

Wal-Mart Chief Pushes His Idea of Health Reform

BY ERIK L. GOLDMAN
Contributing Writer

WASHINGTON — Wal-Mart's Chief Executive Officer Lee Scott isn't waiting around for Washington's power elite to reform health care. He's taking on the job himself, one gigantic retail store at a time.

In the past 2 years, Wal-Mart has established on-site medical clinics in 76 of its stores, and plans to open several thousand more clinics over the next 5 years. Last year, the company began offering \$4 generic prescriptions, a move hailed by some as a major step forward in reducing drug costs for millions of Americans, but scorned by others as a low-brow marketing ploy.

Under Mr. Scott's leadership, Wal-Mart is forming alliances with other major corporations to push the federal government to establish universal health insurance coverage and transportable, patient-owned electronic medical records.

Welcome to health reform, Wal-Mart style.

"The time for politics in health care is over. We need action to create affordable accessible and high quality health care. I believe American business can lead and we should lead. We must be a catalyst for positive change," said Mr. Scott, speaking at the fourth annual World Health Care Congress, sponsored by the Wall Street Journal and CNBC.

Revered by some, reviled by others, Mr. Scott is unquestionably one of the most active corporate leaders on health care issues. He seems determined to make the Wal-Mart stores a locus of affordable basic health care for millions of Americans. It's an idea that certainly redefines "retail therapy."

"We now have 76 independently owned clinics in our stores in the U.S. We have a great model. In the next 4 years, we plan 2,000 such clinics. We know customers like and want them. Ninety percent of patients going to these clinics are satisfied or very satisfied with the service. It's fast, easy, and convenient. We can drive effectiveness in these settings," said Mr. Scott.

Wal-Mart's "RediClinics" are owned and operated by an independent company, not by Wal-Mart itself. They are typically staffed by nurse practitioners who have ready access to physician and hospital backup if needed.

Wal-Mart is not the only retail chain to get into the health care services game. Walgreen's, CVS, Target, and Kroger all have or are exploring some form of quickie clinic, and there are a number of independent companies such as MinuteClinic and Take Care Health, competing for the contracts.

Though they are no replacement for comprehensive physician or hospital services, the retail-floor quickie clinics can provide what even many well-run physician offices cannot: instant access walk-in service, without appointments or waiting time, and at affordable and clearly visible prices.

That's an awfully enticing combination for many Americans, and the retail clinic model is clearly filling a need. Surveys of customers using the Wal-Mart RediClinics

indicate that more than half are uninsured, suggesting that the clinics may be serving as a vital primary care center for many.

"Fifteen percent said they would have had to go to the emergency room for care if the store clinic was not there. Twenty percent were parents bringing children in for treatment," said Mr. Scott.

That latter fact has not exactly endeared Mr. Scott to the leadership of the American Academy of Pediatrics, which has been outspoken in its criticism of Wal-Mart's clinics and retail-based medicine. But Mr. Scott believes that store-based care is better than no care at all.

For those families that have health insurance and their own physicians, it's still pretty hard to argue with the store-based clinic's convenience.

Other medical organizations, including the American Medical Association and the American Academy of Family Physicians, have taken a softer stance toward the re-

between \$12 and \$16 per month as opposed to \$300 for the branded drugs," said Ron Winslow, a medical reporter for the Wall Street Journal, who moderated the session at which Mr. Scott spoke. "This has significant implications for health care costs, for drug development, and for drug marketing."

"Response to this has been nothing short of spectacular. We've generated \$290 million in cost savings on drugs for our customers," said Mr. Scott. In the last year, "35% of all orders we fill are for \$4 prescriptions, and nearly 30% of these are filled without insurance."

Mr. Scott pulled no punches about Wal-Mart's intention to push generics.

"It's about pharmacists and doctors working in new ways. The pharmacists will work with the doctors to determine if generics might be better choices. And we educate consumers about the efficacy of generics. We post full price disclosures. We encourage them to talk to doctors and

tween medicine's 21st century therapeutic technology, and it's early 20th century paper-based information systems.

