Convenient Care centers at one time included occupational medicine services, but that business outgrew the Convenient Care facilities and needed their own space. "We end up handling their overflow on nights and weekends, and they promote us to their employer clients. So the synergy is perfect," says Jordan.

HealthPartners in Minneapolis/St. Paul is an integrated care system that includes health insurance, hospitals, multispecialty clinics and urgent care centers. The eight urgent care centers located within their multispecialty and primary care clinic facilities are not new. What is new is its Quick Clinic concept, which fast tracks patients with simple illnesses to a full-time nurse practitioner or physician assistant. Prices are posted and most insurance is accepted. Hours extend into the evenings and on weekends.

What makes HealthPartners worth paying attention to is the reverse disruption they represent to MinuteClinic, which operates more than [illegible] retail clinics in HealthPartners' service area. Because of the integrated delivery model, HealthPartners has both members (insurance business) and patients (medical group) who need access to care. And HealthPartners is able to direct those patients to exactly the right kind of care that meets their needs, including e-visits, tele-visits, or walk-in care.

HealthPartners also operates retail clinics just outside of the Minneapolis/St. Paul metro in St. Cloud, MN. There, the Central Minnesota division of HealthPartners has three clinics in area grocery stores. As with most retail clinics, they see patients regardless of their insurance carrier or current medical provider. Prices are posted; no appointment is necessary; all insurance is accepted; and hours are extended across seven days, including evenings during the work week.

The retail clinic practitioners rotate shifts through the main HealthPartners clinic facility. This enables the practitioners to keep up their skills outside of retail medicine, but it also enables them to establish credibility with the physicians who practice there. That credibility leads to retail clinic referrals and a very strong reputation in the community.

As mentioned above, HealthPartners is similar to Kaiser Permanente, an organization that has looked closely at the retail clinic concept. For now, Kaiser Permanente has decided not to open clinics inside retail stores partly because they

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serve primarily its own members and almost never accept cash paying walk-in patients. But the organization also holds very large market shares where it operates and would need more space than any retailer could give them.

That doesn't mean Kaiser ignores convenient care concepts and techniques. They are looking at projects where medical offices are integrated into new retail developments so patients can shop or accomplish more when they go out for a doctor's appointment.

One example is in a Kaiser Permanente office in Marietta, GA. Marietta is an upscale Atlanta suburb that is home to five retail clinics, including two Take Cares, two Little Clinics and one MinuteClinic.

More than 30 retail businesses operate at the Woodlawn Shopping Center in Marietta. Sandwiched between a karate school and a Fresh Market grocery store, Kaiser Permanente's soon-to-open mini-clinic will house eight exam rooms, four provider offices, a small retail pharmacy, and a general radiology room.

"We think the clinic will have curb appeal and road presence for our members," says Michele Flanagin, vice president of delivery system strategy at Kaiser Permanente. "And having the glass storefront gives us the opportunity to promote branded graphics."

Signage opportunities at the retail center include a common digital LCD monument sign that could alert members to flu shot clinics and other related health information. Individual media kiosks at the clinic entrance are also planned to give similar information including traffic and weather alerts.

And finally, we could help not mentioning the ultimate in convenient care: New York Presbyterian Hospital, which operates urgent care centers and fast tracks, also offers the ultimate pleaser for busy dual-income parents: "The Sniffles Club," a day care program for mildly-ill children, ages 3 months to 13 years old.

Here is copy from their web site:

"It is ideal for children who may not feel up to attending school or their regular day care, but aren't seriously ill and for parents who are unable to take off from work or locate a babysitter.

"The Sniffles Club is staffed by licensed pediatric nurses from the hospital's Pediatric Unit. Parents are immediately notified if a child's condition worsens. Depending on how they feel, children can participate in various activities. The staff will evaluate the child's need for sleep and rest and his or her schedule will be adjusted accordingly. They can also administer medications with parental consent. Children are served meals and snacks. Special diet considerations can be also accommodated, such as kosher menu, vegetarian meals, and baby food."

