

Retail clinics may increase health spending, study finds

March 7 2016

Retail clinics, seen as a convenient and cost-saving alternative to physician offices and hospital emergency departments, may actually drive up medical spending by creating demand for new medical services, according to a new study.

Examining people who visited [retail clinics](#) for low-severity illnesses such as urinary tract infections and sinusitis, researchers found that in most cases people would have stayed home and not sought [medical care](#) if the retail clinic had not been available. The convenience of retail clinics, both in terms of location and expanded hours of operation, probably makes them an attractive alternative to staying home and suffering through a minor illness, researchers say.

Prior studies have shown that spending on retail clinic visits is lower than spending on office visits and especially emergency department visits, and the new study found that some people did trim spending by visiting retail clinics instead of costlier [physician offices](#). However, such savings were overshadowed by the increased spending on new medical care.

The study, the first to examine whether retail clinics increase use of [medical services](#), is published in the March edition of the journal *Health Affairs*.

"These findings suggest retail clinics do not trim medical spending, but instead may drive it up modestly because they encourage people to use more medical services," said senior author Dr. Ateev Mehrotra, an

associate professor at the Harvard Medical School and an adjunct researcher at the RAND Corporation. "Retail clinics do offer benefits such as easier access to medical care, but the widely expected cost savings may not be realized."

Retail clinics are walk-up medical providers typically located in drug stores and in retail chain stores such as Target and Wal-Mart. Care most often is provided by nurse practitioners rather than by physicians.

First appearing in 2006, there are now nearly 2,000 retail clinics across the United States and they receive more than 6 million patient visits annually. Visits to retail clinics are less expensive than visits to a physician offices or emergency departments, both because charges are lower for the visit and fewer tests are performed.

Researchers from RAND, Harvard and other institutions assessed whether visits to retail clinics for low-intensity conditions represented substitution for higher-cost care or new use of medical services by examining information about a large group of people enrolled in health plans offered by a private health insurer in 22 U.S. cities in 2010 to 2012.

The analysis focused on visits for 11 low-acuity conditions that account for more than 60 percent of all visits to retail clinics. The health insurer covered retail clinic visits during the study period, with copayments for retail clinics that were similar to copays for visits to physician offices.

Researchers compared the experiences of 519,542 enrollees with at least one retail clinic visit with a random sample of 861,557 other enrollees who did not receive care at a retail clinic. Analyzing patterns of medical service use between the two groups allowed the study to determine whether retail clinic visits for low-acuity conditions represented substitutions or a new use of medical care.

Researchers estimated that 42 percent of the visits to retail clinics for low-acuity ailments represented substitution for a visit to a physician office or emergency department, with 58 percent representing new use of medical services.

Each use of retail clinics for new medical services increased per person spending by an average of \$35 per year. That was partly offset by \$21 in savings among those people whose visit to a retail clinic substituted for higher-priced medical care. So the overall spending increase prompted by retail clinics was \$14 per enrollee annually, according to the study.

While the overall increase was modest, it did represent a 21 percent increase in spending for low-acuity conditions.

"While retail clinics do allow some users to lower their [medical spending](#), the new use of medical services outweighed the savings from the substitution we observed among the large group of people we studied," said Scott Ashwood, the study's lead author and an associate policy researcher at RAND, a nonprofit research organization.

Most health insurers now cover care at retail clinics and many have created financial incentives to encourage use of the clinics, such as waiving copays for such care.

"Health plans may want to consider our findings as they decide whether and how to cover care at retail clinics," Mehrotra said. "If the goal is to lower costs, then encouraging use of retail clinics may not be a successful strategy."

While the study challenges notions that retail clinics may help cut health costs, researchers say clinics do likely provide value by offering a source of health care for people who cannot obtain timely care from a primary care provider.

Future studies should further explore the influence of retail clinics on overall health [spending](#), as well as how retail clinics affect the coordination of [medical](#) care, and the quality of care provided by retail clinics for chronic illnesses.

Provided by RAND Corporation

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