COUNCIL OF THE CITY OF PHILADELPHIA
JOINT COMMITTEES ON COMMERCE AND
ECONOMIC DEVELOPMENT AND PUBLIC HEALTH
AND HUMAN SERVICES

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1:20 p.m.

PRESENT:
COUNCILWOMAN MARIAN B. TASCO, CHAIR
COUNCILMAN CURTIS JONES, JR.
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILWOMAN MARIA QUINONES-SANCHEZ

RESOLUTION 090608 - Resolution authorizing Council's Committees on Commerce and Economic Development and Public Health and Human Services to hold joint hearings on the lack of retail medical clinics in chain stores within the city as compared with the surrounding suburbs and the degree to which such clinics could provide Philadelphians affordable and convenient healthcare services as well as promote local economic development.

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COUNCILWOMAN TASCO: Good afternoon. The Joint Committee on Commerce and Economic Development and Public Health and Human Services will now come to order. We are here today to hear testimony on Resolution No. 090608, and we ask the Clerk to read the resolution.

THE CLERK: Resolution 090608, authorizing Council's Committees on Commerce and Economic Development and Public Health and Human Services to hold joint hearings on the lack of retail medical clinics in chain stores within the city as compared with the surrounding suburbs and the degree to which such clinics could provide Philadelphians affordable and convenient healthcare services as well as promote local economic development.

COUNCILWOMAN TASCO: Thank you.

Our first witness -- let me first recognize the Councilmembers who are here. We have Councilwoman Blondell Reynolds Brown and the sponsor of this

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resolution, Councilman Curtis Jones.

Would you like to have opening comments?

COUNCILMAN JONES: Thank you.

COUNCILWOMAN TASCO: The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Madam Chair, and I appreciate you holding these hearings. I'd also like to thank my colleague Councilwoman Blondell Reynolds Brown, who has been a longtime advocate for health considerations in Philadelphia, being the prime sponsor of the menu labeling bill, which is one of the strongest of its kind in the nation.

This is a continuation on President Barack Obama's interest in moving the United States, and in particular our city, forward by way of healthcare concerns, which have economic development impacts.

W.E.B. DuBois said inequities in opportunity and social condition have long perpetrated health disparities in

Philadelphia and across the country. This was said at the turn of the last century, and it is true now.

One of the things that was brought out in the hearings on menu labeling was the fact that in inner cities, many of the illnesses, many of the types of diseases are disproportionately, disproportionately impacted upon poor people. President Barack Obama's first lady, Michelle Obama, pointed out a concept called food deserts, food deserts, where it is easier to find a gun than it is to find a fresh vegetable and definitely adequate healthcare.

So what this hearing is designed to do is to look at a concept that the private sector came up with. Didn't need a government resolution, didn't need a government law to do it, but said that the average person should be able to access average healthcare. Nothing as elaborate as a surgery,

nothing as complicated as chemical treatments, but every now and then, to prescribe something that can deal with everything from the common cold to some allergies, because left untreated, those common colds and allergies develop into more complicated healthcare. So if we can nip them in the bud, we can save ourselves and society a lot of time, a lot of aggravation and pain and a lot of money.

So these health clinics were designed to go into communities and allow -- what I used to like in school was when I got sick, I would go see the nurse. I'd walk up to the counter, and they kind of knew my name and they kind of knew, Well, weren't you here last week for something else. But they knew who I was, they treated my concerns, and if it was something more serious, they sent us on or sent us home to a hospital or to the care of our primary physicians.

Well, these retail health

clinics are a lot like that. People get to know you. They know some of your history. It is not a cookie-cutter operation in the sense that you are just a file. You are a person from the community. It's almost a small-town rendition of what used to be the neighborhood pharmacist brought back to cities and urban areas.

So to that end, it was our hope that we encourage the development of such centers in inner city neighborhoods and to develop that concept in partnership with the private sector, because they are -- let me say for the record what they are not. They are not the public Health Department of the City of Philadelphia. They are for-profit enterprises. But, conversely, the cough medicine that is paid for in the suburbs costs the same as in inner city areas, and so should the services afforded to both of their customer bases.

And with that, I'd like to turn

it over again to Madam Chair for the hearings.

COUNCILWOMAN TASCO: Thank you very much.

Let me recognize Councilwoman Maria Quinones-Sanchez who has joined the Committee.

