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CHECK UP IN AISLE FOUR

Retail Clinics Deliver Medical Care While You Shop

To explore consumer awareness and attitudes towards retail health clinics (also called convenient care clinics or in-store clinics), as well as physician and healthcare usage trends, LJS conducted a national study in which 1,350 households were interviewed in person by telephone during the first quarter of 2008. The survey reveals a growing trend among consumers toward visiting health clinics located in retail stores and pharmacies. LJS explores the reasons why people are beginning to use these clinics as an alternative to visiting their doctors.

LJS is a marketing research firm specializing in the pharmaceutical and healthcare industries.

We help companies compete by designing custom research that yields unique insights into how consumers think, feel and act.

BACKGROUND

Consumer-driven healthcare is at the heart of a trend that is shifting routine, non-urgent medical care away from the traditional healthcare system. As total U.S. healthcare spending continues to escalate toward a projected \$2.4 trillion in 2008 (approximately 16.6% of the GDP, or \$7,900 per person)*, consumers are paying more of their own healthcare costs in the form of higher premiums, deductibles and co-pays. In addition, economic incentives such as Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA) encourage consumers to make more cost-conscious decisions about how, when and where they seek medical services and products.

Combine rising costs with a culture that favors more choice and convenience and it is no surprise, then, that the consumer-centric retail industry has recognized an opportunity to meet a growing need, drive related revenues and potentially reduce its own health benefit costs. Retail health clinics (also called convenient care clinics) have begun emerging in chain drug stores, supermarkets and "big-box" retailers. They offer consumers a menu of treatments for minor ailments such as: sore throats, routine check-ups and health screenings, vaccinations such as flu shots and monitoring visits for chronic conditions such as diabetes. All this, in usually 15 minutes or less, seven days a week, and without an appointment. Patients are typically seen by a nurse practitioner, who can prescribe basic drugs, and are charged less than a visit to the doctor or the ER (typically \$50 to \$75). And while cash payments are still accepted, convenient care clinics now accept most insurance plans.

Such clinics can currently be found across the United States. According to the Convenient Care Association, (www.convenientcareassociation.org) there are about 950 retail clinics in operation, and that number could double by 2009. Today, there are over fifty companies nationwide that manage convenient care clinics. This mix includes national, regional and local players who are independent clinic operators with retail partners such as RediClinic, which is affiliated with H-E-B and Wal-Mart, retailer-owned operators such as Walgreens' Take Care and CVS' MinuteClinic, and hospital-owned clinics such as Sutter Express Care. Walgreens Co. recently announced that, in addition to more than doubling the number of its Take Care Health Clinics this year, it plans to open clinics in workplaces as well. Other convenient care clinics have landed at airports, catering to the hectic business class whose only downtime is between flights.

*Source: Department of Health and Human Services' National Health Expenditures Data, 2006 version released January 2008.

If you would like more information about this study or LJS healthcare research, visit our website at www.ljs.com or contact Margaret Mueller at 312.676.8060 or margaretm@ljs.com.

PUBLIC AWARENESS AND USAGE

Who knows about retail health clinics, and who uses them?

Nearly half (45%) of consumers interviewed in the LJS study have heard of retail health clinics. Awareness increases with age; only a quarter of those under the age of thirty are aware, contrasted with over half (53%) of those over sixty. Awareness also increases with education and income levels, which may reflect the fact that, so far, most of these clinics have opened in affluent suburbs where busy working families are willing to pay cash for quick, convenient health services. Likewise, awareness is somewhat lower (36%) among those without health insurance. There is a modest uptick in the trend of people visiting these clinics, from 4% among the overall population in 2006, to 6% in 2008. Despite varying levels of awareness, utilization is fairly consistent at a range of 5% - 7% across age, education and income levels. Interestingly, although awareness is somewhat lower among the uninsured, utilization is somewhat higher at 10%.

Though still in the trial usage stage, convenient care clinics are becoming more widely accepted by consumers. The average household using a retail clinic has made a repeat visit, reporting a mean of 2.1 visits overall. There is a slightly higher frequency of use among women aged 30 to 44, families with children living at home, and moderate to low income households with health insurance (Table 1). While retail clinics may provide substantial service to the uninsured, the typical consumers of convenient care services are households with some form of health insurance coverage (80%). Although utilization by those without insurance is somewhat higher, frequency of use is lower at an average of 1.5 visits.

Table 1
How many times have you or someone in your household been to one of these clinics?

	Mean Times
Total	2.1
Have health insurance	2.3
No health insurance	1.5
Under 30 years	1.9
30 - 44 years	2.4
45 - 59 years	2.0
60+	2.1
Male	1.7
Female	2.6
Kids at home	2.4
No kids	1.8
No college	2.6
Some college	1.9
College grad	1.6
Under \$40K	2.9
\$40 - \$70K	1.9
Over \$70K	1.7

SATISFIED CUSTOMERS

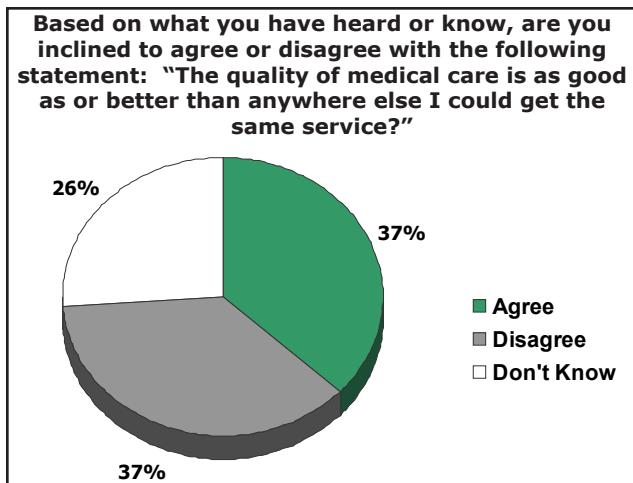
Asked whether they agree or disagree with the statement that they believe the quality of medical care obtained at a retail clinic is "as good as or better than anywhere else I could get the same service," public opinion is split. About one-third (37%) agree with the statement, another third (37%) disagree, and 26% don't know. (Chart A) However, a sizable majority of those surveyed who have actually used a convenient care clinic (71%), report that they were "completely satisfied with the service and care received."

