



Should Retail Clinics Be Part of Your Cost Savings Strategy?

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About Walgreen Co.

“At the Corner of Happy and Healthy”



🏪 8,295 best corners in US

🏪 Parent: Walgreens Boots Alliance (WBA)

🏪 \$100Bn + combined revenue

🏪 400 healthcare clinics

🏪 63% US live w/in 3 miles

🏪 6.5 million customers per day

🏪 250,000 employees

🏪 210,000 members

🏪 75,000 in healthcare roles... *helping people Get, Stay, and Live Well*



Health Care at Walgreen Co.

10% of the members attributed to 65% of the healthcare spend

	<i>PREVENTION</i>	<i>INTERVENTION</i>	
Walgreens Experience	Low Risk	Moderate/Chronic Risk	High Risk
% Plan Members	73%	19%	8%
Claims Cost	\$214.9m	\$186.3m	\$335.7m
Per Capita Cost	\$1,431	\$4,698	\$21,432
% of Total Cost	29%	25%	46%

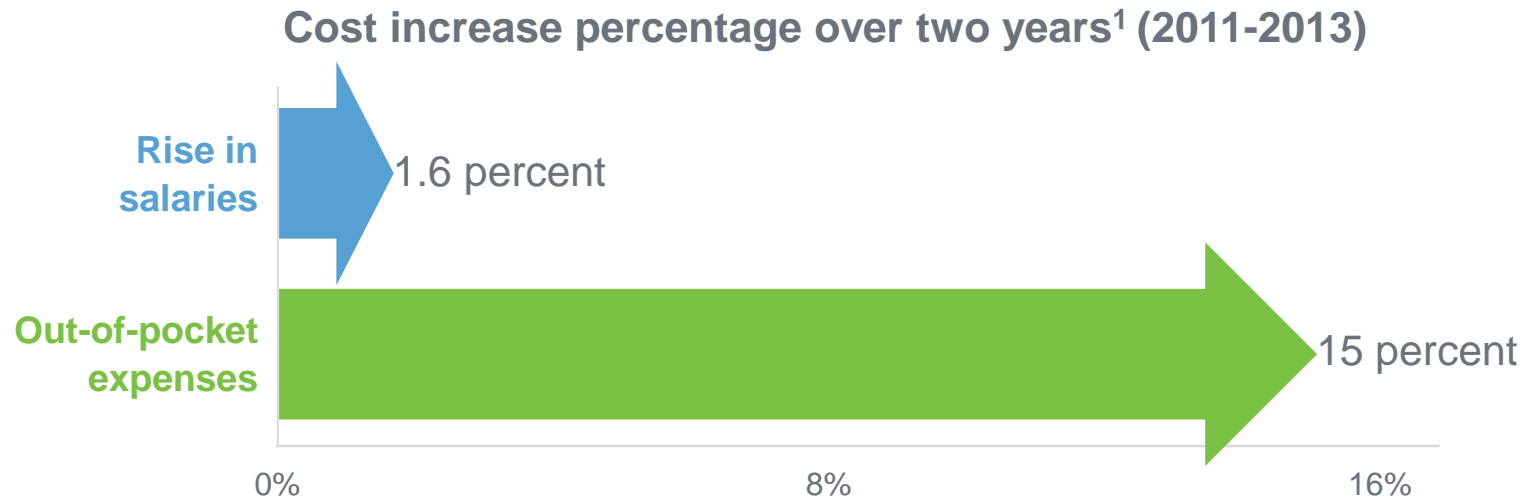
True cost savings result from continually moving associates "one box to the left"



Our employees are affected by rising costs in healthcare

You and your employees are being impacted directly.