Our first witness will be Kevin Dow, Deputy Director, Philadelphia Department of Commerce.

(Witnesses approached witness table.)

MR. DOW: Good morning, Councilmembers. With me today is Andrew Frishkoff, the Director of Office of Neighborhood and Business Services -- Neighborhood Economic Development Services. Excuse me. I'm glad to be here this morning. My name is Kevin Dow and I'm the Chief Operating Officer of the Commerce Department. I'm here to testify on Resolution No. 090608.

This resolution seeks to investigate the lack of retail medical

clinics within the City and the disparity in a number of medical clinics in chain stores within the City as opposed to in the surrounding suburbs. Also under consideration are the impacts of an increase in medical clinics in chain stores on neighborhood economic development, as well as the potential for increasing affordable and convenient healthcare services for Philadelphians.

A recent University of Pennsylvania School of Medicine study found retail medical clinics are more likely to be placed in high-income communities. At that time -- at the time that this resolution was introduced in September of 2009, there were only two retail medical clinics in Philadelphia despite a large number of chain store pharmacies within the City limits. The paucity of medical clinics that provide affordable healthcare needs to be addressed.

This resolution proposes that

the addition of medical clinics to existing stores in areas underserved by healthcare facilities would increase revenues to those stores and improve economic growth. We agree, but caution that the Office of Neighborhood Economic Development in the Commerce Department feels that the context of the chain pharmacies has to be considered within promoting local economic growth.

In March 2009, Econsult published a report detailing a strategic investment framework for commercial corridors in Philadelphia. The report found that chain pharmacies are beneficial by all measures in a corridor and are most beneficial when they are in, not near, a mixed corridor. Chain pharmacies are really several stores in one - prescription drug seller, basic dry goods retailer and convenient store - and should be seen as an amenity to a neighborhood. The chain retail pharmacies have been determined to have a

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positive effect on neighborhood businesses when they are located on a commercial corridor, but are considered to have a negative impact on neighborhood businesses when they are located off the corridors. Therefore, any increase of service at corridor-based drugstores will have a positive economic development benefit, but increase of service at other drugstores may have no economic development benefit, meaning those off of the drugstores. We also believe that this increase of stores, retail medical clinics, has an increase of jobs for our community.

Regarding the quality of healthcare provided by retail medical clinics, the Department of Commerce cannot comment. We are here to support measures relating to increasing economic development in the City. As the Commonwealth's Department of Health is responsible for regulating -- for the regulation of these medical clinics, it

would be their duty to ascertain the quality and efficacy of the healthcare treatment provided in these clinics.

Thank you for your consideration of these comments. I would be happy to answer any questions of the Committee members at this time.

COUNCILWOMAN TASCO: The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you, Madam Chair.

Thank you for that. It is important. I know you're going to speak next, but --

MR. DOW: No. He's just here to help me out. This is the tag team from this point on.

COUNCILMAN JONES: A couple of clarifying points. You mentioned near -- in commercial corridors, drugstores are better in the corridor versus near the corridor. Can you tell us why?

MR. DOW: Well, one -- well, first of all, it's a matter of

aggregation of businesses. So you have on commercial corridors, you have other businesses there, and so by placing these onto those commercial corridors, it augments those operations of those other businesses. So increasing the foot traffic, we see that the CVS's of the world create lighting, they are open, they have security. So that all benefits the corridor as a whole from a safety and presentation perspective.

We know that when there's a conducive environment for residents to go to a corridor, they will come. So when you go and place them outside like in a stand-alone facility outside of that corridor, there's not confluence of the businesses there.

COUNCILMAN JONES: I just wanted to clarify that on the record.

Of the 100 or so commercial corridors, how many of them are anchored, if you would, by a major drugstore like that and would you consider them truly

anchors and draws, if your theory is correct, better to have them in and not near?

MR. DOW: I don't have a quantifiable answer for you today. We can research that for you. However, to the question -- so I don't have an answer to how many corridors are anchored by drugstores. I will say that the question of do they serve as anchors, they themself, the answer is yes, absolutely. The size of them, the -- over the years they've grown into a decent size, again, to become all kinds of service all in one, amenities, the dry goods, the drugstores, the convenience aspect of it. And then if you add a retail medical clinic, these are sizable facilities. So by the sheer nature of their size, they become anchors to the commercial corridors.