Urgent Care/Work-Site Care/ Convenience Care

In future issues of The ConvUrgentCare Report we will look at the crossover between urgent care, work-site care and convenient care. Smaller, single unit operators of urgent care centers have almost always offered occupational medicine services, including DOT physicals, drug screens and worker's comp services. And the large, national occupational medicine players like Concentra

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Openings and Closings

OPENED/ADDED
Take Care Health (20)
Chicago (4) (Walgreens)
St. Louis (6) (Walgreens)
Atlanta (4) (Walgreens)
Louisville (2) (Walgreens)
Las Vegas (2) (Walgreens)
Phoenix (1) (Walgreens)
Kansas City (1) (Walgreens)

MinuteClinic (7)
Chicago (1) (CVS)
Columbia, SC (2) (CVS)
Greenville, SC (2) (CVS)
Boston (1) (CVS)
Minneapolis/St. Paul (1) (CVS)

The Little Clinic (8)
Phoenix (1) (Kroger)
Indianapolis (1) (Kroger)
Houston (2) (Kroger)
Colorado Springs (1) (Kroger)
Denver (1) (Kroger)

RediClinic
Houston (1) (HEB)

DR Walk-In (1)
New York (1) (Duane Reade)

Also adding clinics:
Curaquick (1)
Luther Midelfort (1)
Quick Clinic in Akron is now Family Statcare

CLOSED
Target Clinic
Brandywine, MD (1)

MedAisle Express Care
Reno, NV (1)

MediGo
Miami (3)

Rapimed
Seattle (1)

(continued from page 3)

have typically not been bothered by that local competition because their focus was on large national employers. But three things have happened more recently to change these dynamics and create disruption vectors going in many directions.

First, Concentra entered the traditional urgent care space by opening many of its occupational medicine facilities to walk-in acute care patient traffic. This created the first national urgent care player almost overnight. Second, other traditional urgent care players began acquiring groups in different states to create additional national urgent care players like NextCare, Patient First, MedFirst and America's Urgent Care. And third, Walgreens acquired Whole Health and CHD Meridian, merged it with its convenience care subsidiary Take Care and began competing directly in the employer space, including occupational medicine.

Primary Care/Convenience Care/Urgent Care

In future issues of The ConvUrgentCare Report we will also be looking at crossover with primary care. If the emergence of convenient care centers were not enough of a problem for family practitioners and pediatricians, some urgent care centers seem surprisingly overt in the way they court primary care relationships.

Patient First is perhaps the best example of a multistate urgent care operator entering the primary care space. The company operates 26 "primary and urgent care centers," to use their words, in Richmond, VA, Newport News, VA, Washington, DC, and Baltimore, MD. Most are standalone centers in predominantly suburban locations open 14 hours a day, 365 days a year.

Unlike most urgent care centers, virtually all Patient First sites look very similar if not identical inside and out. They clearly are promoting a national brand to an American consumer increasingly accustomed to chain concepts. They also allow patients to see their physician schedules on line, knowing that patients learn to trust certain physicians and wish to maintain those relationships. And to compete with area retail clinics (MinuteClinic and Target Clinic are in their markets) Patient First dispenses its own prescriptions so patients don't have to make a second stop.

Just the Beginning

For the purposes of this article we've attempted to organize these examples of crossover. But in reality there are too many patterns to capture in one article. One commonality, however, is that patients have unplanned illnesses and injuries that need immediate attention. And more of them are looking for better customer service and faster turnaround. Accepting insurance plays a major role in the walk-in space, as does consumer marketing, interior design and the science of location.

So along with introducing a new name for our market report, we are also renaming our annual meeting of health systems to the ConvUrgentCare Strategy Symposium. Our next meeting will take place in January 2010 in Minneapolis/St. Paul. As you can infer from the date and location, this meeting is almost all work (The Mall of America is right next door!), and you'll come way with the case studies, tools and market data you need to plot your walk-in strategy for the next decade. We look forward to seeing you.