- Over the past decade, employees' total healthcare costs have increased almost **150 percent**¹
- Out-of-pocket increases are **9 times greater** than salary increases



Medical cost trend is double the rate of inflation.²

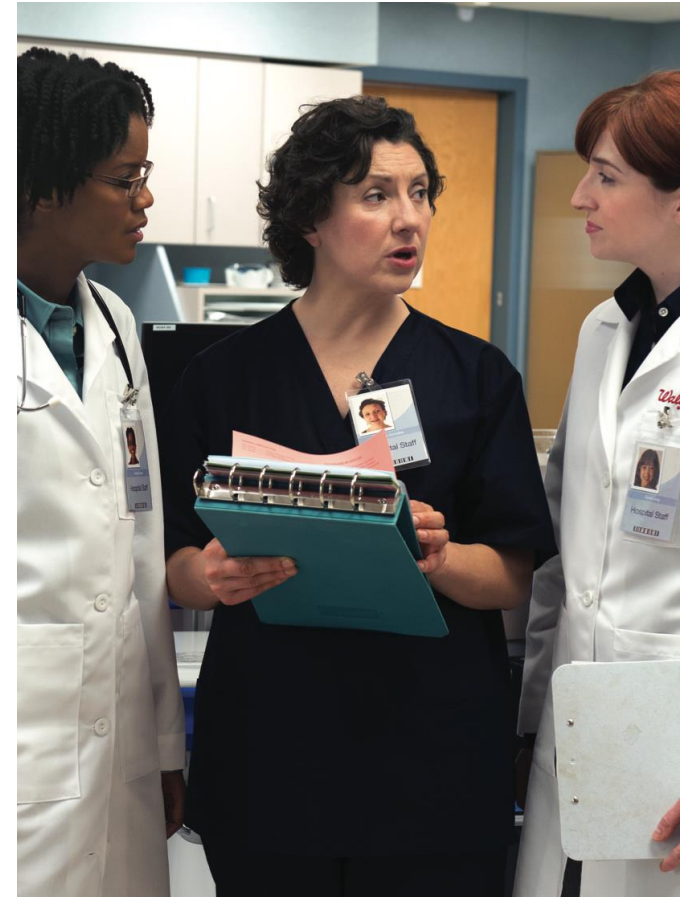
1. National Business Group on Health. 18th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health Care. New York, NY: Towers Watson; 2013. 2. Towers Watson. 2014 Global medical trends: survey report. <http://www.towerswatson.com/DownloadMedia.aspx?media=%7B9CEE5D6D-9042-496B-A1C2-46B55DF68005%7D>. Published 2014. Accessed July 31, 2014.



Our employees are also affected by limited access

Many health problems are left untreated because medical care can be expensive, inconvenient or inaccessible.¹

- Shortage of physicians
- Primary care providers have limited hours, inconvenient locations
- Immediate appointments not available
 - Drives patients to ED or urgent care facility



1. Whiston P, Robison J. Walgreens may help solve U.S. healthcare crisis. Gallup Business Journal. http://businessjournal.gallup.com/content/167765/walgreens-may-help-solve-healthcare-crisis.aspx?utm_source=alert&utm_medium=Monthly&utm_content=morelink&utm_campaign=syndication. Published April 1, 2014. Accessed July 25, 2014.



What employers need

Employers need to offer services that align with their strategic benefit design.

- **Understand the full burden** of employee healthcare costs
 - Manage costs by emphasizing employee accountability
 - Create programs designed to contain and lower costs for both employers and employees
- **Increase employee engagement** by developing a supportive workplace culture
 - Employees become responsible for their own healthcare management
- **Offer incentives** to employees for utilization of high-quality, cost-effective healthcare services such as retail health clinics

Employers need an efficient way to support and cultivate a healthy and productive workforce.¹

1. National Business Group on Health. *18th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health Care*. New York, NY: Towers Watson; 2013.



What our employees need

For employees to be fully engaged patients, a number of healthcare values must be present.

