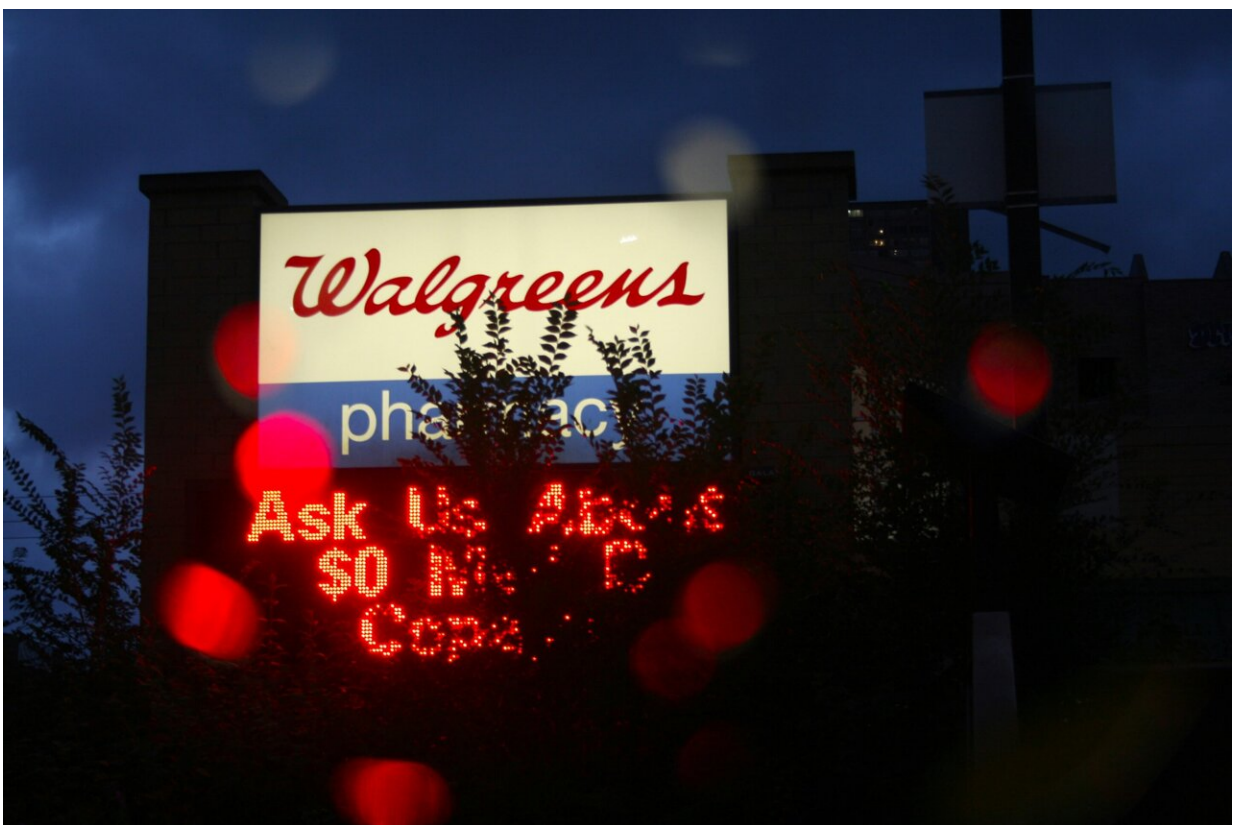


Have MinuteClinics had their minute? Why retail health clinics are shutting their doors, and what's next

July 29 2024, by Cynthia McCormick Hibbert



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It wasn't long ago that health clinics in retail grocery stores and pharmacies were the next big thing in health care.

But between [Walmart](#) shutting its [medical clinics](#), [Walgreens](#) closing 160 VillageMD centers and [CVS](#) announcing the closure of dozens of MinuteClinics in California and New England, has the health clinic retail [model](#)'s moment expired?

Northeastern Global News interviewed Timothy Hoff, professor of management, health care systems, and [health policy](#) at Northeastern, about why the model is failing and what's next for delivery of [primary care](#) services outside the physician's office.

His comments have been edited for brevity.

What went wrong?

It's the classic story of expanding too quickly and realizing the business model doesn't necessarily work for that kind of growth.

Primary care is a very low margin business. The reimbursements are low. You're not going to make a lot on each transaction.

Expanding too quickly, without understanding your cost structure, is problematic. A lot of companies expanded without realizing how much inflation over the last four to five years really affected the price of medical supplies and a lot of the fixed overhead.

The [health clinics](#) are brick and mortar places. They need to rent space or pay for space. Those costs became significant.

Workforce shortages meant they couldn't staff these places adequately or had to pay staff more.

Were you surprised to hear about the closures?

I'm a bit surprised. These are major retailers and pharmacy chains. It was only a couple of years ago they seemed bullish on getting into the primary care business. They were very adamant they were in it for the long haul. So it's surprising they cut bait so fast.

Maybe we should make a distinction—it hasn't worked financially for for-profit corporations that are not really health care companies.

They need to please shareholders, and earn a return or extend their brand in a financially beneficial way. They won't just stick it out and lose money.

So they jumped out of the retail health market very quickly.

Why did retailers go into the business of health care?

These retail players thought they saw an opening because there aren't enough primary care doctors.

There's lots of people who aren't getting primary care now or who are getting inadequate primary care because of the doctor shortage.

Instead of physicians, nurse practitioners and physician assistants staff the retail clinic model.

Did consumers trust the model?

There is maybe some trepidation among the general public that, "I still want to go see a physician." That may make people more hesitant.

People always have some extra questions during health care visits. And these places are not really designed to answer those.

Dollar General [just pulled back on its investments](#) in primary care via mobile vans and buses that would be parked in parking lots of its stores.

I think they found out a lot of patients didn't really feel comfortable getting care in a bus or a van, so that model doesn't seem to be viable either.

Where will the closing of health care clinics in retail stores be felt the most?

I think rural areas are going to be hurt the most.

People don't have access to adequate primary care, to traditional physician-based primary care, in [rural areas](#). That's where the clinics really have served a valuable role.

It should be noted that a real positive aspect of this retail clinic model was it helped reduce the potential for emergency room visits.

It provided convenience for people to get basic care.

What's next for health care delivery?

I don't think the retail clinic model is dead. It just needs to be done more smartly.

The next iteration of a retail clinic type model is maybe one that integrates more fully with a doctor's office. For example, that could mean having six retail clinics in a geographic area, contracting with a large primary care physician's office to share [medical records](#) and see retail clinic patients if needed.

There will be more integration of virtual care, as well.

People are comfortable with some forms of care being delivered virtually.

Amazon tried the bricks and mortar primary care business, and it got out of it. Now it has [Amazon One Medical](#).

Wearable technology is a big frontier that a lot of companies are looking at to deliver more health care at home.

If you give people enough tools at home to monitor their health, then maybe they pay a subscription for someone to monitor their vital signs and conditions, that's primary care. It's just a different version of it.

Provided by Northeastern University

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