Examples of Fast Tracks

Akron Childrens Hospital Fast Track, Akron, OH
Lowell General Hospital Fast Track, Lowell, MA
Montgomery Hospital Fast Track, Norristown, PA
New York Presbyterian Fast Track, New York, NY
Palo Alto Medical Foundation, Mountain View, CA

Examples of Hospital ERs with Embedded Urgent Care

Wheaton Fransican Healthcare, Wisconsin
Black River Hospital Urgent Care, Black River Falls, WI

Examples of Urgent Cares and Emergency Rooms with a Retail Clinic Feel

After Hours Urgent Care, Minneapolis/St. Paul, MN
Hanover Hospital, Hanover, PA
HealthPartners, Minneapolis/St. Paul, MN
Holy Name Hospital Sniffles Club, Teaneck, NJ
Central DuPage Hospital Convenience Care, Chicago, IL
North Shore University Health System, Chicago, IL
Memorial Express Care, Springfield, IL
Mercy Hospital and Medical Center, Chicago, IL
Patient First, Baltimore, MD
Central Pediatrics and Priority Pediatrics, Minneapolis/ St. Paul

Market News (continued from p.2)

Flu Shots Bringing in New Patients

Why the major emphasis on flu shots in all these marketing campaigns? It's a great way to get new customers in to see what a retail clinic looks like and increases the likelihood patients will try the clinic when they don't feel well during the winter months. Here's a look at flu shot pricing from the major operators:

Operator	Flu Shot Price
MinuteClinic	$30
Take Care	$24.99
The Little Clinic	$29
RediClinic	$25
Target Clinic	$29

Take Care Opens in Philly Metro

In 2005 Take Care opened its first clinic in Portland, Oregon, 3,000 miles away from its headquarters. Now, three years later, Take Care is opening its first clinics close to its home base in the Philadelphia suburb of Conshohocken, PA. The first clinic to open in the area is across the Delaware River in Sicklerville, NJ. But construction has begun on clinics in Pennsylvania proper as well. The openings coincide with an announcement by Independence Blue Cross that it has added retail clinics to its list of covered services for members of its PPO plans. Unlike Boston area insurers, IBC has not yet covered retail clinic in its HMO plans. That's a big deal because HMO penetration in Philadelphia remains among the highest in the country and may have been a factor in Take Care's decision to hold off on Philadelphia until now. HMOs typically require a referral from a primary care physician to have a retail clinic visit covered, an unlikely occurrence given most PCP attitudes toward the concept.

Rand Prediction Way off Base

The Journal of Health Affairs recently published a study by the Rand Corporation estimating 6,000 retail clinics by 2011. Said another way, that's almost 5,000 new clinics in three years. According to Merchant Medicine's tracking, new clinic openings are running at a rate of 30-40 a month right now. And this is the "high season" for clinic openings. That number will drop significantly in the spring. For the Rand study to be correct, the industry would need to net 130-140 new clinics per month year round for three years. That's simply not going to happen. How could they be so wrong? The study was done during 2007 and most likely was put to bed at Health Affairs sometime last spring. The authors appear to have gotten caught up in the emotional craze of 2006 and 2007. It used to be that things didn't change quickly in the healthcare business, something that Rand obviously counts on in its research methodology. Not anymore. Support for the study was provided by the California Healthcare Foundation and the National Institutes of Health. For the record, Merchant Medicine predicts 3,000 retail clinics by the end of 2012.

By the Numbers

Total Retail Clinics in the United States on November 1: 1104
Total Retail Clinics in the United States on October 1: 1066
Net Growth Since October 1: 38

Total Clinics by Operator November 1 vs. October 1, 2008

Operator	1-Nov	1-Oct	Change
MinuteClinic			
TakeCare			
The Little Clinic			
RediClinic			

This chart includes all retail clinic operators with current total clinics vs. previous month

Clinics by State	State Total	Minute Clinic	Take Care	Target Clinic	The Little Clinic	Others (# clinics)	Others (# clinics)	Others (# clinics)	Others (# clinics)
Arkansas									
Arizona									
California									
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Iowa									
Idaho									
Illinois									
Indiana									
Kansas									
Kentucky									
Louisiana									
Massachusetts									
Maryland									
Michigan									
Minnesota									
Missouri									
Mississippi									
North Carolina									
North Dakota									
Nebraska									
New Jersey									
Nevada									
New York									
Ohio									
Oklahoma									
Pennsylvania									
South Carolina									
South Dakota									
Tennessee									
Texas									
Utah									
Virginia									
Washington									
Wisconsin									

This chart shows all retail clinic operators with current total clinics by state.

