



## Walmart's Push to Create Healthcare "Super Centers"

Walmart, the world's largest retailer,<sup>1</sup> opened the first Walmart Health in 2019 with the main goal of helping to meet the healthcare needs of the communities they serve.<sup>2</sup> After opening six locations in almost two years, Walmart is looking to operate a total of 22 standalone clinics by the end of 2021.<sup>3</sup> This *Health Capital Topics* article will review Walmart Health's approach to delivering primary care, the communities into which it is expanding, partnerships it is developing in the healthcare sector, and the competitive landscape in which it operates.

### *Delivery of Care*

Walmart believes that it can successfully deliver affordable healthcare because of the size and sheer number of stores it is already operating. Currently, 90% of Americans are estimated to live within 10 miles of a Walmart location.<sup>4</sup> The retail behemoth is creating "super centers" to aggregate key healthcare services under one roof and provide these services at affordable, transparent prices regardless of insurance status.<sup>5</sup> Walmart is currently rolling out these super centers in smaller communities, where their location already fulfills the everyday needs of residents, from grocery shopping to car repairs.<sup>6</sup> Now, Walmart visitors in certain Georgia and Arkansas locations can get their teeth cleaned for \$25, talk with a counselor for \$1 per minute, and/or get a medical checkup for \$30 (for employees, this price drops even lower, to \$4).<sup>7</sup> Additionally, Walmart Health's super centers offer primary and urgent care; x-rays and diagnostics; counseling; and, dental, optical, and hearing services, with flexible hours that serve both walk-ins and appointments throughout the day and evening, as well as on weekends.<sup>8</sup>

Walmart customers have responded favorably to the affordability and convenience of Walmart Health.<sup>9</sup> Walmart Health locations have seen a continual increase not only in first-time patient visits, but also in returning patients. Walmart is starting to see a shift in patient visits, from one-time appointments to routine visits for primary care and chronic care management services.<sup>10</sup> After approximately one year of operations, returning patients have made up over 50% of Walmart Health's booked visits.<sup>11</sup> With their current \$36 billion health and wellness business, opening more full-service health centers to serve its 150 million weekly customers could propel a profitable market.<sup>12</sup> In response to the COVID-19

pandemic, Walmart had to quickly pivot from offering services strictly in their brick-and-mortar locations to offering telehealth services. Before the pandemic, telehealth visit prices had dropped from \$40 to \$4 for employees, but at the height of COVID-19, telehealth visits were free to those on Walmart's health insurance plan.<sup>13</sup>

### *Partnerships*

Walmart has been able to provide its telehealth services through its numerous partnerships with telehealth companies. First, Walmart is expected to close on its acquisition of MeMD (announced May 2021) in the next few months.<sup>14</sup> By acquiring the 24/7 telehealth service, Walmart Health can begin providing virtual care services for urgent, primary, and behavioral healthcare to complement the in-person services at its super centers.<sup>15</sup> Subsequent to its acquisition announcement, Walmart expressed further interest in telehealth by filing the paperwork to expand virtual care in 16 additional states.<sup>16</sup> Walmart is currently registered through its primary care group, MC Medical, to operate in: Alaska, Delaware, Hawaii, Kentucky, Mississippi, Missouri, New Hampshire, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, and Washington.<sup>17</sup> Walmart also established a partnership with Doctor on Demand, which provides a platform for virtual visits to Walmart employees and will cost patients \$4 per visit.<sup>18</sup> Finally, Walmart is partnering with Ro, a telehealth app for pharmacy services that produces health products, such as vitamins and supplements, and provides digital distribution services for over 4,000 Walmart stores around the country.<sup>19</sup>

### *Communities Walmart Serves*

As stated above, Walmart currently has six standalone clinics – five scattered throughout Georgia and one in Springdale, Arkansas.<sup>20</sup> In 2021, the company is looking to expand by opening seven more locations in Georgia, two in Chicago, and seven in the northern Florida market; they have also begun talks regarding the establishment of additional clinics in Tampa and Orlando.<sup>21</sup> In recognition of these clinics' success, their board of directors approved a plan to open 4,000 clinics by 2029.<sup>22</sup>

Walmart's ambitious openings are fueled by the needs of their customers. President of Walmart Health and