The other aspect of anchors is that they are located typically on corners with parking. So when you put

that together and look at it in the context of a commercial corridor, that makes it an anchor facility.

MR. FRISHKOFF: Just the --

COUNCILMAN JONES: Say your name for the record.

MR. FRISHKOFF: Yes. Good afternoon. My name is Andrew Frishkoff, Director of Neighborhood Economic Development for the Commerce Department.

The Econsult analysis covered ten years of Revenue Department data, business privilege tax data coded by corridors and also then overlaid that where there were these chain drugstores. We also -- they looked at supermarkets and a number of other impacts as well. Both supermarkets and these chain drugstores serve as anchors when they're located on corridors. And so for the time period up through 2006, Councilman, we can get for you the information about how many corridors have these drugstores.

COUNCILMAN JONES: I'm sure

some of our participants today will have some information about where their stores are located.

To your knowledge, how many retail pharmacies or clinics do we have in Philadelphia, to your knowledge?

MR. DOW: I would say minimal.

MR. FRISHKOFF: Just the pharmacies, not the clinics?

COUNCILMAN JONES: The clinics.

MR. DOW: The clinics themselves? I would say minimal, a handful, if any. We don't know of any there that have actual clinic facilities there at this point in time. So while I don't have this as a sure-fire answer, I know anecdotally it's probably a handful, if that.

COUNCILMAN JONES: Point being I figured you would not have that kind of data. I just wanted for the record that we don't know, that we are going to keep track of it now.

MR. DOW: Sure.

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COUNCILMAN JONES: And I think it's an important factor as we start to look at the matrix of different options, people at different incomes have. There are those people -- well, I guess I'll ask this in the form of a question. Do you know what the average wait time is for a public health clinic in the City of Philadelphia? And to say no is okay.

MR. DOW: No, I do not know that.

COUNCILMAN JONES: Let me help you. You can wait for a doctor six months. So whatever was bothering you in the first part of your illness, either you got better from or it got worse. And so what these retail clinics do, in my mind, is serve as an early warning system or early treatment system that will either say, hey, this is something more serious than we are prepared to deal with and you need to seek a higher level of care, or this is something, if you take these two pills and a little bit of

chicken soup, will go away.

So it fills an important vacuum that we as a municipality can't fill, but on a private-sector business model potentially can.

MR. DOW: I would agree with that.

COUNCILMAN JONES: I just wanted to say that.

Thank you, Madam Chair.

COUNCILWOMAN TASCO: Thank you.

Any other questions? Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Yes. I wanted to ask, because you made the point around the importance of having these pharmacies in our corridors. What are we doing as a Commerce Department to help entice when pharmacies are looking to locate in the City in terms of trying to get them on the corridors since, based on your testimony, we know the importance that they can serve as anchors? What are we doing?

MR. DOW: And I'll ask Andy to jump in in a moment, but we do a number of different things. We have business attraction strategies, just from a general perspective, when we have business attraction -- and that's a reactive way. Somebody comes to us, typically larger companies, will say, I'm looking to place my business -- in this particular instance would be a pharmacy or something -- in a commercial corridor. It can be they already have identified the corridor or they're looking for us to help them -- excuse me; a spot on a corridor or they're looking for us to identify. So we can either take two prongs. One, help them with the spot they've already looked at and help them through the processes that we do through our Office of Business Services, helping them navigate License and Inspection, Health and things of that nature. Typically larger pharmacies, they have -- they know the drill in that regard, so

our involvement might be less there.

We might also be involved where they say, We don't know where, we're looking for a place, can you help us identify a corridor that might need it that you know of that would have the space requirements that we're looking for.

The other piece is that we work with commercial corridor managers throughout the City of Philadelphia. The idea there is to work on their individual commercial corridors to identify opportunities for growth. So it would be particular to any one corridor. So if you take the North 5th Street corridor, you can look at that and say, Okay, we know what the mix of businesses are. We know that there's a local kind of pharmacy here. We don't want to put a CVS two doors down, but maybe two miles down might be more appropriate.

So we work with individual community development corporations in

that regard to help them identify their particular commercial corridor.

Andy, you want to add anything?