- **Affordable** on-demand treatment of nonurgent issues
- **Convenient access** to treatment centers staffed with high-quality professionals such as nurse practitioners and physician assistants
 - Short wait times for employees who schedule lunchtime visits
- **Affordable** preventive and well care
- **Personal attention**

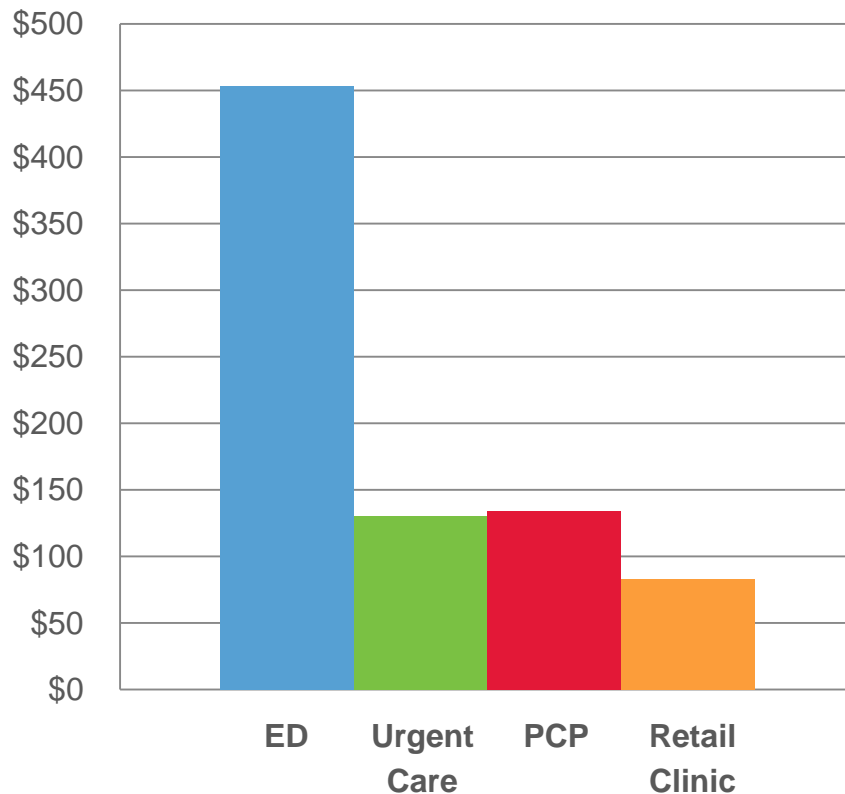
Fully engaged patients play an active role in their healthcare and have better outcomes and lower costs.¹

1. National Business Group on Health. *18th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health Care*. New York, NY: Towers Watson; 2013.



Driving significant cost savings for non-emergent patient visits

Retail clinics offer significant advantages in the average cost per patient visit¹



- The average cost of care at a retail clinic is **one fifth the cost of an ED visit**¹
- Between 13.7 percent and 27.1 percent of ED visits could take place at retail clinics or urgent care centers, with potential **cost savings of \$4.4 billion annually**²

1. Mehrotra, et al. The Costs of Quality of Care for Three Common Illnesses at Retail Clinics as Compared to Other Medical Settings. Ann Intern Med. Sept 1, 2009; 151 (5): 321-328..
2. Weinick RM, Burns RM, Mehrotra A. Many emergency department visits could be managed at urgent care centers and retail clinics. Health Aff (Millwood). 2010;29(9):1630-1636.



Retail health clinics deliver cost-saving services designed to maintain and improve health

Align services with your company's long-term goals in healthcare.

Prevention and wellness

Retail health clinics are easily accessible and much lower in cost than office visits

- Vaccines
- Physicals and wellness visits
- Health screenings and tests

Treatment

Treat minor medical problems before they turn into expensive major health issues

- Illness, aches and pains
- Minor injuries
- Skin conditions

Innovative convenience

Saves time away from work, saves travel costs, makes connections easier

- Paperless check-in process
- E-prescribing

Basic monitoring

Helps patients stay on track. Alerts them of any significant changes

- A1C checks
- Blood pressure evaluation
- Cholesterol evaluation
- Diabetes monitoring



Retail health clinics improve access for all employees

Weekend and after-hours treatment is available.

