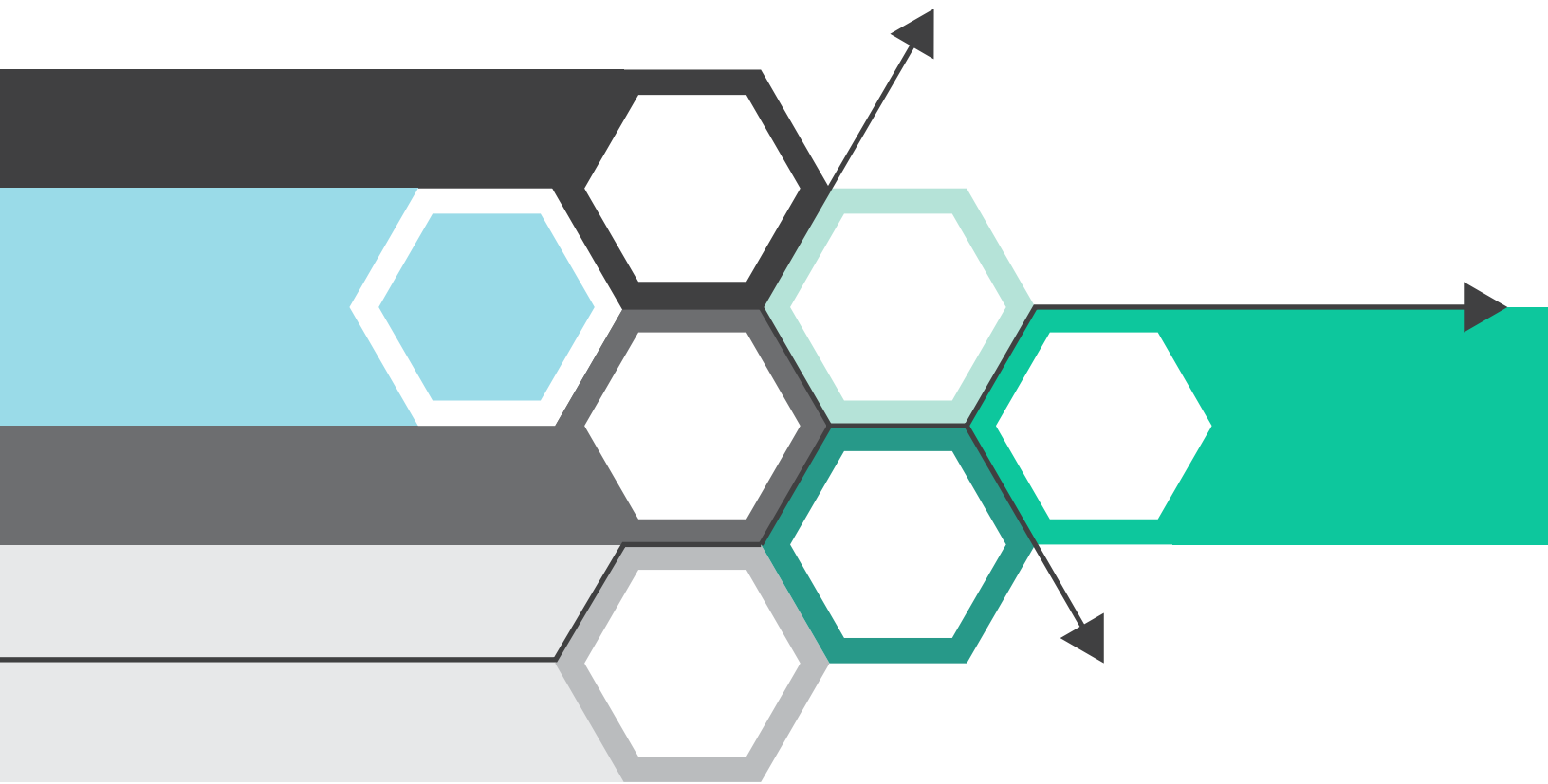


New Marketplace Survey

Convenient Care: Opportunity, Threat, or Both?

Ateev Mehrotra, MD, MPH Harvard Medical School
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Convenient Care: Opportunity, Threat, or Both?