MR. FRISHKOFF: Yeah. Just on the Neighborhood Economic Development side, we're working primarily with community development corporations and private developers. Our Business Services and Business Attraction team would work directly with the pharmacies. But we've worked with developers on North 5th Street. Esperanza's pharmacy development, Commerce facilitated the acquisition of that project on North Broad Street. The project at Broad and Westmoreland, we used our Renewal Community Tax Incentives to help with making that a drugstore-anchored retail development. And also in South Philadelphia on Oregon Avenue as part of the Forest City Quartermaster Plaza, we used the Renewal Community Tax Incentives.

So in our unit we're working

more through the developers and assisting them to make it possible for the pharmacies. The Business Attraction Unit would work directly with the industry itself.

MR. DOW: So it would be great to get one of those at 59th and Market too, right?

COUNCILWOMAN SANCHEZ: How about Front and Allegheny?

MR. DOW: Front and Allegheny too, K&A.

COUNCILWOMAN SANCHEZ: I think it's important, because one of -- obviously always a challenge with the corridors is the issue of parking, and I only say this because as -- and I don't know what the City is going to be doing with its NTI piece, but if we're going to be able to draw some of these big folks into some of these corridors that can make a difference, could be a tipping point one or the other, then I want to see some of that. I want to see, when we

look at the City significance investment, some of that saying where do we have a corridor where a pharmacy might play a good anchor and assure that we're doing some of the land assembly, because in the case of the North 5th Street pharmacy, the relationship that they now have with the businesses around parking and sharing parking is very unique, but it's been very important to the expansion of Tierra Colombiana, the Family Dollar and a bunch of other stuff.

So I just -- I want to be able to -- I wanted to put that on the record, because then I want to look at are we going to make one or two investments as it relates to that, because that could be key, and obviously Front and Allegheny being huge. We don't have another small pharmacy there, but that type of anchor could really tip it the other way, because you have a growing corridor there.

So thank you.

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Thank you, Madam Chair.

COUNCILWOMAN TASCO: Councilman Jones.

COUNCILMAN JONES: Just by way of the anatomy of a deal, typically Rite Aid, CVS, Walgreen, not to single out people, do they own -- is it my understanding they don't attempt to own the land? They just want a long-term lease and --

MR. DOW: Typically, yeah. Typically it's a development deal. It could be -- you got pad sites. So the pad site might be within the larger market, you know, larger supermarket or retail center site. So like South Philadelphia you got a pad site. You got a Superfresh in there. So that's owned by the developer. The large retail outlet would rent and lease that from a long-term lease.

If you go into the neighborhoods, different situation. Sometimes they have ownership structures

because they've acquired some of the old pharmacies over the years, so they might have that. Typically what we see now is that they're going in, leasing the sites from ownership. Their preference is to lease the sites, even on the commercial corridors.

COUNCILMAN JONES: I'll ask them why that is, but do we market City-owned property to them from time to time? Is there -- you know, the Public Property has a pilot program where they are in fact looking at our inventory and in a way marketing them. Do we emphasize these kinds of things?

MR. DOW: The short answer is do we market the properties, we are beginning to do that. The answer is yes. Public Property, the RDA is now beginning to look at marketing its bank of properties.

The longer answer is, are they specifically looking at specific corners that could be identifiable for a retail

pharmacy? I can't answer that. I'd venture to say probably not. That's a pilot program that we have going on. We think there's success there. As that begins to get more and more attraction, I would believe that we can then get better at trying to identify specific sites.

One of the things that we do from in our Office of Business Services is to work with the neighborhoods. So, again, take Leeoff's (ph) over there on Woodbine Avenue. Is that Bryn Mawr and Woodbine? It's been vacant for a long time, right?

COUNCILMAN JONES: Absolutely.

MR. DOW: So it was once a thriving pharmacy there called Leeoff's. And so what we are trying to work with is to work with the CDC over there, whether that's the Wynnefield CDC or work with those organizations over there to say, Okay, let's try to develop a plan that would enable that site to be more conducive for a CVS to move in or

something of that nature. So we do it site specific, organizational specific with the CDC that's neighborhood specific. So it could be different in individual neighborhoods, but that's an example where we would love to be able to attract a national retail chain store there like a CVS.