Clinics by Retail Host and State

November 2008

Retailer	Total	AR	AZ	CA	CO	CT	FL	GA	IA	ID	IL	IN	KS	KY	MA	MD	MI	MN	MO	NC	ND	NE	NJ	NV	NY	OH	OK	OR	PA	SC	SD	TN	TX	UT	VA	WA	WI
CVS Pharmacy																																					
Walgreens																																					18
Publix																																					
Wal-Mart																																					7
Kroger																																					
Target																																					
HEB																																					
Rite-Aid																																					
Cub Foods																																					
ShopKo																																					9
Hy-Vee																																					
Aurora Pharmacy																																					7
QFC																																					
Standalone																																					1
Farmacia Remedios																																					
Mall																																					4
ShopRite																																					
Coborn's Markets																																					
Office Bldg																																					
Smith's																																					
Albertsons																																					
Dahl's																																					
Navarro Pharmacy																																					
Acme Fresh Markets																																					
Bashas'																																					
Duane Reade																																					
Martin's																																					
Mr. Z's Market																																					
Piggly Wiggly																																					2
Price Chopper																																					
Weis Markets																																					
Others (1 each)																																					3
Total																																					51

This chart shows all retailers hosting medical clinics by state.

Hospital System Operators of Retail Clinics November 2008

Ranked by Total Clinics

Clinic Brand	Hospital System	Headquarters	Total Clinics	Retail Partner(s)
Aurora Quick Care	Aurora	Milwaukee		Wal-Mart, Aurora Phmcy, Piggly Wiggly
NOW Express Care	North Memorial	Minneapolis		Cub Foods

This chart summarizes all hospital system operators of retail clinics.

Retail Clinics by Metropolitan Statistical Area

November 2008

Markets 1-50

Rank	Metropolitan Statistical Area (clinics)	Operators (clinics)
1	New York/Northern NJ/Long Island (18)	DR. Walk-In (2), MinuteClinic (16)
2	Los Angeles/Riverside/Orange County (51)	MinuteClinic (41), QuickHeallth (3), Lindora (7)
3	Chicago/Gary/Kenosha (57)	MinuteClinic (27), TakeCare (29), Aurora Quick Care (1)
4	Washington/Baltimore/Northern VA (50)	MinuteClinic (44), TargetClinic (6)
5	San Francisco/Oakland/San Jose (7)	QuickHealth (7)
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These two charts show retail clinics and operators by the top-100 metro areas in the United States.

Retail Clinics by Metropolitan Statistical Area November 2008

Markets 51-100

Rank	Metropolitan Statistical Area (clinics)	Operators (clinics)
51	Greenville--Spartanburg--Anderson, SC (1)	MinuteClinic (1)
52	Dayton--Springfield, OH (2)	Premier Express Care (2)
53	Fresno, CA (0)	QuickHealth closed
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100		

Retail clinics by the top-100 metro areas in the United States (continued).

Alphabetical Listing of Operators and Web Sites

Operator	Web Site
Alegent Quick Care	http://www.alegent.com
ALMC ExpressCare	http://www.mayohealthsystem.org/
Atlanticare Healthrite	http://www.atlanticarephysiciangroup.com/services/
Aurora Quick Care	http://www.aurorahealthcare.org/services/quickcare/index.asp
CMC Express	http://www.carolinasmedicalcenter.org/body.cfm?id=1333

This chart is an alphabetical listing of all retail clinic operators in the United States with their web sites.

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