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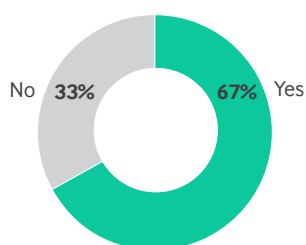
Edward Prewitt, MPP

Editorial Director, NEJM Catalyst

Insights Report · July 2019

The health care landscape has seen a proliferation of convenient care options in recent years, such as retail clinics, urgent care, and direct-to-consumer (DTC) telemedicine. Health care systems across the country have responded in different ways – some expanding their own offerings to include a convenient care presence, others taking a wait-and-see approach. A survey of the NEJM Catalyst Insights Council shows conflicting views about both the value of convenient care and what respondents’ organizations should do.

Overall, has the proliferation of convenient care been good for the health care industry?



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Ateev Mehrotra, MD, MPH, is an Associate Professor of Health Care Policy and Medicine at Harvard Medical School and a hospitalist at Beth Israel Deaconess Medical Center. Much of his research has focused on innovations in delivery such as retail clinics and e-visits and their impact on quality, costs, and access to health care.

“The results from the NEJM Catalyst survey show just how mixed health care leaders are on how to respond to convenient care models,” says Mehrotra. “Many believe they are a threat and that convenient care provides poor quality and increases health care spending. Yet, at the same time, others view them as an opportunity and are having their systems incorporate these new options.”

A March 2019 survey of Insights Council members – who are clinical leaders, executives, and clinicians at U.S.-based organizations directly involved in care delivery – shows significant involvement in urgent care clinics, much less in retail clinics, and growth interest in DTC telemedicine. While a quarter of survey respondents (26%) say their organizations own a retail clinic or partner with others, the rate of ownership or partnership in urgent care clinics is double at 52%. Possibly urgent care is more closely aligned with provider care models and margins.

The rate of ownership or partnership for DTC telemedicine (34%) falls between that of urgent care and retail clinics. But the upside for DTC telemedicine is largest of the three options studied in the survey; 15% of respondents plan to get into DTC telemedicine during the next three years, compared with 6% for both retail and urgent care clinics.

The biggest benefit for hospitals and health systems in owning or partnering in convenient care facilities is to meet consumer demand, according to 63% of respondents. The number-two choice (43%) is to respond to the competitive threat and prevent “leakage” of patients to other organizations.

Edward Prewitt, MPP, Editorial Director for NEJM Catalyst, says, “Traditional health care providers are trying to figure out how to meet patients where they are by providing retail and urgent care and technology-enabled options, amid new competitors and concerns about the impact to their own bottom lines. Many Insights

Council members show deep concern about new entrants such as CVS Health–Aetna.”

In verbatim comments, Council members weighed in on the impact of CVS Health’s acquisition of Aetna in late November 2018. “Combination of a large payer and convenient care provider will help their bottom line, but it will continue to erode primary care and drive up overall health care costs,” says one clinical leader from the western United States.



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A third of Insights Council members (35%) say DTC telemedicine is the top competitive threat to traditional health care organizations, followed by retail clinics (25%), with urgent care clinics viewed as a minor competitive threat (8%).

“I would have expected retail clinics to top the list [of threats] because of the Aetna-CVS merger,” Mehrotra says. “But it is intriguing to me that direct-to-consumer telemedicine, which is currently quite small compared to the other options, is viewed as the greatest threat to their organizations. If you look at the numbers nationally, urgent care clinics provide many more visits. Possibly they are not viewed as a threat because of familiarity. It’s this new stuff that is the most scary.

“We recently documented the growth in telemedicine in our research,” Mehrotra adds. “The volume of visits is very low on a national scale, but the growth curve is very impressive. So that could be partly playing a role in providers viewing it as a threat. Plus, telemedicine providers are national in scope. Health care has traditionally been a local business, but these new entries, because of their

geographic scope and low barriers to entry, represent a different form of competition.”

Prewitt says that providers are starting to understand the impending impact that telemedicine will have on the industry. “Even though telemedicine has been around for a long time, people are finally waking up to it,” he says. “Perhaps now that some of the regulatory barriers are being knocked down, they’re really seeing its disruptive potential.”

Health care leaders are mixed in which type of option they believe is the best option for their organization. A small share of respondents (13%) indicate that their organizations are participating in all three convenient care models. But to do this requires organizational scale and financial resources, and not surprisingly, the survey data reveals that it is larger health systems and hospitals that dominate this all-encompassing approach to providing convenient care.

Quality and Cost Concerns for Convenient Care

One notable survey finding is that nearly two-thirds (62%) of respondents think that convenient care offers lower quality of care than from primary care physicians.

