

# Why hospital systems are choosing urgent care over retail clinics



In 2008, Walmart announced a bold initiative to strengthen and expand its retail clinics to several hundred locations by partnering with hospital systems. Not only did this vision never materialize beyond a hundred or so centers, several of the initial hospital partners have since replaced the limited-scope Walmart clinics with nearby, stand-alone urgent care centers.

What does this news of some Walmart retail clinics closing mean for urgent care?

First, it's worth explaining the difference between in-store retail clinics and urgent care centers. Urgent care centers are more advanced facilities than retail clinics, usually with at least one physician on staff. Most urgent care facilities offer x-ray, lab services, and have capabilities to perform procedures like casting and laceration repair. By contrast, retail clinics are equipped to handle minor illnesses, immunizations, physicals, and health screenings, but not much else. These sites are usually staffed by nurse practitioners or physician assistants only.

Recent news reports explain that Augusta Health in Virginia is closing two convenient care clinics it opened years ago in Walmart stores (in Staunton and Waynesboro) because patient visits have fallen. The health system attributes the trend to expanded offerings now available through four true urgent care centers it opened in the region.

"With the availability of comprehensive services located beside the nearby Urgent Care locations, more patients are now going directly to Urgent Care versus the Walmart Convenient Care Clinics. Patients are choosing Urgent Care locations because they include the laboratory and radiology services. Patient visits in the Walmart Convenient Care Clinics have declined by almost 30% since the opening of the Urgent Care locations," Karen Claiborne, President of Augusta Medical Group, told the [Augusta Free Press](#).

There are still close to 100 Walmart clinic locations in operation, but a decade ago Walmart executives trumpeted plans for thousands. The media speculated that Walmart would completely transform health care with in-store clinics, the same way that it disrupted retail with its supply chain.

Walgreens, the country's second-largest retail clinic operator, scaled back clinic operations in 2015. The company currently operates around 400. Meanwhile, CVS has expanded its network and is the largest retail clinic operator with more than 1,000, according to [drugchannels.net](https://www.drugchannels.net). That site predicts future slow growth for the retail clinic industry, and there are several reasons that the model may not pay off in the long run.

**Scope of service:** The retail environment limits the supplies and equipment that can be offered in these clinics. Any visit requiring a procedure or x-ray will need to be referred to a nearby urgent care center. Plus, most are staffed by nurse practitioners or physicians assistants with more limited licensure to conduct Walmart clinic services. When the scope of practice is severely limited, patients learn to skip the clinic and just head to the urgent care center first.

**Consumer preference:** Walmart shoppers have never embraced the stores as healthcare destinations. The reasons vary—perception that the stores are unclean, inconvenience due to walking at a 100,000-square-foot box store, or the correlation that low prices equate to poor quality. But the Walmart clinic fees may also have turned some potential patients off. The newest Walmart sites only take cash-pay patients or those covered by traditional Medicaid and Medicare. Many of those patients are already tied into primary care and are unwilling to pay additionally out of pocket for clinic services at Walmart.

**Competition:** The busiest Walmart stores, along with many of these drug store and grocery venues hosting clinics, are in densely populated suburbs with plenty of healthcare competition. Walmart could have opened more of its clinics in rural, underserved areas, but by focusing on suburbs in major markets, it's adding unneeded capacity to markets where urgent care needs are already being met.

**Occupational Medicine:** Despite the typical Walmart supercenter employing 350-500 part- and full-time employees, the Walmart clinics [do not provide occ med services](#). That's because they lack basic capabilities like compliant drug screening restrooms, audiology booths, and spirometry equipment. The contra-seasonality of occ med and urgent care, as well as the opportunity to shift scheduled drug screens and physicals to less busy times of days, means occ med and urgent care are highly complimentary services. Not doing any occ med limits the upside potential of retail clinics.

As seen with Augusta Health in Virginia, and other systems like St. Mary's in Maine, it makes more sense for health systems to invest in urgent care that more fully meets community health care needs (while also expanding the hospital's brand and capturing downstream revenues) than to operate clinics in Walmart that have a proven track record of failure. Thus I would expect to see more health systems in the future shifting their focus from retail to urgent care.

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