The criticism is fair enough, provided one overlooks the fact that unlike retailers, physicians and other health care givers have little to gain financially from updating their information systems, and unlike pallets of laundry detergent, human beings have concerns about what sorts of information are recorded about them, how that information is used, and by whom it might be seen.

Though willing to acknowledge the push-back, he's not willing to settle for it. "We need to challenge ourselves and move forward," he said. To this end, Wal-Mart is partnering with Pitney-Bowes and other major corporations to launch Dossier, an independent, not-for-profit company that will provide secure personal electronic medical records to employees and retirees who own and control their own records.

"It is safe, secure, always up to date, and doctors can have easy access to up-to-date information on their patients," promised Mr. Scott. "If we commit to health care IT we can improve the quality of life for all 300 million Americans."

Echoing what's become something of a mantra among corporate leaders concerned with health care, Mr. Scott argued that better information about health care pricing and quality will lead to more intelligent consumer choices.

"People don't have the tools they need. They're prevented from being good consumers of health care. There's a big disconnect between providers, patients, and the cost-value proposition. People can't compare quality. They don't know if one surgeon or hospital or medication is better than another. Imagine if Wal-Mart ran like U.S. health care, where there were no obvious differences in the products we sold, no pricing information, and the customers only saw a very small fraction of the cost of the items they bought."

Arguably, Mr. Scott's most audacious move in the health care arena was his call, in February, for federally funded universal health insurance coverage. The call, issued jointly by Mr. Scott and Andy Stern, president of the Service Employees International Union, took place in the context of a new coalition called "Better Health Care Together."

In addition to Wal-Mart and SEIU, the coalition's founding organizations include AT&T; the Howard H. Baker Jr. Center for Public Policy; the Center for American Progress; the Committee for Economic Development; the Communications Workers of America; Intel; and Kelly Services. Its four "common sense" principles are:

- ▶ We believe every person in America must have quality, affordable health insurance coverage.
- ▶ We believe individuals have a responsibility to maintain and protect their health.
- ▶ We believe that America must dramatically improve the value it receives for every health care dollar.
- ▶ We believe that businesses, governments, and individuals all should contribute to managing and financing a new American health care system. ■



Wal-Mart has 76 RediClinics in stores across the United States. The company plans to expand to 2,000 clinics in the next 4 years, says Wal-Mart CEO Lee Scott.

tail clinic trend, acknowledging that the clinics are a reality, while at the same time pushing for standardized operating principles that limit the scope of services provided, and establishing guidelines for referrals to physicians and hospitals.

Mr. Scott stressed that Wal-Mart is not positioning the RediClinics as replacements for mainstream health care facilities. The future evolution of Wal-Mart's model centers on building partnerships between the store-based clinics and local hospitals. "People trust their hospitals, especially their local hospitals," said Mr. Scott. With the right partnerships, the clinic in Aisle No. 3 can become an entry point to more comprehensive care.

If the RediClinics raised eyebrows among health care pundits, Mr. Scott's \$4 generic prescription move has them shaking their heads in disbelief.

Wal-Mart is now offering shoppers the opportunity to obtain generic forms of many popular medications for \$4 per prescription. No doubt, this has traction with consumers.

"If you have cardiovascular disease, you will be able to get a regimen of drugs for

to learn about generics," he said.

If his belief in generic drugs is firm, his faith in Information Technology is nigh on evangelical.

Mr. Scott, who began his Wal-Mart career nearly 30 years ago in the trucking logistics department, is like many corporate leaders in nonmedical industries, who simply cannot understand why the bar-code tracking systems and standardized consumer databases that revolutionized retail and manufacturing several decades ago have not become the norm in health care.

"Wal-Mart applies technology very intensively. We can track stuff all over the world. This lowers cost and streamlines operations, improves the quality of life for employers and customers. Wal-Mart can pinpoint a pallet of laundry detergent anywhere in our supply chain. I wish it were as easy for doctors to pull a patient's electronic files. They're still using manila folders! Wal-Mart uses [radio-frequency identification] on everything, but today only 5% of hospitals are using bar codes to track medications and patient samples. That's unacceptable."

He seems baffled by the discrepancy be-