These concerns “have some validity,” Mehrotra says. “We published several papers in just the last year on the quality of direct-to-consumer telemedicine. They highlighted some quality concerns. Among children, we found overuse of antibiotics, underuse of testing, increased rates of follow-up, and so forth.”

Survey respondents also worry about the impact of convenient care on health care costs. Just over half (53%) say that the growth in convenient care options will greatly increase or moderately increase overall industry spending.

It may seem somewhat counterintuitive that these cheaper options may increase total spending. But Mehrotra makes the case that health care leaders are correct in their intuition. “This has been a key focus of my research, trying to quantify the impact of convenient care options on spending. We have found that both retail clinics and direct-to-consumer telemedicine increase health care spending. However, our estimates indicate that it’s a small increase.

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“For example, retail clinics are about 30% to 40% cheaper than a physician office visit. Therefore, to the degree a retail clinic represents a replacement of a physician office visit, then it saves money,” he says. “However, most retail clinics are not replacement but rather new utilization;

in the absence of a retail clinic, patients would have stayed home. This is also true for DTC telemedicine, where we estimate roughly 90% of visits are new utilization.”

Despite mixed results in the survey about convenient care’s impact on individual organizations, quality, and cost, two-thirds of Insights Council respondents (67%) say that the proliferation of convenient care has been good for the health care industry. This is likely because it helps improve access to health care and satisfies unmet demand in patient

populations where this has been a challenge, Prewitt says.

“In operating convenient care facilities, traditional health care providers are responding

to consumerism,” he says. “Patients want to be seen quickly and on their own hours, and hospitals and health systems are following suit, despite their concerns.”

Convenient Care: Opportunity, Threat, or Both?

Insights Report · July 2019

Charts and Commentary

We surveyed members of the NEJM Catalyst Insights Council — who comprise health care executives, clinical leaders, and clinicians — about convenient care. The survey explores ownership or formal partnership with retail clinics, urgent care clinics, and direct-to-consumer telemedicine; the biggest benefit to own or partner in convenient care; the threat or opportunity of convenient care; the quality of care at convenient care options versus primary care; the impact of convenient care growth on health care industry spending; the greatest competitive threat to traditional health care organizations; and the overall impact of convenient care proliferation on the health care industry. Completed surveys from 664 respondents are included in the analysis.

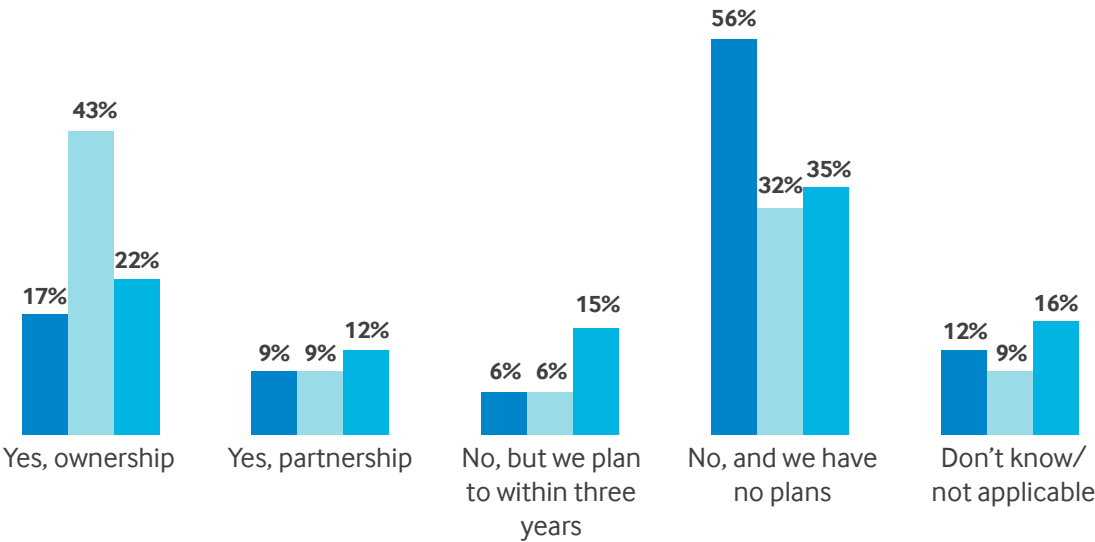
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Traditional health care providers are trying to figure out how to meet patients where they are by providing retail and urgent care and technology-enabled options, amid new competitors and concerns about the impact to their own bottom lines. Many Insights Council members show deep concern about new entrants such as CVS Health–Aetna.