- Primary care physician (PCP) is the usual choice, yet hours and days are limited; appointments are needed
- Eleven percent of patients have indicated that, without convenient access, they would not seek treatment, possibly exacerbating conditions

Estimated gross savings due to the avoidance of ED, urgent care center or PCP visits is

\$135.5 million

(\$51 per patient encounter)¹

Patients without healthcare clinics use these costly alternatives.

	Emergency department	Urgent care center	Primary care physician	Would not have sought treatment
Weekend and after-hours encounters	4.5%	29.4%	56.1%	10.6%
Weekday encounters during office hours	3.2%	27.3%	58.4%	11.1%

1. Patwardhan A, Davis J, Murphy P, Ryan SF. After-hours access of convenient care clinics and cost savings associated with avoidance of higher-cost sites of care. *J Prim Care Community Health*. 2012;3(4):243-245.



Treatment when needed promotes better outcomes

Retail health clinics make it easy to get attention from an engaged and engaging professional.

- **More time** can often be spent with patient compared with a busy physician's office
 - Listen to patient input
 - Explain next steps and treatments
- **Assess minor injuries** before tissue changes occur
 - Determine if further professional intervention is necessary
- **Help control episodic** illnesses (e.g., asthma)
 - Avoid ED costs
- **Refer** patient to effective treatment



Younger employees prefer immediate access

According to a RAND study that examined more than 1.3 million retail health clinic visits¹:

- Young adults (ages 18-44) account for **43 percent** of retail health clinic patients
- Young adults are **less likely** to have a primary care provider
 - They tend to be the highest users of the ED
- **Convenience** seems to be a significant concern

It is possible that retail health clinics could serve as a safety-net provider for some patients who now seek care in EDs.¹

1. Mehrota A, Wang M, Lave J, Adams JL, McGlynn EA. Retail clinics, primary care physicians, and emergency departments: a comparison of patients' visits. *Health Aff (Millwood)*. 2008;27(5):1272-1282. <http://content.healthaffairs.org/content/27/5/1272.full>. Accessed July 20, 2014.



Retail health clinics fill a growing gap in PCP availability

Retail health clinics are not intended to replace primary care providers (PCPs), but, for many cases, they are more convenient and readily available.

In 2015

The U.S. will have 63,000 fewer PCPs than needed for a growing population¹

- Chronic conditions are increasing and need management

Lack of a PCP

Causes employees to wait until condition is intolerable, then seek treatment at an ED—a costly alternative²

- This may result in even costlier hospitalization

At retail health clinics

Reasonable wait time, no appointment necessary

1. Parchman ML, Culler SD. Preventable hospitalizations in primary care shortage areas: an analysis of vulnerable Medicare beneficiaries. *Arch Fam Med*. 1999;8(6):487-491. 2. Association of American Medical Colleges. The impact of health care reform on the future supply and demand for physicians updated projections through 2025. https://www.aamc.org/download/158076/data/updated_projections_through_2025.pdf. Published June, 2010. Accessed July 22, 2014



Employees deserve personal attention

Involve leadership, engage employees

Retail health clinics help employees achieve better health through careful attention to their symptoms and concerns.