COUNCILMAN JONES: You might want to -- I've in another life sat on that side of the aisle, as I often tell you, but you might want to -- sometimes we as a city and economic development entities tend to do carpet bombing and we want whoever will move in and we market in brochures to whomever will listen, but sometimes if we go industry specific, smart bombs, if you would, and target an industry, find out what their particular needs are by way of footprint, by way of other amenities, by way of demographics that they're looking for and then target those particular properties, whether in the Seventh District, that fit the

profile of the company, something we might want to -- that's a thought for another day.

MR. DOW: Appreciate that.

COUNCILMAN JONES: I appreciate your testimony.

Thank you, Madam Chair.

COUNCILWOMAN TASCO: I'm probably going to ask questions you may not have answers to.

Some years back when we saw the increase in the number of pharmacies in the community, particularly the first onslaught came with the Rite Aids and then CVS and then, of course, Walgreens. And at that time, there was some notion in the underground, the 411, that these stores were being open particularly in certain neighborhoods that would provide the location for the location of liquor stores if ever the state decided to privatize the Liquor Control Board system. Have you heard that?

MR. DOW: Not recently.

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COUNCILWOMAN TASCO: So now there's talk on the table again about that whole issue. At the point of -- if that should happen -- let's say a hypothetical -- what impact do you see that, I mean, on the community as well as would there be a zoning requirement to go back since they were built and constructed under one zoning code? Would they have to go back to the Zoning Board for a hearing?

MR. DOW: There are -- let me make a statement that I am clearly not the expert on this, but let me comment and say that if the state system were to be sold to private entities, I would believe that there would be legislation passed that would require certain zoning of particular outlets where they might be. The question being is, do current commercial zoning outlets fit that already and then, therefore, negate any new zoning coming in, or do they not and then, therefore, there needs to be some

sort of zoning pass.

These facilities are zoned as commercial entities. They're drugstores. There's a very specific zoning for that. Would that -- would state legislation that would pass for the sale of the state liquor store be incorporated into the current structure? I don't know. And that's not for you or I to decide that. That's for the state legislators, and that's where I think we need to do some strong advocacy in that regard for the possibility of that.

COUNCILWOMAN TASCO: When you think of medical clinics in chain stores, how do you see if that possibility happens with the emergence of liquor stores being part of the drugstore as we know it and then you tie in a medical clinic?

MR. DOW: So you're making the assumption, one, that we have a store that has a medical clinic and then, two, at the advent of the change of the liquor

system, that that's added in, what's the impact of having both in that particular location?

COUNCILWOMAN TASCO: It's interesting that you don't have that many medical clinics in Philadelphia in the pharmacies as you do in the suburban areas. There may be some connection to the future.

COUNCILMAN JONES: Madam Chair, point of information. Let me say this to you: I would -- in my district, I can only speak for my district. But if we have outnumbered liquor stores versus retail health clinics, there will be a problem. There will be a problem, because that says okay -- that would send a bad signal. I'll just leave it at that.

MR. DOW: I would venture to say it would send a bad signal as well. Hence, why the privatization of the liquor stores in our state and our Commonwealth is a significant -- so

significant that we must make sure that we have our voices heard at the state level to ensure that whatever legislation is passed to achieve that, it takes into consideration the neighborhoods by which all of you and I serve.

COUNCILWOMAN TASCO: As I watch the -- and I'm certainly pro business. I mean, I want us to have business in the City of Philadelphia. I'm not anti.

MR. DOW: Absolutely.

COUNCILWOMAN TASCO: But I do always look for the unintended consequences and sometimes the initial motive. But it's interesting that I have in a two-block radius two pharmacies. You can walk to one from the other, and another one up further on Wadsworth and another one on Cheltenham. So right in that little square of the 50th Ward, I have four pharmacies.

MR. DOW: So if they have retail medical clinics, I think that's a very, very good thing. I think that the

access to quality healthcare -- I'm not going to opine about the quality part about it, but the access to healthcare is critical, I think, for the 50th Ward. It gives them additional options to be able to get healthcare. Taking it to the next level, predicting the future, is, if I had that ability, I'd share the wealth. I really do.

And I want to comment just simply, we recognize that the Councilwoman from the district is an ardent supporter of businesses, and I want to say that for the record, and we appreciate that.

COUNCILWOMAN TASCO: And thank you very much. You can see by the number of thriving businesses in my district, right?

Thank you very much.

Any other questions?

(No response.)