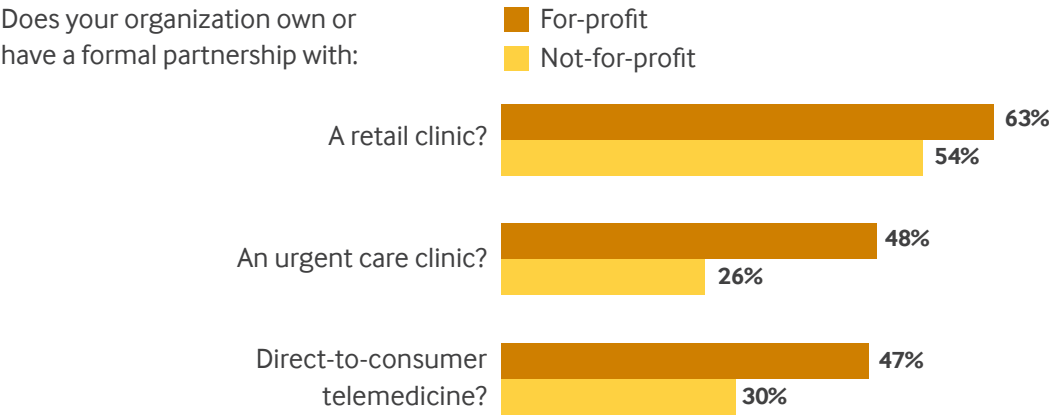
Responses from Insights Council members indicate that roughly one-quarter (26%) have either ownership or partnership in a retail clinic, and there is little evidence that this result will change much in the coming years. Survey responses also indicate a higher level of participation in urgent care clinics than retail clinics, and roughly one-third (34%) of respondents say that their organization has either ownership or partnership in direct-to-consumer telemedicine. However, while a nearly equal number (35%) say they have no plans to participate in telemedicine, 15% plan to do so within three years, which would bring participation levels to nearly half (49%).

Ownership/Partnership Varies Widely for Different Convenient Care Settings

- Does your organization own or have a formal partnership with a **retail clinic**?
- Does your organization own or have a formal partnership with an **urgent care clinic**?
- Does your organization own or have a formal partnership with **direct-to-consumer telemedicine**?



For-profit organizations are less interested in convenient care ownership/partnership than not-for-profit organizations

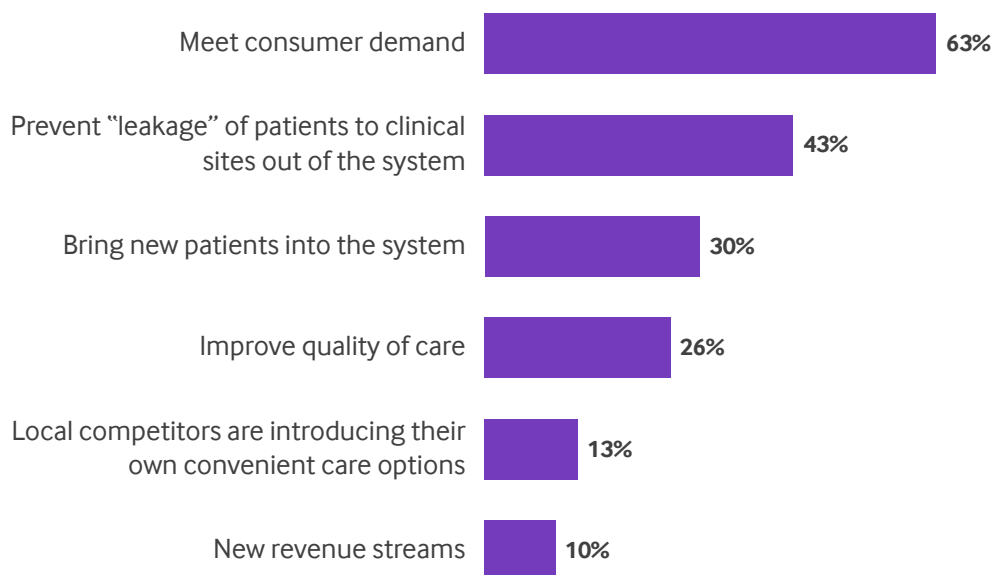


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Insights Council members indicate that meeting consumer demand and preventing “leakage” of patients to clinical sites out of the system are the two biggest benefits to owning or partnering in convenient care. A higher incidence of respondents from not-for-profit (66%) than for-profit (55%) organizations say that meeting consumer demand is the biggest benefit.

