



JIM POLLIN | PHOENIX BUSINESS JOURNAL

Idelin Maez, a physician assistant at Cigna Medical Group's CareToday Clinic, checks out 3-year-old Vivian Headley. Cigna recently opened its sixth clinic in the Valley and plans to open two more this summer, competing head-to-head with drug store clinics rapidly expanding nationwide.

Economy, flu drive patients to walk-in clinics

Grocery stores, drug stores and an insurance company getting in the business

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As more Arizonans face unemployment and lost health insurance, mini clinics are gaining in popularity.

Grocery stores, drug stores and even an insurance company are getting into the business.

Cigna HealthCare of Arizona Inc.'s medical practice group recently opened its sixth CareToday Clinic in the Valley. It's in the Anthem Crossroads shopping center at Daisy Mountain Drive and Javilan Peak Parkway.

Kurt Weimer, president and general manager of Cigna HealthCare of Arizona, said he plans to open two more clinics in outlying areas of the Valley within the next few months.

Weimer said the clinics are good for valley hospitals because they help alleviate unnecessary traffic in emergency rooms, notably during the recent swine flu scare. The first five CareToday clinics saw a 24 percent increase in patient volume during the first week of the swine

flu outbreak, he said.

Cigna is the only insurance company to get into the mini clinic business so far, Weimer said, probably because it's the only insurance provider that operates a medical group. Cigna Medical Group maintains 25 offices in the Valley, including three urgent care centers and six CareToday clinics.

Several years ago, Cigna tried to duplicate its medical group practice model in other states, but the company was never able to reach the same critical mass, Weimer said.

"To re-create Cigna Medical Group would be so expensive that it would be problematic for anybody to do it on scale," he said.

To meet the demand, Walgreen Co., CVS Caremark and other drug store chains have purchased mini clinic businesses and are opening clinics inside their stores nationwide.

Woonsocket, R.I.-based CVS operates 560 MinuteClinics in its stores in 27 states, logging more than 2 million patient visits since their inception in 2000. Of the 128 CVS stores in Arizona, CVS

has 10 MinuteClinics in the Phoenix and Tucson areas.

"Clearly, the concept of walk-in clinics in various retail formats, as well as on a stand-alone basis, has caught on," said Jim Hertel, publisher of the *Arizona Managed Care Newsletter*. "I think they all have a place in the market. There is a marketing development curve going on now as they are working harder and harder to publicize their existence, and to attract patients away from the hospital emergency rooms and traditional medical practice."

ACHIEVING SUFFICIENT VOLUME

But, he said, it's going to be awhile before they can build enough volume to enjoy significant financial success because their prices are so low: \$59 per patient visit.

"That's why you've seen the closure of some of the clinics in areas where the clientele was not sufficient to support the type of clinic that was being offered in that market," Hertel said.

CLINIC: Walgreens, CVS offer medical services in some stores

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In March, Avondale-based MediMin Inc. closed all four of its mini clinics in Bashas'-owned grocery stores to conserve cash flow, said Rob Toftl, president and CEO of MediMin. It had clinics in two Bashas' stores, one Food City and one Ike's Farmers' Market.

"The economy hurt our business from an investment point of view, even though the patient counts were getting stronger," Toftl said. "We also increased the services we provided compared to the competition."

He said MediMin's shutdown is temporary. He is in the process of completing a partnership with a "major player" that will allow him to reopen the clinics this fall.

"We are also still looking for other potential partners," he said.

Meanwhile, Bashas' officials plan to reopen in-store clinics with a new partner, said Kristy Nied, director of communications for the local chain.

"We're working with a new partner that will be exclusive to us to come in and operate those clinics," she said.

Negotiations are ongoing, so Nied was unable to identify the company, except to say that it's local.

"It's going to happen," she said. "It's just a matter of timing."

A MODEL THAT WORKS

Dr. John Shufeldt, an emergency room physician who has built NextCare Urgent Care to 55 facilities in six states, said he

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looked into providing the mini clinic model about three or four years ago. At the time, he couldn't see how a mini clinic could make money by charging only \$59 or \$69 a patient.

As in many other fields, only certain business models seem to thrive.

When a separate company such as MediMin, tries to operate a clinic within a store, it needs to produce high volume to be profitable, Shufeldt said. On the other hand, Walgreens and CVS can use those clinics as loss leaders, drawing customers into their drug stores to buy prescriptions and other items.

Nancy Zamer, Southwest regional nurse practitioner for Take Care Health System, said the mini clinic model makes sense in the current economy. Take Care is a wholly owned subsidiary of Deerfield, Ill.-based Walgreen Co.

"We are able to provide affordable, quality care built around patients' needs, regardless if somebody has been laid off," she said. "It's still more affordable

than a lot of ER deductibles."

Take Care has 343 clinics in Walgreens stores nationwide, including 19 in the Valley and nine in Tucson. She said the company is looking at further expansion in the Valley but has not determined the number of locations.

Take Care employs 74 people in the Valley and 34 in Tucson.

"We are seeing an increase in our numbers this time of year," Zamer said. "Patients are seeking affordable options for their health care. We are seeing patients who've either lost their jobs or have a higher deductible to meet."

The mini clinics are getting competitive in their pricing this summer. Take Care is offering \$30 physicals through September, while Cigna's Care Today Clinics are offering \$29 first-visit specials and \$25 camp and sports physicals.

"We're not looking to replace the role of primary care physicians," Weimer said. "The clinics are designed for low-acuity care, and not ongoing care. It's 15 minutes in and out. This is designed for convenience."



Weimer

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