COUNCILWOMAN TASCO: Thank you very much. You have anything else you

want to say?

MR. DOW: Thank you very much.

COUNCILWOMAN TASCO: Okay.

Thank you.

The Chair recognizes Caroline Ridgway, Policy Director, Convenient Care Association.

(Witnesses approached witness table.)

COUNCILWOMAN TASCO: Good afternoon.

MS. RIDGWAY: Good afternoon. My name is Caroline Ridgway. I'm the Policy Director for the Convenient Care Association. I just wanted to thank you all for granting me the opportunity to speak here today.

All right. Just for the benefit of the record, I wanted to go briefly over the model of these clinics. They're small healthcare facilities located inside retail stores, primarily inside retail pharmacies. There are a growing number also inside supermarkets

as well as big-box retail stores. They're open seven days a week, including evenings and holidays, open to walk-in patients. So no appointments are required. They're quite efficient. Visits take about 15 to 20 minutes, allowing patients to go on their lunch break, after work, while they're running errands. Very time effective. Generally supported by chain retailers, health systems, as well as corporations.

Day-to-day operations are staffed by nurse practitioners and physician assistants, with physician oversight as appropriate under state law and regulation. And they offer a focused scope of services tailored to meet the needs of busy patients.

A little bit about the demographics of our patient population: Tend to be frequented most often by younger adults between the ages of 18 and 44. Families with children also are frequent users of these clinics, and

perhaps not surprisingly, more women than men use these clinics, as women stereotypically anyway tend to be the primary healthcare decision-makers in their families.

And there's sort of a common set of reasons that people tend to use these clinics. Upper respiratory infections are one of the most prevalent reasons for visiting. The clinics do a lot of vaccines and other preventive care. Flu vaccines are a major part of our business, and obviously we're ramping up there this time of year. Insect bites, minor skin conditions, just minor, acute, non-emergent ailments are the kinds of things that we see.

Industry history: The industry is really relatively new. The first clinic actually opened in 2000. So only a decade ago. But even with that, the bulk of the industry growth was really only in 2007 and 2008. So we're really talking about only a few years here that

this industry has really made its mark nationally.

Today, we estimate there are about 1,200 of these clinics spread across the country. That's in about 35 different states. The clinic operators continue to look for ways to grow and expand their business, including looking at new locations, new service offerings, generally considering ways in which they can maximize their offerings to patients.

The Community Care Association -- that's the group I work for -- we represent the industry. We're the national trade organization representing the retail clinic industry. In our membership we've got about 90 percent, we estimate, of all clinics open out there. That includes the major players such as MinuteClinic, who I know is here today to testify.

We were founded in the fall of 2006. So, again, a relatively recent entry into the market.

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Our local presence: Currently, three members of the CCA have or are exploring clinic locations here in the Philadelphia region. You'll see their logos on the slide here, MinuteClinic, which is within CVS stores, Take Care Health, which is within Walgreen stores; and the Einstein Network is a more recent member of the CCA. They're still in the planning stages. They don't have any clinics open currently, but they have joined CCA as an indicator of their good-faith progress towards that eventual outcome.

As a new industry, really one of our main priorities is ensuring that any new clinic locations are open carefully and thoughtfully to best serve patients.

Next I'm going to talk a little bit about the value of the clinics, starting with access. People really do rely on these clinics for the accessibility and the convenience. As

many as 60 percent of our clinics say that they don't have a primary care provider. So to that extent, these clinics are providing a really necessary entry point into the healthcare system. They maintain referral networks of local providers that are accepting new patients so they can refer people on and connect them into a medical home.

About a quarter of our patients report that they don't have insurance. We see a high population of patients with health savings accounts and high deductible health insurance plans for whom the cash payments, it's really important to them to be able to have access to someplace that's more affordable. And I'll talk a little bit about affordability on the next slide.

About 30 percent of the U.S. population reports that they live within a ten-minute drive of a clinic. And you'll see here a statistic that according to our membership, 40 percent

of people who have gone to these clinics report that if they hadn't had access to one, they would have either gone to an emergency room or an urgent care center, which are both more costly alternatives, or they would have chosen to not seek care at all, potentially causing them a greater health concern down the road.

Moving on to affordability, once patients are in the door, the financial accessibility is also very appealing to them. They've been demonstrated in third-party research to be more affordable, lower in cost than primary care practices, urgent care centers and ERs.