Convenient Care Helps Traditional Provider Organizations Meet Consumer Demand

What do you consider the top two biggest benefits for hospitals or health systems of owning or partnering in convenient care?



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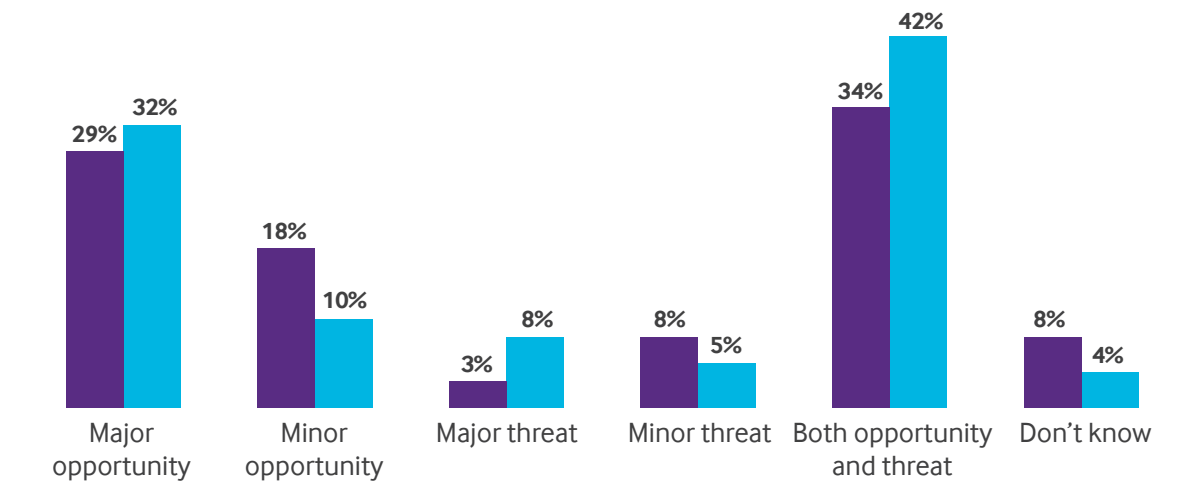
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In operating convenient care facilities, traditional health care providers are responding to consumerism. Patients want to be seen quickly and on their own hours, and hospitals and health systems are following suit, despite their concerns.

Survey respondents view convenient care as more of an opportunity than a threat for both their organizations and the industry. The same share of respondents, 42%, consider convenient care to either be a major or minor opportunity for the health care industry, or an opportunity and threat at the same time.

Convenient Care Is Both a Threat and an Opportunity to Health Care Providers

- Is convenient care a threat or an opportunity for your organization?
- Is convenient care a threat or an opportunity for the health care industry overall?



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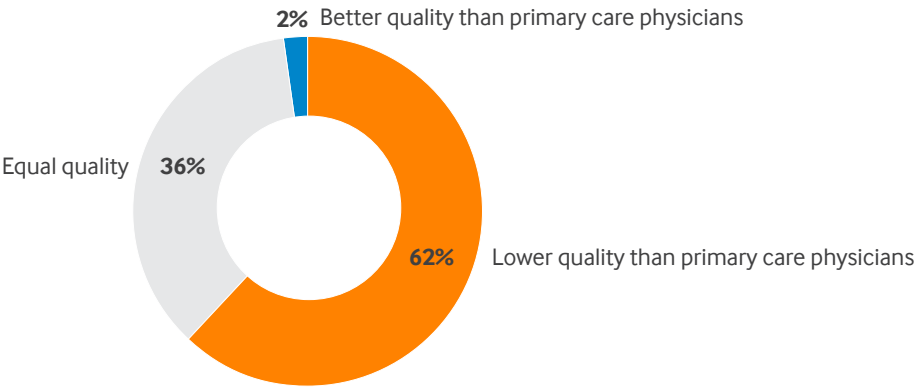


Many believe they are a threat and that convenient care provides poor quality and increases health care spending. Yet, at the same time, others view them as an opportunity and are having their systems incorporate these new options.

