

Insurer-Run Care Expanding into Retail Clinics

Before declining in the late 1990s, the healthcare industry experienced a trend of health plans owning and operating patient care clinics.¹ Recent trends suggest renewed interest, as the number of retail clinics across the U.S. has grown to nearly 1,200 facilities at locations such as former urgent care centers, strip malls, and even in some grocery store chains.² Several factors drive this growing phenomenon including more selective demographic targeting of plan members, greater cost control for the health plan, and a greater opportunity to market themselves to potential customers.³

Retail clinics appeal to many individuals due to the clinics' flexible scheduling, extended hours, urgent care services, and other services not available at conventional physicians' offices. Retail clinics also appeal to insurers who are able to exercise higher levels of control over expenses in these business arrangements. By reducing administrative and other overhead costs, insurers may also be able to maximize profit margins and preserve their bottom lines, which may be threatened by new ACA mandates, e.g. limits on the percent of premiums that insurers can spend on nonmedical costs.⁴ Under the ACA individual mandate, an estimated 50 million uninsured individuals will enter the healthcare marketplace in 2014.⁵ By offering services in areas where individuals routinely travel for other purposes, (e.g., strip malls and grocery stores), insurers may receive a large amount of commercial exposure among consumers. The president of Cigna Medical Group, an insurer that recently opened retail clinic, *CareToday*, hopes that once patients have "*used CareToday, maybe they will want to try Cigna insurance.*"⁶

As insurers clamor to expand into the retail medical market, providers and policy-makers have expressed some concern with this trend. While the benefits of retail clinics align with some of the fundamental principles of healthcare reform (i.e., increasing access while reducing costs), physicians and hospitals are concerned this new trend may hinder the quality of patient care and pose potential conflicts of interest between insurers and providers.⁷ Further, despite retail clinics currently employing physicians, insurer-owned clinics are increasingly relying on mid-level providers (e.g., nurse practitioners and physicians' assistants), leading to tension within the medical community regarding the scope of practice issues.⁸

While limited empirical evidence exists that analyzes the impact of retail clinics function within the broader healthcare industry, recent studies have examined retail clinics' geographic distribution; compared costs of services with those in other health care settings; and, evaluated the quality and scope of services, as well as the characteristics of users.⁹ However, several unanswered questions remain and the ultimate role retail clinics will play in the healthcare system is still evolving. With boosts from healthcare reform and potential financial and marketing benefits, the trend of insurer-run clinics will likely continue to grow.¹⁰

¹ "Insurer-Owned Clinics Bid to Offer More Patient Care" By Pamela Lewis Dolan, American Medical News, May 16, 2011, <http://www.ama-assn.org/amednews/2011/05/16/bil20516.htm> (Accessed 5/31/2011).

² "Health Insurers Opening Their Own Clinics to Trim Costs" By Christopher Weaver, Kaiser Health News, May 4, 2011, <http://www.kaiserhealthnews.org/Stories/2011/May/04/Insurers-Turn-To-Clinics-For-Cost-Control.aspx> (Accessed 5/31/2011).

³ "Insurer-Owned Clinics Bid to Offer More Patient Care" By Pamela Lewis Dolan, American Medical News, May 16, 2011, <http://www.ama-assn.org/amednews/2011/05/16/bil20516.htm> (Accessed 5/31/2011).

⁴ "Health Insurance Issuers Implementing Medical Loss Ratio (MLR) Requirements Under the Patient Protection and Affordable Care Act; Interim Final Rule," 45 CFR Part 158, Vol. 75, No. 230 Fed. Reg. p. 74877-74878, December 1, 2011.

⁵ "The Uninsured and the Difference Health Insurance Makes" The Henry J. Kaiser Family Foundation, September 2010; "Patient Protection and Affordable Care Act" Public Law 111-148, Section 1501, 124 STAT 242 (March 23, 2010)

⁶ "Insurer-Owned Clinics Bid to Offer More Patient Care" By Pamela Lewis Dolan, American Medical News, May 16, 2011, <http://www.ama-assn.org/amednews/2011/05/16/bil20516.htm> (Accessed 5/31/2011).

⁷ "Insurer-Owned Clinics Bid to Offer More Patient Care" By Pamela Lewis Dolan, American Medical News, May 16, 2011, <http://www.ama-assn.org/amednews/2011/05/16/bil20516.htm> (Accessed 5/31/2011).

⁸ "Insurer-Owned Clinics Bid to Offer More Patient Care" By Pamela Lewis Dolan, American Medical News, May 16, 2011, <http://www.ama-assn.org/amednews/2011/05/16/bil20516.htm> (Accessed 5/31/2011).

⁹ "Policy Implications of the Use of Retail Clinics" By Robin M. Weinich, et al., RAND Corporation, 2010, p. vii.

¹⁰ "Retail Clinics Look to Health Reform to Boost Business" By Pamela L. Dolan, American Medical News, May 10, 2010, <http://www.ama-assn.org/amednews/2010/05/10/bisa0510.htm> (Accessed 6/16/2011).



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