Session 106AB
Building Retail Medicine to Meet Consumer Demands

Presented by:
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Building Retail Medicine to Meet Consumer Demands

Learnings from MultiCare Health System

Disclosure of Relevant Financial Relationships

The following faculty of this continuing education activity has no relevant financial relationships with commercial interests to disclose:

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Learning Objectives

• Discuss the evolution of retail healthcare and why health systems must get involved in this trend

• Identify the benefits and pitfalls of a retail strategy, including the pros and cons of developing retail care in-house versus through partnerships
Agenda

• Describe retail healthcare and its importance in building relationships with consumers today

• Understand how different channels of retail attract a different consumer base

• Hear from MultiCare on their journey through building a retail focused platform for their populations across the Puget Sound

What is Retail?

“retail is a brand, a brand promise to our patients”

“providing local access to our community”

“approach for changing how care is delivered”

“meeting our populations when and where they want to seek care”

“synonymous with speed, speed equates to quality”

“reaching new customers, new populations, providing a different service”

“way of connecting with the Millennials, the younger generation”

“retail is a mindset, a way of doing business”
What is Retail?

Retail
• Transaction chosen by the end user to purchase products or services for consumption by the purchaser
• Typically involves direct relationship between the seller and the buyer

Retail Healthcare
• Focused on the individual and the choice decision they have
• Package of services and products tailored to the individual’s needs
• Recognizes “needs” are not purely viewed from the clinical angle but include other factors of the “mind-body-spirit”

Retail Healthcare Definition

Working Definition:
A packaging of services to better meet the patient’s needs where individual choice is an important factor in the person’s healthcare decision-making.

Retail Healthcare is care tailored to the specific needs of an individual as defined by that individual.

Implication…..
Since people each have different needs, health systems need MULTIPLE WAYS to deliver the DIFFERENT PACKAGES OF SERVICES to individuals to best meet their needs
Retail Healthcare

Health Systems have been deploying retail principles all along…..Examples of “packaging” services to the specific needs:

- Service Lines and Programmatic Institutes (defined around a clinical condition)
- Ambulatory campuses and moving ambulatory services off the hospital campuses (acuity)

Most teams are adding other factors to the “retail” definition to imply it is focused on predominantly low-acuity patients and those who more fully control the purchase of the healthcare service

Retail Healthcare

What do individuals want in their “Package”?

- **Access**
- **Convenience**
- **Efficient**
- **Easy**
- **Timely**
- **Different Settings**
- **Customized**
- **Reduce Cost of Care**
- **After Hours**
Retail Healthcare

Expectations are driven by shifts in other industries’ activities
- Old industries: Banking, Airlines
- New industries: Amazon, Netflix
- Payment shifting: High-deductible plans
- Marketing advances: Facebook, Google, big data
- Information access: Quality is assumed

Retail Healthcare – Building Relationships

There is a growing subset of individuals that have increasing demands for delivery format and process
- Tend to be younger, more financially well off
- Tend to be healthier with fewer chronic diseases
- Tend to be technologically savvy
- Tend to be more unwilling to relate to health systems on the health systems terms
Retail Healthcare – Building Relationships

If health systems want to **FORM A RELATIONSHIP** with these **INDIVIDUALS**, they have to be willing to **MEET** the individuals **WHERE** they are in their **HEALTHCARE JOURNEY**

Retail thinking is a **STRONG TOOL** to determine how to approach and attempt to form a relationship with these individuals.

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Retail Healthcare – Building Relationships

Why is it important to connect with individuals early in their healthcare journey?