More clinicians (68%) and clinical leaders (64%) than executives (52%) think convenient care options offer lower quality than primary care physicians.

Care Quality Is Viewed Worse at Convenient Care Settings than at Primary Care

Overall, how do you think the quality of care at convenient care options compares to the care provided by primary care physicians?



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More than half of respondents say the growth of convenient care options has increased spending for the health care industry overall. A higher incidence of clinical leaders (59%) and clinicians (55%) than executives (46%) say that convenient care has increased spending for the industry overall.

Convenient Care Is Believed to Lead to Higher Health Care Spending

What is the impact of the growth of convenient care options on spending for the health care industry overall?

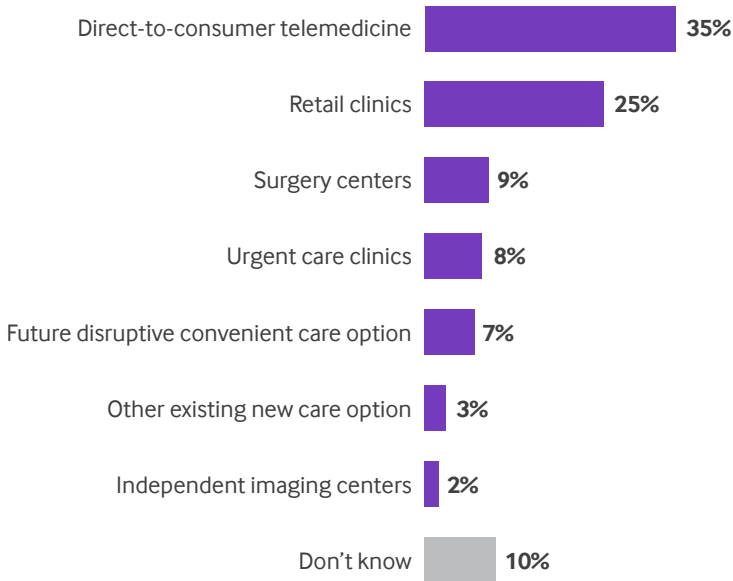


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Direct-to-consumer telemedicine will be the greatest competitive threat to traditional health care organizations over the next three years.

Direct-to-Consumer Telemedicine Is the Biggest Coming Threat to Traditional Health Care Organizations

Over the next three years, which new care option in the outpatient area will present the greatest competitive threat to traditional health care organizations?



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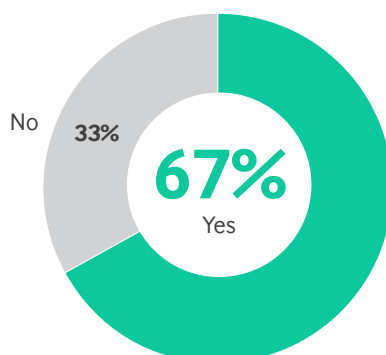


We recently documented the growth in telemedicine in our research. The volume of visits is very low on a national scale, but the growth curve is very impressive. So that could be partly playing a role in providers viewing it as a threat.

More than two-thirds of respondents say convenient care has been good for the health care industry, with a higher incidence of executives (74%) than clinicians (65%) and clinical leaders (64%) who think it has been good overall.

Convenient Care Has Been Good Overall for the Health Care Industry

Overall, has the proliferation of convenient care been good for the health care industry?



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Despite mixed results in the survey about convenient care's impact on individual organizations, quality, and cost, two-thirds of Insights Council respondents (67%) say that the proliferation of convenient care has been good for the health care industry.

Verbatim Comments from Survey Respondents

What will be the impact of the CVS Health–Aetna merger on health care? Please explain.

“At first there will be no impact, but if they can combine their analytics there may be an improvement in the care of chronically ill patients.”

— Clinician at a small nonprofit clinic in the West

“Concerning that they will direct patients to CVS health and away from other provider organizations. This is only one of many large provider-insurer organizations that will likely require patients to have care at designated sites. This could leave health care systems with the complex patients that are costly.”

— Clinician at a small nonprofit teaching hospital in the South

“A disaster that will drive up the cost of health care.”

— Director at a small nonprofit teaching hospital in the West

“Concerned about the opportunity for true PCP relationships and having a provider who knows you through and through. We will have issues with continuity of care, ongoing fragmentation of care.”

— Chief of service line at a large community hospital in the West

“Further deterioration of the physician-patient relationship. Professionalism has left the building.”