Wellness, Sean Solvenski, claimed that Walmart already has the volume and locations to support that expansion.<sup>23</sup> They are not tapping into healthcare to increase foot traffic or sales; rather, this is a serious solution to Walmart customers' healthcare access and affordability issues, especially in rural towns.<sup>24</sup> In less populated areas, Walmart may be the only access point for primary care because these towns have trouble obtaining resources for hospitals and finding physicians to work there.<sup>25</sup> Further, rural Americans tend to be less healthy, with higher blood pressure, higher rates of cigarette smoking and obesity, and less physical activity.<sup>26</sup> Combined with higher rates of poverty, rural residents have major gaps in their healthcare that need to be addressed.<sup>27</sup> Walmart is applying their strategic skills honed in the retail space to address those gaps in healthcare through their super centers.<sup>28</sup>

### Competitors

Walmart's most recent opening in Dallas, GA occurred around the same time as CVS Health and Walgreens Boots Alliance pushed into the outpatient healthcare service space.<sup>29</sup> While CVS and Walgreens may not be direct competitors to Walmart, all are part of a larger trend of corporate big box retailers offering health plans to a larger scope of individuals than just their employees. CVS's major concept to promote access within its stores is called HealthHUB, which aims to provide a scope of services in primary care and management of chronic conditions.<sup>30</sup> By the end of 2021, their goal is to expand to 1,500 HealthHUB clinics in major cities such as Houston, Atlanta, Philadelphia, and Tampa, as well as in southern New Jersey.<sup>31</sup> Walgreens, on the other hand, is looking to expand into primary care across the country through their partnerships with Humana operating senior clinics as well as with UnitedHealth's MedExpress

urgent care centers, which will connect to a Walgreens store.<sup>32</sup>

Walmart's biggest direct competitor in the healthcare market is Amazon. Besides using Amazon Alexa devices to help with administrative tasks, such as checking patients in to overwhelmed hospitals during the COVID-19 pandemic,<sup>33</sup> Amazon has also opened up delivery of care to its employees (and non-employees) through Amazon Care. The service is a combination of virtual and in-person care, offering home health services, telehealth appointments, and prescription delivery.<sup>34</sup> Employees are encouraged to use the Amazon-created telehealth smartphone application for non-urgent issues such as: colds and minor injuries; preventative health consults and vaccines; sexual health services; and, general health questions.<sup>35</sup> However, Walmart has the upper hand with established physical (and convenient) locations across the nation. Meanwhile, Amazon has the advantage in digital health, virtual care, and an overall more sophisticated delivery strategy.

### Conclusion

Retail giants such as Walmart and Amazon are establishing their stronghold in healthcare by stepping into the realm of delivering their own care and applying their own models of operation. With their interest in healthcare ramping up, the next decade could see massive shifts in delivery and how patients pay for care (and cause healthcare to become significantly more consumer driven).<sup>36</sup> Walmart is using both its brick-and-mortar locations and telehealth technology to increase access to higher quality, more affordable, and more price transparent primary, preventative, and urgent care services.

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9 *Ibid.*

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13 Drees and Mitchell, May 6, 2021.

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**[Todd A. Zigrang](#)**, MBA, MHA, CVA, ASA, FACHE, is the President of HEALTH CAPITAL CONSULTANTS (HCC), where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 25 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,000 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "[The Adviser's Guide to Healthcare – 2nd Edition](#)" [2015 – AICPA], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies; Business Appraisal Practice*; and, *NACVA QuickRead*. In addition to his contributions as an author, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); American Health Lawyers Associate (AHLA); the American Bar Association (ABA); the National Association of Certified Valuators and Analysts (NACVA); Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter, and is current Chair of the ASA Healthcare Special Interest Group (HSIG).



**[Jessica L. Bailey-Wheaton](#)**, Esq., is Senior Vice President and General Counsel of HCC, where she conducts project management and consulting services related to the impact of both federal and state regulations on healthcare exempt organization transactions, and provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

She serves on the editorial boards of NACVA's The Value Examiner and of the American Health Lawyers Association's (AHLA's) Journal of Health & Life Sciences Law. Additionally, she is the current Chair of the American Bar Association's (ABA) Young Lawyers Division (YLD) Health Law Committee and the YLD Liaison for the ABA Health Law Section's Membership Committee. She has previously presented before the ABA, NACVA, and the National Society of Certified Healthcare Business Consultants (NSCHBC).

Ms. Bailey-Wheaton is a member of the Missouri and Illinois Bars and holds a J.D., with a concentration in Health Law, from Saint Louis University School of Law, where she served as Fall Managing Editor for the Journal of Health Law & Policy.



**[Daniel J. Chen](#)**, MSF, CVA, focuses on developing Fair Market Value and Commercial Reasonableness opinions related to healthcare enterprises, assets, and services. In addition he prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams. Mr. Chen holds the Certified Valuation Analyst (CVA) designation from NACVA.



**[Janvi R. Shah](#)**, MSF, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition he prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.