- The patients are most impressionable at their **first healthcare touch points**

Whoever first touches the consumer has **BROAD INFLUENCE** over **HOW** that person’s care will proceed, **WHICH HEALTH SYSTEM** they will use and, in risk-based models, **TO WHICH PROVIDER** the patient will be **ATTRIBUTED** for payment.
Retail Healthcare – Building Relationships

Owing the first touch channels creates a TOOL to INFLUENCE MARKETS

- Own the first touch channels......be at an individual’s first healthcare touch point
- Be at an individual’s first healthcare touch point......form the first touch relationship
- Form the first touch relationship......influence the downstream choices of the individual (specialty, diagnostic, and hospital referrals)
- Influence the downstream choices......influence over the downstream providers
- Influence the downstream providers......create a tighter network, manage health, encourage collaboration and alignment

Particularly effective if the channel is self-supporting and can be deployed without needing the downstream to off-set channel subsidy requirements

Retail Healthcare – Building Relationships

When health systems are slow to respond what happens….. OTHERS FILL THE NEED

- Need: Convenient options for simple diagnostics, prescriptions, and immunizations
- Result: Minute Clinic started by a frustrated parent
- Now: Nearly 2,000 retail clinic sites in operation even though the financial model is extremely difficult

- Need: Convenient options for acute primary care, prescriptions, and specialty referrals
- Result: More than 7,100 urgent care sites developed, predominantly by individual entrepreneurs
- Now: Over 120M visits occurring annually with growth rates accelerating and entire channels of care being developed
Retail Healthcare – Building Relationships

Typical first touch channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled Clinic</td>
<td>Scheduled with some same-day based on clinician's determination of the patient's need</td>
</tr>
<tr>
<td></td>
<td>Accounts for 80% of all visits</td>
</tr>
<tr>
<td></td>
<td>Growing at 2-3% annually</td>
</tr>
<tr>
<td>Urgent Care</td>
<td>Basic urgent primary care assessed by the patient at their desire</td>
</tr>
<tr>
<td></td>
<td>Accounts for 11% of all visits</td>
</tr>
<tr>
<td></td>
<td>Growing at 6-10% annually</td>
</tr>
<tr>
<td></td>
<td>Similar prices as traditional primary care clinics</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>Focused on the acute care and accessed by primary care patients at their desire</td>
</tr>
<tr>
<td></td>
<td>Accounts for 5% of all visits</td>
</tr>
<tr>
<td></td>
<td>Price declining</td>
</tr>
<tr>
<td></td>
<td>~$3 or cost of traditional primary care clinics</td>
</tr>
<tr>
<td>Retail Clinic</td>
<td>Focused on a limited set of services provided by non-physicians</td>
</tr>
<tr>
<td></td>
<td>Accounts for 2-3% of visits</td>
</tr>
<tr>
<td></td>
<td>Growing at 3% annually</td>
</tr>
<tr>
<td></td>
<td>60% of the price of traditional primary care clinics</td>
</tr>
<tr>
<td>Virtual Care</td>
<td>Synchronous or a synchronous model to deliver care remotely or by algorithm 24/7</td>
</tr>
<tr>
<td></td>
<td>Accounts for 1% of visits</td>
</tr>
<tr>
<td></td>
<td>Growing at nearly triple-digit rates</td>
</tr>
<tr>
<td></td>
<td>30% of the cost of traditional primary care clinics (asynchronous)</td>
</tr>
</tbody>
</table>

Consumer segmentation of these “first touch channels” is pronounced – there are age, payer, disease state and socioeconomic differences

- Virtual Primary Care
- Retail Clinic
- Urgent Care
- Emergency Room
- Scheduled Provider Clinics

Each has a different financial model and amount of downstream decision influence

- Virtual ~$2.50/visit
- Emergency Room ~$3,500/visit
Retail Healthcare – Building Relationships

Moving into lessons learned from MultiCare as they build relationships through first touch channels in the Pacific Northwest

MultiCare Health System – A Journey

Partnering for healing and a healthy future.
MultiCare Health System – A Journey

1. Pediatric Hospital
   Level II Adult & Pediatric Trauma
   • Covington (ED Beds)
   • Psychiatric Adult Venture
   • Inpatient Rehab

2. Multi-Specialty Center
   • Gig Harbor
   • Covington (Free-standing ED)

3. Urgent Care Centers
   Behavioral Health Network
   Imaging Joint Ventures
   • 5 sites of care

4. Outpatient Surgery Centers
   Home Health / Hospice / Palliative Care

5. Retail Clinics
   Virtual Health Visits (Primary & Specialty)
   Occupational Medicine

2017 CONGRESS ON HEALTHCARE LEADERSHIP

MultiCare Health System – A Journey

557
Average Daily Census

217,590
ED Visits

1,130
Licensed Beds

1.7 billion
Annual Net Revenue

4 Foundations with a combined annual fund raising of approximately $29 million

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Retail Healthcare is defined as engaging **directly** with consumers for healthcare related products and services in a price sensitive environment.