- Employees will learn why they don't feel well and what to do next

Help employees establish a strong healthcare network.¹

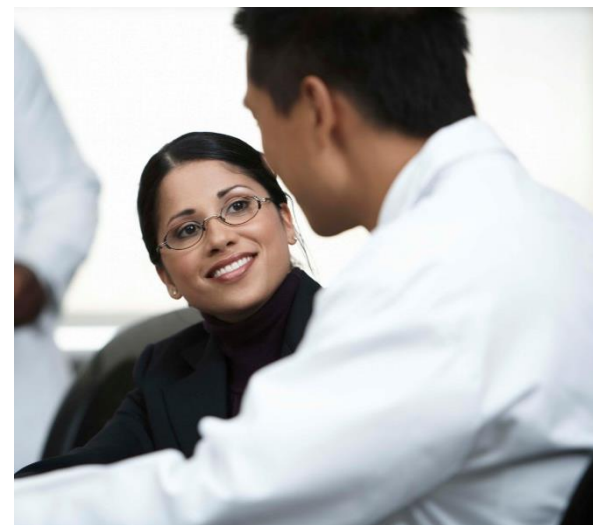
- Retail health clinics will work with existing providers or will help your staff member find a PCP
 - Send records of clinic visit to PCP
 - Provide discharge summary
 - Some clinics even call in one to two days to check in
- Can connect employee with a specialist, if necessary

1. *Gallup Business Journal*. Walgreens may solve U.S. healthcare crisis. http://businessjournal.gallup.com/content/167765/walgreens-may-help-solve-healthcare-crisis.aspx?utm_source=alert&utm_medium=Monthly&utm_content=morelink&utm_campaign=syndication. Published April 1, 2014. Accessed July 18, 2014.



Build a bridge to better healthcare for employees

- **Urge** management to explore changes to the health plan that will cover most costs at a retail health clinic
- **Explore** a zero or discounted copay system
- **Organize** a Health Day through HR at which a professional from a local retail health clinic speaks about offerings such as nonurgent treatment, disease management and family medicine
 - Available services for covered lives
- **Conduct** a session for employees explaining incentives for using retail health clinics and being fully engaged in their healthcare



Move focus toward long-term solutions

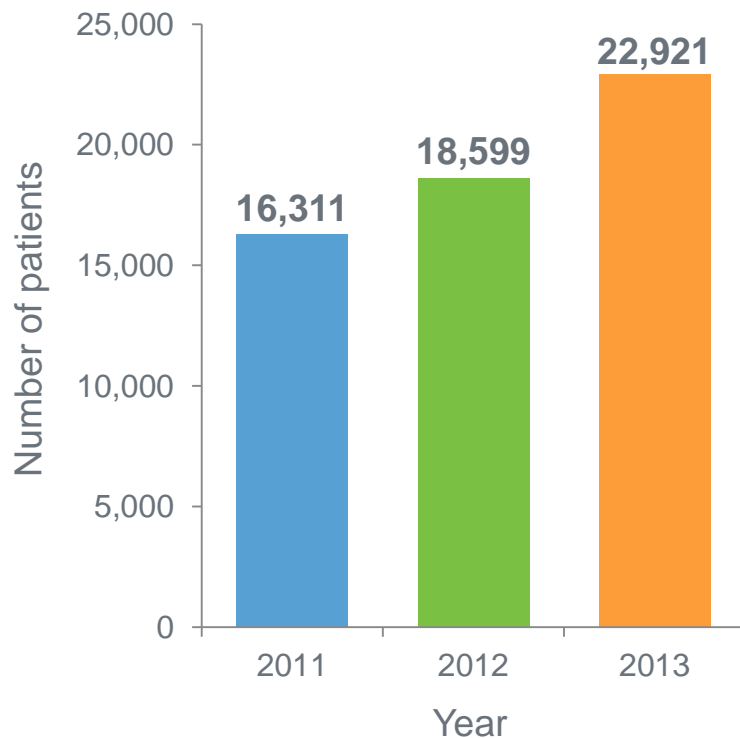
Retail health clinics serve immediate needs, but they can also be a significant factor in long-term solutions.

