Wal-Mart CEO Hard-Selling Health Care Reform

BY ERIK L. GOLDMAN
Contributing Writer

WASHINGTON — Wal-Mart's CEO 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 store a locus of affordable basic health care for millions of Americans.

"We now have 76 independently owned clinics in our stores in the U.S. 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," Mr. Scott said. "We can drive effectiveness in these settings."

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 health care services. 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," Mr. Scott said.

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.

©WAL-MART INC.

RediClinics, which are housed inside Wal-Mart stores, are typically staffed by nurse-practitioners who have physician and hospital backup.

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 retail 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," Mr. Scott said. 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 between $12 and $16 per month as opposed to $300 for the branded drugs," said Ron Winslow, a 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," Mr. Scott said. 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 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 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!"

He seems baffled by the discrepancy between medicine's 21st-century therapeutic technology and its early 20th-century paper-based information systems.

The criticism is fair enough, but 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.

From RediClinics and the $4 prescriptions to the call for universal coverage and a shift away from employer-financed health care, nearly everything Mr. Scott has done thus far has attracted its share of ire. But the Wal-Mart CEO seems to have little time for critics.

"It is easier to sit on the sidelines and criticize what others are doing," he said. "Those who do so are either stuck in an old debate or protecting their own parochial interests." ■