— Chief Medical Officer at a mid-sized for-profit health organization in the South

“Exciting partnership that will generate experimentation we can all learn from.”

— Executive at a large nonprofit health system in the Midwest

“Difficult to say. These behemoths have not been the consumer’s friend. I personally remember not being able to find a laboratory where I could have a test done under Aetna insurance (plus their hard balling local hospitals to lower rates), and find CVS to be dreadfully expensive. As we head towards a single payer insurance in America, I see this as jockeying into place for a bigger slice of the economic pie.”

— Clinician at a small for-profit health organization in the Northeast

“Good impact: more options for quick care, conveniently located for patients. Bad impact: tendency for patients to seek the most convenient and quickly available care in place of seeking to see their own physician, which may not be the fastest option. This may lead to problems in record keeping and interoffice communication.”

— Clinician at a large nonprofit community hospital in the Northeast

“Has potential to decrease cost and increase quality BUT will most likely be driven by profit/greed, investor-focused rather than create real change leading to value-based pt.-oriented healthcare. PROTECT THE STATUS QUO!!”

— Executive at a small for-profit clinic in the South

“Likely will spur other such mergers to the detriment of medicine and healthcare delivery in the US. Monopolies will become the norm, leaving patients with fewer and fewer options for various services, and physicians with steadily decreasing freedoms and compensation.”

— Clinician at a small nonprofit community hospital in the Northeast

“I am concerned that this particular payer-provider merger will detract from patients establishing with full-service health systems and is sucking off the low complexity work of a system which often serves as a ‘pop off valve’ for our providers and care teams who are facing increased acuity and complexity in their care. That being said, such disruptive models are the future of health care and we must adapt.”

— Director of service line at a large nonprofit teaching hospital in the Midwest

“Not significant. CVS legacy business – large footprint retail – is facing significant threats and challenges. Aetna’s assets do little to address CVS’ challenges. CVS doesn’t provide Aetna customers and members with any new services and features they do not already have. The significant debt required for the transaction will put upward pressure on costs and pricing. The CVS part of the company is highly dependent on payers besides Aetna and this will limit co-branding opportunities.”

— Executive at a large nonprofit health system in the West

“I anticipate streamlining delivery of care and pharmaceutical benefits as well as savings to the company and, hopefully the consumer. This in turn will be appealing to patients who will obtain a great portion of their medical care at CVS-Aetna. Lastly, by having ubiquitous clinics, pharmacies, etc., they can contract directly with large corporations, groups, insurance groups, etc.”

— Clinician at a small nonprofit clinic in the West

“I believe that Aetna will use the CVS bricks and mortar footprint to build a substantial retail and primary care delivery network. Downstream of this there will be additional acquisitions (e.g. freestanding imaging) as well as CIN and narrow network partnerships with high value specialists (e.g. episodic bundles).”

— Department chair at a large nonprofit health system in the South

“Too soon to truly know, however I envision it will eventually provide a product which is a large disrupter. Providing care when the ‘consumer’ wants and at a location they want is a likely goal. This will be coupled with directing or providing testing at a cost which health systems with brick and mortar cannot match.”

— Vice President at a large nonprofit health system in the Midwest

“Overall negative, as more mergers increases prices over the long term and less choice for patients. In the short term it will reduce costs, but ultimately we will need to decide as a society what healthcare is, a right, or a choice?”

— Clinician at a midsized nonprofit health system in the South

“I think everyone wants to know but doesn’t know.”

— Program director at a small for-profit health system in the Northeast

“It will probably attract the younger generation who doesn’t value the relationship with a primary care provider as much as the older generation does.”