- **Focusing on issues** such as productivity, absenteeism and employee engagement helps employers recognize the need to address workplace health
- **Intervene to address** issues such as hypertension, cholesterol and diabetes management before severe cardiovascular disease develops
 - Control disease progression now; save major expenditures later
- **Encourage** annual physicals and screening
 - **Discover** developing issues now
- **Work toward** total patient engagement

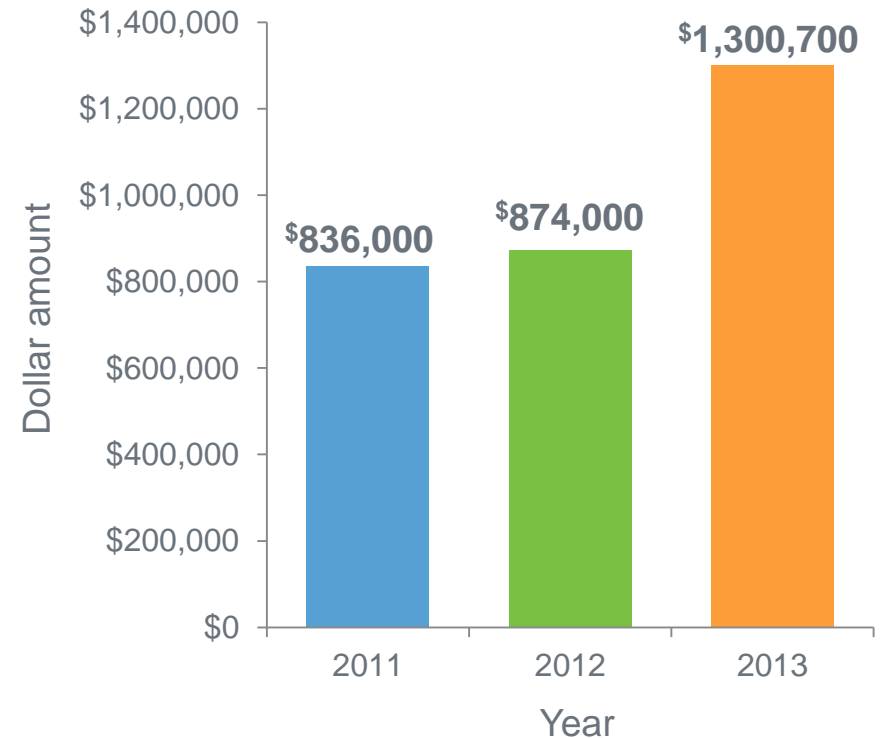


Increased utilization of retail health clinics drive significant cost savings

Number of Healthcare Clinic patients increased 40 percent



\$3 million in savings over three years compared with other sites of care for the top 15 diagnoses



1. Independent analysis conducted by HCMS Group on behalf of Walgreen Co.



2012 Healthcare Clinic population overview

Employees in a 10-mile radius of a HC Clinic	Number of employees who are enrolled	Percentage of employees who are enrolled
76,832	36,171	47.1%

Relation	Enrolled members	Members using HC Clinic	Percentage using HC Clinic
Employee	36,171	11,305	31.3%
Dependent	32,910	7,294	22.2%
Total	69,081	18,599	26.9%

Average population density for zip codes within 10 miles of a HC Clinic

3,974 people per square mile

Time period : 01/01/12 – 12/31/12



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True savings and potential reach – 10-mile radius from Healthcare Clinic – 2012

Diagnosis	HC Clinic Users					Non-HC Clinic Users				
	Number of Members	Total Cost	Number of Services	Cost per Service	Total Cost Savings	Number of Members	Total Cost	Number of Services	Cost per Service	Total Savings Opportunity
Acute sinusitis, unspecified	4,098	\$368,431	7,492	\$49.18	\$124,829	1,437	\$187,113	2,842	\$65.84	\$47,353
Screening for lipoid disorders	2,492	\$98,574	8,319	\$11.85	\$69,616	612	\$22,806	1,128	\$20.22	\$9,440
Unspecified otitis media	1,927	\$169,419	3,136	\$54.02	\$152,805	998	\$259,855	2,529	\$102.75	\$123,228

Independent analysis conducted by HCMS group on behalf of Walgreen Co.