And just as a brief aside, at the end of this presentation, you'll see a slide that has all of my references that I've used. So I can also get you copies of those articles if you need, but all those references are there for you for your use.

The clinics are devoted to,

committed to transparency in pricing. So the cash cost associated with services is posted. So patients can see that if they're paying cash or even if they're paying with insurance, they can see what the cost is actually of the care they're receiving.

Most insurance plans are accepted, so in that case, you can just pay your co-pay. Average cash price if you're paying cash is around $60. And consumers, insurance companies and employers all find this to be very beneficial. For employers it's -- they find it -- it increases the productivity of their employees, because they can take less time off for sick time. Payers find it to be very cost effective. There's one payer out in Minnesota that actually went so far as to eliminate co-pays for members of their -- enrollees in their plan who visited one of these clinics, because they cited such impressive cost savings.

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Moving on to quality, day to day, as I mentioned, the clinics are staffed by nurse practitioners and physician assistants. These are Master's-level educated, fully certified and credentialed providers able to diagnose, treat and prescribe. The clinics are certified or accredited and follow CCA quality and safety standards. Certain of our quality and safety standards include the use of electronic health records. One hundred percent of the clinics with membership in the CCA use electronic health records. Use of evidence-based guidelines developed by national governing bodies, such as the AMA, the American Academy of Family Physicians and others. And also we require strict quality assurance measures, including chart review, peer review, things of that nature.

And, again, third-party research has also demonstrated strong adherence to these evidence-based

guidelines. In some cases, better than 99 percent demonstrated adherence, as well as strong clinical outcomes, equalling or bettering the quality demonstrated in primary care offices, urgent care centers, as well as emergency rooms. And a final important point to make about quality is that while the convenience and the cost may be the most superficial drivers of use of these clinics, if the quality weren't also there, patients wouldn't go. So the quality must also be a priority.

Moving on, responding to national need: As I mentioned earlier, the clinics provide an entryway into the healthcare system for our patients who may lack access otherwise. Really they provide a starting point. They're not an ending point. They're not meant to be a medical home. They're meant to provide, as Councilman Jones was discussing earlier, just sort of a baseline care. When you just need -- you need somebody.

You need to talk to somebody, but you don't need to go to an emergency room, you don't necessarily need to wait your PCP. You just need somebody. You just don't feel well.

Also, Convenient Care clinics help to complement the established healthcare delivery system by giving patients an accessible and affordable option for non-emergency and preventive care, and really the growth that we've seen in recent years is in response to consumer need.

Just to briefly recap, we are a young industry, but absolutely with active interests in expanding to meet growing need. We have a strong interest in ensuring expansion is done carefully so that every clinic serves its population to maximum benefit.

With that, I'd just like to thank you and take any questions. As I mentioned, all of my references are included, as well as my contact

information for future reference too.

COUNCILWOMAN TASCO: The Chair recognizes Councilman Jones.

COUNCILMAN JONES: Thank you so much for that information. I have a couple of -- now, you don't address the business model or the business decision. You do?

MS. RIDGWAY: No. That's correct. We do not, no.

COUNCILMAN JONES: So my questions should be more dedicated to the use of the service, correct?

MS. RIDGWAY: That would probably be more accurate, yeah.

COUNCILMAN JONES: Thank you for being polite and kind.

Insurance companies, how long -- you said that the first clinic came on around 2000. How long after that did insurance companies start to recognize and pay for this kind of service? Did that happen simultaneous or did you have to drag them?

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MS. RIDGWAY: Well, I don't know that saying we had to drag them was necessarily accurate. It sort of -- it grew organically. The first few years actually the clinics that were in existence were a cash-only model based on their business model, but it was patients who ultimately said that, you know, We love these clinics, we'd really like to be able to use our insurance. So it was more in the mid 2000's, I'd say, that the clinics' operating companies started to reach out to payers and have conversations with them about ways in which they might be considered as in-network providers, and it's just grown steadily ever since.

COUNCILMAN JONES: So consumer demand drove it?

MS. RIDGWAY: In large part, yes. The consumers really demanded this. So it's grown very steadily over the last several years. Now the clinics all accept nearly all major insurers. They

accept Medicare, where feasible. They accept Medicaid in many cases. So it's really -- it's grown quite extensively over the last probably five years.