Key objectives of MHS’s retail strategy:
- To improve health and healing of patients
- To provide another portal of entry for patients into our system of care (i.e., downstream revenue)
- To build loyalty among patients across the life span
- To create incremental profitable revenue at point of transaction
- To enable broader geographic expansion
MHS – View of Retail

Retail Health is a new Strategic Business Unit at MultiCare

Current Services
- MedSpas
- Boutiques & Gift Shops
- Virtual Health
- Home Diagnostics & Remote Monitoring
- Ancillary Services (Pharmacy, Laboratory)
- Occupational Medicine
- Urgent Cares
- Free Standing Emergency Departments
- Retail Clinics
- E-Commerce

MHS – First Touch

In 2014, MultiCare developed a bold retail strategy called First Health Care Touch, or simply “First Touch”
When a person decides to seek healthcare services, **WHO THEY CONNECT WITH FIRST HAS INFLUENCE** over how that person’s care will proceed. That “first contact” with the healthcare delivery system is the “first touch point.”

WHERE, WHEN, and HOW individuals seek care is dramatically changing as people have many more options to address their needs. Health systems that want to influence people’s healthcare decisions must participate in the way people seek care.
MHS – First Touch

First Touch strategies advance MultiCare’s goal of expanding market presence and access.

Our measure of success is the achievement of 1.3 million unique individuals by 2020. (2014 baseline = 294K)
MHS – First Touch

How do we get to 1.3 million lives?

- Grow primary care provider clinics
- Expand our Clinically Integrated Network and community partnerships
- Expand ED access through free-standing EDs
- Build the urgent care business line
- Expand the retail partnership with Rite Aid/RediClinics
- Develop a virtual platform to serve patients throughout the Pacific Northwest

MHS – First Touch

What’s the progress to date toward the goal of 1.3M unique patients?

- 2016 = 366,007
- YE 2015 = 347,710
- Baseline: YE 2014 = 293,885

100% = 1,300,000
75% = 975,000
50% = 650,000
25% = 325,000
MHS – First Touch Urgent Care 2.0

A deeper dive into four First Touch Tactics…

1. Urgent Care 2.0
2. Retail Clinics: MultiCare RediClinics
3. Virtual Urgent Care
4. E-Visits

MHS – First Touch Urgent Care 2.0

A deeper dive into four First Touch Tactics…

Urgent Care 2.0
Retail Clinics: MultiCare RediClinics
Virtual Urgent Care
E-Visits
MHS – First Touch Urgent Care 2.0

New name, new experience

NOW THERE'S URGENT CARE FOR INDIVIDUALS ON THE GO.

Introducing MultiCare Indigo Urgent Care. Now open at the James Center, 18th & Mildred, Tacoma >>

Guiding principles

<table>
<thead>
<tr>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Design/Site Selection</td>
</tr>
<tr>
<td>Operations Design</td>
</tr>
<tr>
<td>Clinical Design</td>
</tr>
<tr>
<td>Business Design</td>
</tr>
<tr>
<td>Staff Design</td>
</tr>
<tr>
<td>Facilities Design</td>
</tr>
</tbody>
</table>

2017 CONGRESS ON HEALTHCARE LEADERSHIP
MHS – First Touch Urgent Care 2.0

Not your typical healthcare design.....

MHS – First Touch Urgent Care 2.0

The waiting room....
Focused marketing on a specific demographic

Better connected to everything that matters.

Better connected to kids.
Kids don’t have time to be sick or hurt. They have too much else on their minds. At Mary Bridge Children’s Hospital and Crisis, we are committed to protecting the health and safety of children. We are the fastest-growing pediatric hospital in the Pacific Northwest.

