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Hot trend: Retail clinics fight for customers

Once one of health care's hottest trends, retail clinics fight for customers as lack of cash, insurance cause prospective patients

by **Ken Alltucker** - May. 23, 2009 12:00 AM
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If you have been laid off and lost your health benefits, NextCare Urgent Care has a deal for you.

Arizona's largest chain of urgent-care clinics wants to lure patients with an offer of discounted health services to the jobless. The Mesa-based company also has pitched its services to small businesses that are struggling to afford skyrocketing health insurance premiums for employees.

The reason: NextCare is attempting to drum up business in bad economic times. "We certainly have seen a decrease in our patient volume," said Dr. John Shufeldt, the founder and chief executive officer of NextCare. "People are putting off [health care](#)."

Urgent-care clinics such as NextCare thrived during boom times, establishing sites in far-flung shopping centers. These retail clinics bill themselves as convenient care for busy families, the uninsured and those without a primary-care physician.

Though these retail operations have proliferated in recent years, the facilities have discovered they are not immune to the tough economy.

People are losing their jobs and insurance, and many have responded by skimping on health care, particularly medical procedures that are needed but not immediately necessary.

But these urgent-care centers, which often take cash payments, see a niche opportunity to provide health care to the newly uninsured.

"It is hitting everybody," said Cathy Torba, administrative manager for Maricopa Urgent Care. "We are seeing patients who say, 'I just lost my job and my insurance' . . . Money is tight." Maricopa Urgent Care opened in 2006 on the heels of the housing boom that transformed the small town into a fast-growing suburb.

Today, the housing market's woes have churned through the community. One result is that more Maricopa Urgent Care customers arrive without [health insurance](#) and struggle to pay their bills.

Other retail health clinics haven't been as lucky. MediMin, a Goodyear retail clinic, recently closed its locations inside two Bashas' stores and one Food City store.

Health clinics located inside grocery stores typically offer less-comprehensive medical service than urgent-care centers such as NextCare and Maricopa Urgent Care.

Urgent-care clinics are usually staffed by physicians, while in-store clinics such as MediMin and Minute Clinic hire nurse practitioners or physician's assistants to provide care.

MediMin representatives say the chain was negotiating a deal that could yield new locations in the [Phoenix area](#). The company did not say why its three stores closed.

Cash customers

NextCare, which has 17 clinics in the Phoenix area, has responded to the downturn with a series of moves aimed at reaching more patients.

The clinic is marketing its ValueCare to patients who must pay cash because they no longer have health insurance. For a one-time fee of \$35, patients can access health-care services for a flat fee of \$80 for a standard office visit. If a patient needs a procedure such as a blood sample or an X-ray, the visit costs \$125.

Since NextCare began promoting ValueCare, the chain has seen a spike in the number of patients choosing the option. Shufeldt, who also is an emergency-room physician at St. Joseph's Hospital and Medical Center, started the cash option to address what he believed was an unfair reality in health care: Those without health insurance typically pay much higher prices than insured patients for identical medical services.

The reason: The insured patients are part of a larger group that has the ability to negotiate discounted prices.

NextCare typically makes less money on patients who pay cash than those who have insurance. Still, it keeps patients coming who may otherwise skip health care. NextCare also has offered ValueCare to businesses that dropped out of Healthcare Group of Arizona, the state's health-insurance plan for small businesses.

The state capped enrollment in the government-backed plan for small businesses. Other businesses have found that the premiums for the state-backed plan are not affordable.

"It is becoming more and more challenging for small businesses to provide insurance," said Laurel Spoimenoff, president of NextCare. "If we offer urgent care for these businesses at discounted prices, it is mutually beneficial."

Doctors provide care

Medical experts say it was not surprising to see retail health outlets resort to creative ways to appeal to customers in bad economic times.

"It (urgent care) is an option for people who need the basic stuff," said Anthony Mitten, chief executive officer of Maricopa Medical Society.

Mitten said urgent-care clinics may be an option for people who need an immunization or quick treatment for the flu. Still, he said, these retail clinics often cannot provide the same level of care as a doctor.

"A (primary-care doctor) who has your complete medical history is going to treat you a lot more comprehensively," he said.

Mitten added that most patients should talk to their own doctor if they lose their health coverage before assuming their doctor will not see them because they lost coverage. Many doctors will agree to work out payment plans, Mitten said.