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True savings and potential reach – 10-mile radius from Healthcare Clinic – 2012

Version 2

Diagnosis	HC Clinic Users					Non-HC Clinic Users				
	Number of Members	Total Cost	Number of Services	Cost per Service	Total Cost Savings	Number of Members	Total Cost	Number of Services	Cost per Service	Total Savings Opportunity
Acute sinusitis, unspecified	4,098	\$368,431	7,492	\$49.18	\$124,829	1,437	\$187,113	2,842	\$65.84	\$47,353
Screening for lipid disorders	2,492	\$98,574	8,319	\$11.85	\$69,616	612	\$22,806	1,128	\$20.22	\$9,440
Unspecified otitis media	1,927	\$169,419	3,136	\$54.02	\$152,805	998	\$259,855	2,529	\$102.75	\$123,228
Streptococcal sore throat	1,760	\$171,897	4,738	\$36.28	\$60,901	530	\$82,152	1,672	\$49.13	\$21,491
Acute upper respiratory infections of unspecified site	1,543	\$120,516	2,838	\$42.47	\$105,566	2,601	\$452,881	5,685	\$79.66	\$211,467
Acute pharyngitis	1,199	\$102,788	2,904	\$35.40	\$28,094	2,250	\$324,907	7,209	\$45.07	\$69,742
Screening for diabetes mellitus	958	\$36,672	3,213	\$11.41	\$1,901	300	\$6,771	564	\$12.01	\$334
Need for prophylactic vaccination and inoculation, Influenza	852	\$24,590	1,783	\$13.79	\$9,948	4,034	\$170,908	8,823	\$19.37	\$49,229
Acute bronchitis	846	\$68,494	2,140	\$32.01	\$103,660	1,208	\$265,229	3,297	\$80.45	\$159,704
Urinary tract infection, site not specified	814	\$69,275	2,177	\$31.82	\$86,886	1,478	\$462,745	6,451	\$71.73	\$257,466
Acute nasopharyngitis (common cold)	748	\$60,752	1,633	\$37.20	\$29,798	262	\$25,563	461	\$55.45	\$8,412
Other mucopurulent conjunctivitis	691	\$51,465	793	\$64.90	-\$2,259	47	\$4,157	67	\$62.05	-\$191
Allergic rhinitis, cause unspecified	445	\$33,474	651	\$51.42	\$6,190	927	\$206,793	3,394	\$60.93	\$32,273
Mixed hyperlipidemia	402	\$16,000	1,398	\$11.45	\$18,704	667	\$109,699	4,419	\$24.82	\$59,123
Unspecified viral infection, in conditions classified elsewhere and of unspecified site	376	\$30,713	828	\$37.09	\$77,588	665	\$223,272	1,707	\$130.80	\$159,955
Total					\$874,230					\$1,209,025

Independent analysis conducted by HCMS group on behalf of Walgreen Co.



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2013 Healthcare Clinic population overview

Employees in a 10-mile radius of a HC Clinic	Number of employees who are enrolled	Percentage of employees who are enrolled
98,757	42,436	43.0%

Relation	Enrolled members	Members using HC Clinic	Percentage using HC Clinic
Employee	42,436	14,278	33.6%
Dependent	37,797	8,643	22.9%
Total	80,233	22,921	28.6%

Average population density for zip codes within 10 miles of a HC Clinic

8,121 people per square mile

Time period : 12/01/12 – 11/30/13



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True savings and potential reach – 10-mile radius from Healthcare Clinic – 2013

Diagnosis	HC Clinic Users					Non-HC Clinic Users				
	Number of Members	Total Cost	Number of Services	Cost per Service	Total Cost Savings	Number of Members	Total Cost	Number of Services	Cost per Service	Total Savings Opportunity
Acute sinusitis, unspecified	4,116	\$364,913	7,816	\$46.69	\$128,321	1,706	\$223,962	3,549	\$63.11	\$58,267
Screening for lipoid disorders	4,112	\$153,551	12,740	\$12.05	\$74,798	1,048	\$37,048	2,067	\$17.92	\$12,136
Screening for diabetes mellitus	2,097	\$78,882	6,558	\$12.03	-\$21,782	634	\$10,387	1,193	\$8.71	-\$3,963

Independent analysis conducted by HCMS group on behalf of Walgreen Co.