Better connected to green.
Here in the Pacific Northwest, we’re lucky to live and work amid some of the world’s most picturesque surroundings. And at MUCare, we’re working to keep it that way. That’s why we put so much effort into our green initiatives.

Better connected to community.
It’s an honor for MUCare to serve the health and wellness needs of the communities we serve. As a not-for-profit organization, committed to improving the quality of life. We are always giving back, so you can go about your day.
MHS – First Touch Retail Clinics

A deeper dive into four First Touch Tactics...

- Urgent Care 2.0
- Retail Clinics: MultiCare RediClinics
- Virtual Urgent Care
- E-Visits

MHS – First Touch Retail Clinics

- Joint Venture: Rite Aid/RediClinics
- Management Agreement with JV
- Phase 1: 9 Sites Live by November 2015; 2 opened in our primary market with 4 remaining in 2016
- Phase 2: expand geographic presence

First 3 clinics opened March 30, 2015
Patient Loyalty: Net Promoter Score (NPS)

- Tool to gauge customer loyalty
- Industry Examples:
  - Top 10 NPS Leaders
    - USAA 80%
    - Costco 78%
    - Nordstrom 75%
    - Apple iPhone 70%
    - Amazon 69%
    - SW Airlines 66%
    - Trader Joe’s 63%

<table>
<thead>
<tr>
<th>Clinic</th>
<th>Period 9</th>
<th>Responses</th>
<th>Response Rate</th>
<th>NPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington</td>
<td>107</td>
<td>82%</td>
<td>83%</td>
<td></td>
</tr>
<tr>
<td>Eastgate Plaza</td>
<td>60</td>
<td>63%</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td>Factoria Square Mall</td>
<td>20</td>
<td>14%*</td>
<td>89%</td>
<td></td>
</tr>
<tr>
<td>Kentmore</td>
<td>67</td>
<td>74%</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>Mill Creek</td>
<td>3</td>
<td>2%*</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Mukilteo</td>
<td>112</td>
<td>91%</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>Sammamish</td>
<td>94</td>
<td>64%</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>Shoreline</td>
<td>120</td>
<td>92%</td>
<td>79%</td>
<td></td>
</tr>
<tr>
<td>Woodinville</td>
<td>38</td>
<td>93%</td>
<td>92%</td>
<td></td>
</tr>
<tr>
<td>Seattle</td>
<td>838</td>
<td>57%</td>
<td>77%</td>
<td></td>
</tr>
</tbody>
</table>

Patient Satisfaction

Positive Patient Satisfaction Trends Continue
MHS – First Touch Retail Clinics

Survey How Did You Hear About Us?

We needed specific strategies for the Seattle-Tacoma market.

2017 CONGRESS ON HEALTHCARE LEADERSHIP

MHS – First Touch Retail Clinics

Online Search Marketing
High online visibility leveraging search engine marketing (resulting in a 28% pull through*)

* Measured by “How did you hear” data

2017 CONGRESS ON HEALTHCARE LEADERSHIP
MHS – First Touch Retail Clinics

Marketing Campaigns

MHS – First Touch Virtual Urgent Care

A deeper dive into four *First Touch* Tactics…

Urgent Care 2.0
Retail Clinics: MultiCare RediClinics
**Virtual Urgent Care: MultiCare Doctor on Demand**
E-Visits
MHS – First Touch Virtual Urgent Care

- Visits have increased by 194%
- Roughly half are non-MultiCare patients
MHS – First Touch Virtual Urgent Care

- In this first year, 87% of the virtual visits were consumers living in our Primary (Pierce) and Secondary (South King) service areas.
- We have had visits from as far away as Spokane, Vancouver, and Bellingham.

