

Thinking Inside the (Big) Box

Healthcare executives are consistently challenged to think outside the box when planning strategic responses to the powerful trends that are reshaping health care. Finding new and different ways of doing business is critical to long-run success because the scientific, political, and economic foundations of health care are undergoing revolutionary change.

- > Thanks to adoption of technologies developed for the Human Genome Project, molecular medicine is replacing one-size-fits-all care with personalized, predictive diagnostics and therapies.
- > In response to defederalization of health reform, Medicare and Medicaid are moving in unprecedented directions that compel providers to develop different approaches to getting reimbursed.
- > As rising health costs become unaffordable for employers, employees are being required to pay a larger share of the bill and become involved (i.e., empowered) in medical decision making.

Consequently, old ways of thinking can be misleading.

“In the box” is a figurative reference to the safety of convention—something we learned in grade school when we received bad grades if our crayons strayed outside the lines. The challenge to think outside the box is a reminder that, in the grown-up world, growth is stifled when we are afraid to be creative.

Suddenly, however, the term has literal importance for health care. “Box” is now used to describe large, rectangular buildings occupied by retail chains like Wal-Mart and Walgreens. And the future of the marketplace is being shaped by entrepreneurs who are thinking about health care

inside those boxes. Big boxes have put mom-and-pop stores out of business all over America by offering lower prices, convenient hours, and consumer choice—and now basic health services.

And therein lies the new challenge: Failure to think about the big box could quickly result in the loss of revenue for tradition-oriented hospitals and medical groups. The lower prices and convenient hours of health care in a box will have real staying power in a marketplace where consumers are being forced to take more fiscal and physical responsibility for their own health care. Indeed, stories about convenience clinics in retail spaces are already becoming quite common in the news media.

A key to the success of retail clinics in the box is the use of nurse practitioners. Research over many years has consistently shown that nurses with advanced training and professional certification can offer medical services within a defined scope of practice at least as well as physicians. These nurses are highly skilled at providing primary care services, such as treating common respiratory, digestive, urinary, and skin conditions. They are carefully trained to refer patients to medical specialists when necessary. They give physical examinations and provide preventive services, such as flu shots and vaccinations—all at very competitive prices. Nurse practitioners can practice independently in most states, they are accustomed to working extended hours, and they have an excellent history of patient relations. They can also write prescriptions, a fact that explains why they are usually located near the pharmacy.

Hospital executives have become acutely aware of competition from physicians.

Their leading responses—joint ventures and employed medical staff—no longer qualify as out-of-the-box thinking. The potential for competition from advanced practice nurses in retail centers has not received comparable attention, but it is clearly an idea whose time has come. After all, nurse practitioners have already proven their worth in fast-track clinics, where they routinely meet the needs of patients who come to the emergency department for routine (i.e., not life-threatening) care. Hospitals would be wise to begin thinking about all qualified nonphysician practitioners as future members of the medical staff—before they are all hired by the competition.

And they shouldn't stop there. Hospitals should consider partnerships with the large corporations that are developing a retail market for primary care. They should evaluate the possibility that the next steps those corporations take could be into telemedicine and home care. Some of the Fortune 500 companies that are putting primary care in their retail boxes are simultaneously expanding their mail-order drug business. Selling home care services (e.g., diagnostics, physical and respiratory therapy) can't be far behind.

More and more consumers with high-deductible health plans will be looking for the best value in primary care, and many will find what they want in a large retail store. Strategic financial planners at forward-looking healthcare organizations should be exploring now whether to collaborate or compete with the corporations that are selling health care in the mall and in the mail. They still have viable options, but hospitals will need to act soon if they are to avoid being boxed out of the retail market. ☞

Jeffrey C. Bauer, PhD, medical economist and health futurist, is a Chicago-based partner in management consulting for ACS Healthcare Solutions (jeff.bauer@acs-hcs.com).