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True savings and potential reach – 10-mile radius from Healthcare Clinic – 2013

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Screening for lipid disorders	4,112	\$153,551	12,740	\$12.05	\$74,798	1,048	\$37,048	2,067	\$17.92	\$12,136
Screening for diabetes mellitus	2,097	\$78,882	6,558	\$12.03	-\$21,782	634	\$10,387	1,193	\$8.71	-\$3,963
Unspecified otitis media	1,945	\$160,832	3,339	\$48.17	\$178,164	1,173	\$292,700	2,883	\$101.53	\$153,833
Acute upper respiratory infections of unspecified site	1,915	\$149,284	3,834	\$38.94	\$149,185	3,078	\$544,314	6,992	\$77.85	\$272,067
Streptococcal sore throat	1,774	\$166,593	5,577	\$29.87	\$227,386	574	\$131,397	1,860	\$70.64	\$75,836
Acute pharyngitis	1,356	\$112,772	3,691	\$30.55	\$66,417	2,577	\$406,440	8,372	\$48.55	\$150,647
Need for prophylactic vaccination and inoculation, Influenza	1,274	\$38,836	2,953	\$13.15	\$18,036	4,899	\$217,936	11,316	\$19.26	\$69,116
Urinary tract infection, site not specified	943	\$79,934	3,035	\$26.34	\$176,309	1,617	\$655,764	7,767	\$84.43	\$451,201
Acute bronchitis	830	\$65,498	2,049	\$31.97	\$109,352	1,373	\$324,014	3,797	\$85.33	\$202,639
Acute nasopharyngitis (common cold)	819	\$64,397	1,881	\$34.24	\$46,444	345	\$36,181	614	\$58.93	\$15,160
Other mucopurulent conjunctivitis	662	\$48,523	851	\$57.02	\$8,764	56	\$5,857	87	\$67.32	\$896
Influenza with other respiratory	598	\$53,136	1,743	\$30.49	\$86,348	491	\$132,202	1,652	\$80.03	\$81,840
Unspecified viral infection, in conditions classified elsewhere and of unspecified site	492	\$39,010	1,178	\$33.12	\$57,031	812	\$197,624	2,424	\$81.53	\$117,353
Screening for obesity	492	\$18,391	1,517	\$12.12	-\$3,996	14	\$399	42	\$9.49	-\$111
Total					\$1,300,778					\$1,656,918

Independent analysis conducted by HCMS group on behalf of Walgreen Co.



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Value-based insurance design — More health for the money

Explore value-based insurance design.

- **Focus** on value rather than cost
- **Select** specific clinical areas where employers can make changes in coverage to produce changes in behavior
 - Focus on cardiovascular disease and diabetes, the two most-costly conditions
 - Employees can be seen between PCP visits to ensure they are stabilized
 - Questions are answered quickly when employees need reassurance
- **Support consistent monitoring.** It improves adherence and may reduce absences from work, improving productivity



Find a retail health clinic that enables your healthy workplace

- **Personal attention** builds better outcomes
 - A healthy employee is a productive employee
- **Convenient access** fits your work schedule
 - Close to home or workplace
 - Available 7 days a week and during off-hours
 - On-site pharmacy and retail health clinic aid displays
- **Attention to** financial issues keeps patients on track
- A means of **coordinating all aspects** of healthcare including preventive care, wellness, disease management and family care
- Walgreens is **ready to serve** your employees' needs
 - Accredited, high-quality care that meets or exceeds quality of care delivered in other settings

Be sure your benefit design includes coverage of a retail health clinic including a copay advantage.





Thank you

More information on retail health clinics is available at

www.walgreens.com

or by contacting Melissa Williams at

melissa.williams@walgreens.com or 847-668-3283