MHS – First Touch Virtual Urgent Care

**Cost Savings**

Costs:
- PMPM fee: **None**
- Per use fee ($40 coverage):
  - 15,000 covered lives x
  - 10.2% utilization x
  - $30 = **$33,660**

Savings:
- Office Visits: (48% x visits x $100) = **$70,380**
- Urgent Care: (35% x visits x $155) = **$83,000**
- ER Visits: (12% x visits x $1,000) = **$183,600**
- Complications: (1.4% x visits x $1,000) = **$21,420**

Total costs/year = **$61,200**
Total estimated savings = **$358,400**
MHS – First Touch Virtual E-Visits

A deeper dive into four First Touch Tactics…

Urgent Care 2.0
Retail Clinics: MultiCare RediClinics
Virtual Urgent Care: MultiCare Doctor on Demand

E-Visits

MHS – First Touch eCare

- Soft Launch - December 16, 2015
- Full Launch - January 8, 2016
- Staffed by RediClinic ARNPs
- eCare Visit: Adaptive Branching Logic Algorithm

How it works
- Online Interview
- Diagnosis by a clinician
- Response within one hour
- Prescriptions sent instantly
MHS – First Touch eCare

Cost Savings

If you had not completed an e-visit, where would you have gone for treatment?

<table>
<thead>
<tr>
<th>Visit Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urgent care</td>
<td>43%</td>
</tr>
<tr>
<td>Your primary care physician</td>
<td>27%</td>
</tr>
<tr>
<td>A retail clinic</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Costs**
- **PMPPM fee:** None
- **Per use fee ($25 coverage):**
  - $20 = $93,750

**Total costs/yr = $75,000**

**Savings:**
- Office Visits (27% x visits x $100) = $101,250
- Retail Clinic (15% x visits x $51) = $30,600
- Urgent Care (43% x visits x $155) = $248,937
- ER Visits (1% x visits x $1,000) = $37,500
- Would Not Have: (8% x visits x -$20) = -$6000
- Somewhere Else: (5% x visits x -$50) = -$50

**Total estimated savings = $413,287**
MHS – First Touch Lessons Learned

What to take away from all the work to date

- Urgent Care 2.0
- Retail Clinics: MultiCare RediClinics
- Virtual Urgent Care: MultiCare Doctor on Demand
- E-Visits

Too many choices for the average consumer
MHS – First Touch Lessons Learned

Requires a coordinated marketing strategy that explains the available care choices

MHS – First Touch Lessons Learned

Requires intentional direction of care. From first touch to second touch
MHS – First Touch Lessons Learned

Major observations

1. A “retail understanding” does not happen on its own. It takes courage.
2. A complete “carve out” of retail services will reap the greatest success
   - HR/Recruiting
   - Marketing
   - Design
   - Supply Chain
   - Finance: retail corporate allocation instead of hospital-based
3. Turf battles surrounding reporting structure must be addressed
4. Aligned incentives and rewards have to be different

“Progress always involves risk. You can’t steal second base and keep your foot on first.”

Frederick Wilcox
Building Retail Medicine to Meet the Consumers’ Demands

Questions and Discussion

Christi McCarren

Christi McCarren serves as the senior vice president for retail health and community-based care for MultiCare Health System in Tacoma, Wash. Her responsibilities include all service lines, post-acute care, ancillary services, retail and virtual health. Ms. McCarren has 37 years of healthcare experience, 30 of which have been in management and administrative roles. She started her nursing career as a critical care nurse.
Kathryn Lovrien

Kathryn Lovrien is a principal with Health System Advisors in Minneapolis. Her experience in the healthcare industry spans 18 years, including 13 years as a strategy consultant and five years in biotechnology. Ms. Lovrien’s consulting engagements have concentrated on system and organizational strategy, physician alignment and integration, ambulatory and market positioning, and novel partnerships in healthcare. She is a frequent author and speaker on developing system strategies focused on growth, effectiveness, relevance and capabilities as well as physician alignment and ambulatory development.

Prior to joining Health System Advisors, Ms. Lovrien spent eight years with Kurt Salmon, where she created its physician alignment practice, infrastructure and thought leadership before moving back into a privately held practice with Health System Advisors. Ms. Lovrien holds a master’s degree in business administration and a master’s degree in health administration from the University of Washington. She is an avid runner.

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