— Vice President at a nonprofit midsized community hospital in the Northeast

Methodology

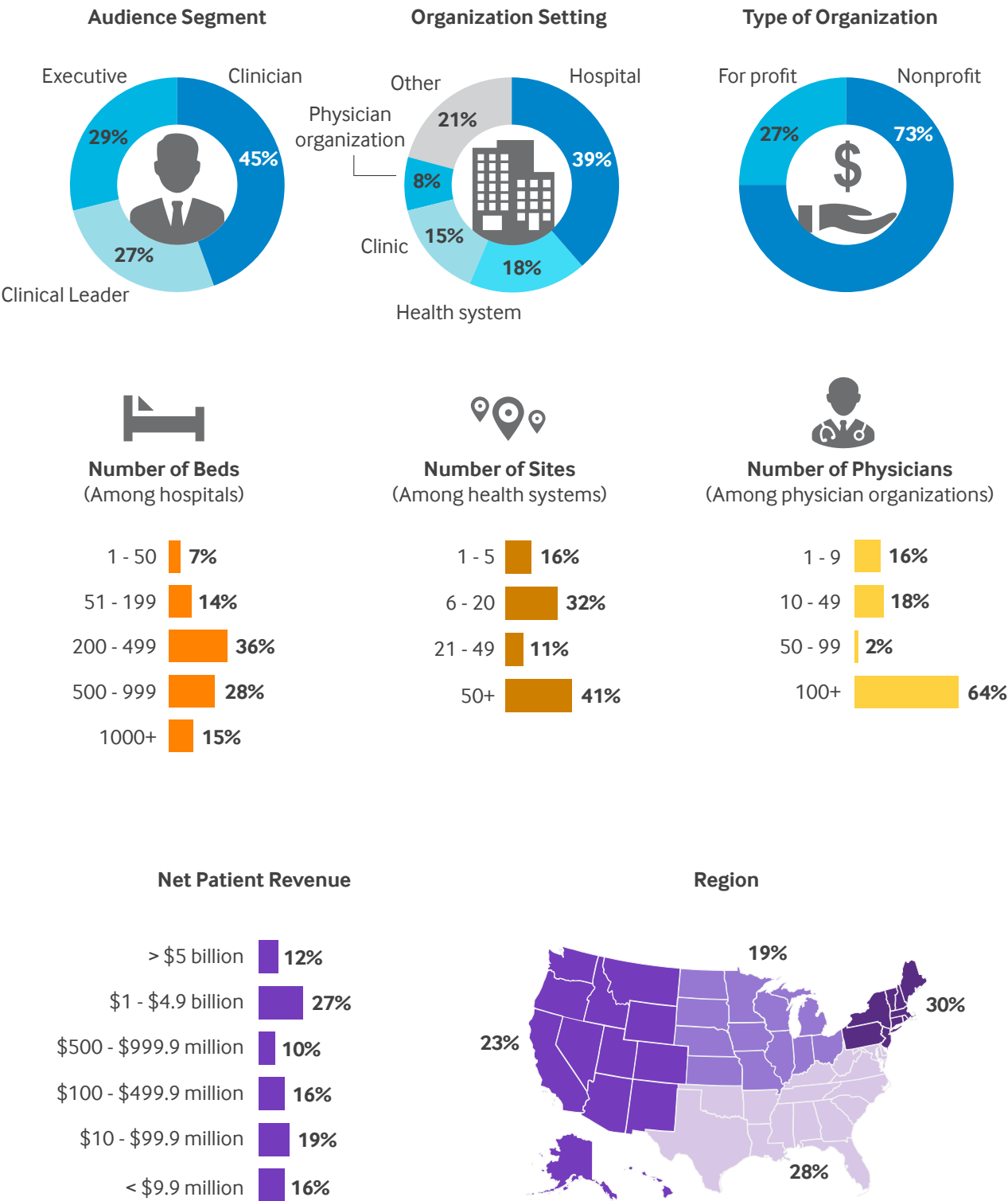
- The Convenient Care survey was conducted by NEJM Catalyst, powered by the NEJM Catalyst Insights Council.
- The NEJM Catalyst Insights Council is a qualified group of U.S. executives, clinical leaders, and clinicians at organizations directly involved in health care delivery, who bring an expert perspective and set of experiences to the conversation about health care transformation. They are change agents who are both influential and knowledgeable.
- In March 2019, an online survey was sent to the NEJM Catalyst Insights Council.
- A total of 664 completed surveys are included in the analysis. The margin of error for a base of 664 is +/- 3.8% at the 95% confidence interval.

NEJM Catalyst Insights Council

We'd like to acknowledge the NEJM Catalyst Insights Council. Insights Council members participate in monthly surveys with specific topics on health care delivery. These results are published as NEJM Catalyst Insights Reports, such as this one, including summary findings, key takeaways from NEJM Catalyst leaders, expert analysis, and commentary.

It is through the Insights Council's participation and commitment to the transformation of health care delivery that we are able to provide actionable data that can help move the industry forward. To join your peers in the conversation, visit join.catalyst.nejm.org/insights-council.

Respondent Profile



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About Us

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