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providers and hospitals, and work towards a goal of using EHRs (electronic health records) to share patient information and ensure continuity of care." However, these records are not necessarily transferred to the patient's primary care physician or "medical home," due to network communication and software compatibility issues. Still, these data suggest that retail clinic operators have room to improve public perception about their scope of services and quality of care.

Although attracted by the convenience and mostly satisfied with the service, Americans are still concerned about patient safety and continuity of care, as reflected in the 81% who agreed that, "the results of medical services I receive from convenient care retail clinics should be sent to my doctor and be included in my medical record." The public will be reassured to learn that all of the clinics belonging to the Convenient Care Association must commit to a list of quality and safety standards, including "build relationships with traditional health care

Chart A



For more information on this study contact
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PHYSICIAN AVOIDANCE

The percentage of households that report cutting back on medical expenses has gradually increased during the past year and reached a high of 31% in February, 2008, an increase of ten percentage points over 2007. While food and clothing expenditures decrease more than medical spending during economic downturns, consumers will spend less on healthcare during uncertain times.

The March segment of this study finds that 40% of adults say they are more disposed to delay calling the doctor. (Chart B) Two-thirds of the respondents are more likely to ask for a generic substitute when prescribed a medication (Chart C), and nearly half (49%) say they would be more likely to consult a pharmacist for advice or information. With patients tending to visit their doctors less frequently, pharmacists will likely take on an increasingly important and authoritative role, further enhancing the position of the retail pharmacy.

NOT ABLE TO GO TO THE DOCTOR?

While physician avoidance is substantial among households who do not have health insurance (79%), it is also occurring among the large majority who do have health coverage (36%). (Chart B) Aside from cost, just getting to the doctor can be a major hassle for people. Obstacles include getting a timely appointment, wait time, off-hour accessibility, and transportation. Almost one-quarter (23%) of respondents in this study report having had problems getting the medical care they needed because they could not see a doctor. This inability to be seen by a doctor was higher in certain populations: younger people reported a somewhat higher difficulty (36%), as did those without insurance (41%). Two-thirds of consumers agree that retail clinics would allow people without the benefit of health insurance to have access to medical care they might not otherwise get. While this LJS study suggests that currently, the primary use of retail clinics is as a first line of treatment by households with children and healthcare coverage, a greater potential exists to service the uninsured and those who lack resources.

WHERE ELSE WOULD YOU HAVE GONE?

If there had been no retail clinic available at the time, the majority (80%) say they would have gone somewhere else: 39% would go to the doctor's office, 21% would visit the emergency room, and 20% would seek other care providers. While every respondent over 60 years old was able to identify the other type of treatment providers they would have sought, nearly half of those under 35 years old (46%) and a third of those without insurance (32%) said they would have gone "nowhere else" or did not know where they would go for medical treatment. (Chart D)

THE FUTURE OF HEALTHCARE OR A RETAIL EXPERIMENT?

Retail health clinics are growing because consumers want and need convenient, low-cost medical service. Whether such clinics become a feature of the new face of healthcare or a transient retail experiment, however, depends on many factors. To become a permanent part of the healthcare landscape, retail clinics must fit the economic model of their retail hosts. The floor space allotted must deliver a reasonable return by attracting new customers, increasing related revenues such as pharmacy sales, or help to control the retail organization's own employee healthcare costs. In addition, they must ultimately be accepted by and integrated into the healthcare delivery and regulatory system. Whether or not this particular model survives, consumer-driven healthcare is a trend emerging on many fronts and one that is likely to shape the future of healthcare delivery.

Chart B

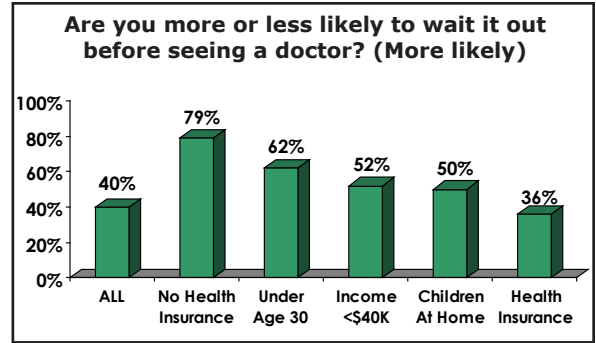


Chart C

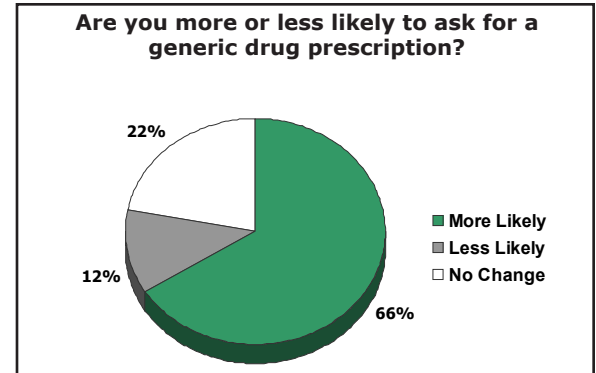


Chart D