COUNCILMAN JONES: Is there a standard by which healthcare professionals are trained, certified and licensed that participate in this particular aspect of healthcare?

MS. RIDGWAY: Well, most of the providers who work in our clinics are family nurse practitioners. So they would be certified and licensed according to the state in which they practice.

COUNCILMAN JONES: When you say "most," is that based on law, based on practice, based on --

MS. RIDGWAY: Well, family nurse practitioners are probably the most common provider in our clinics, simply because they're able to practice with a great deal of independence and autonomy across the country really. Physician assistants --

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COUNCILMAN JONES: I guess what I'm trying to get to is, my auto mechanic is a heck of a guy, but I don't want him dispensing pills or medicine to me.

MS. RIDGWAY: Sure.

COUNCILMAN JONES: So what is the standard minimum by which a person can participate and be a staffer at one of these?

MS. RIDGWAY: You would have to have some level of independent prescribing authority.

COUNCILMAN JONES: And where is that standard found in law or in practice?

MS. RIDGWAY: That would just be across the board in the healthcare practice generally. There are licensure -- each type of clinician is subject to the licensure of his or her profession, which dictates the scope to which they are able to practice.

COUNCILMAN JONES: But what I'm asking is --

COUNCILWOMAN SANCHEZ: Nurse practitioner is cheaper than a doctor.

COUNCILMAN JONES: So to be in your association, the person who is dispensing this healthcare has to be a what level educated, certified person?

MS. RIDGWAY: Would have to be minimal Master's-level certified to prescribe independently.

COUNCILMAN JONES: Okay. That was my question. All right.

Compare what the average cost that -- I think you said it in your presentation -- that a person comes up to the counter. What's the average cost? Was it $60?

MS. RIDGWAY: That's about the average. Some costs are going to be less. If you go in just for a flu shot, that's going to be 20-some dollars.

COUNCILMAN JONES: But the average?

MS. RIDGWAY: For the average is about $60.

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COUNCILMAN JONES: Now, how does that compare to a primary physician and/or an ER?

MS. RIDGWAY: The primary care physician and urgent care centers are going to be more in the 100, 125, 150 dollar range cash price, and emergency visits -- and, again, it's important to note that the studies that have looked at cost comparisons have looked specifically at services that would be given in all three settings. So they're not going to look at the cost of brain surgery, because obviously one of these clinics isn't going to be doing brain surgery. But for the services that would be offered in all three settings, the average cash price in an emergency room is going to be more like four or five hundred dollars.

COUNCILMAN JONES: Are there any statistics that reflect how often a practitioner in one of these retail health clinics refers someone on to

something more intense?

MS. RIDGWAY: Yeah. There was one study that actually did look at that, and they say that only about two percent -- I think the number they came up with was 2.3 percent of patients are referred on for more serious intensive care.

COUNCILMAN JONES: Thank you, Madam Chair.

COUNCILWOMAN TASCO: Thank you.

The Chair recognizes Councilwoman Quinones.

COUNCILWOMAN SANCHEZ: Thank you.

Let me just say how important and timely this discussion is, and for the purposes of the record, we in Philadelphia are kind of behind the ball as it relates to urgent care. I believe there's only one urgent care facility, I think it's Bravo Health Insurance on Broad and Lehigh. And obviously now with Councilman Jones bringing this issue

around the Convenient Care piece of it being so important, that you have these levels of healthcare access that we could be providing if we can kind of create these models.

You say that you're not part of the business model of this. Who can we go to to really look at the business model? What's the tipping point? Councilwoman Tasco, who has been active here for many years, has watched hospital and hospital and hospital close down, and we need to get in front of that in terms of the business model, because what we've heard from the hospitals is once you get to 50 percent Medicaid, that's your tipping point, that's when you start going downhill.

Where can we go get information about what the business model tipping point is? Because Philadelphia is poor. We have a huge poverty rate. We have a huge amount of folks uninsured. Just this weekend I was doing a campaign with

CHIP, because it's astonishing to me that we still have 22,000 kids who are not insured in Pennsylvania, yet we have the coverage opportunities that exist.

So where could we go to get that data?

MS. RIDGWAY: To talk about the business model really you're going to need to talk to the companies that operate the clinics. They're the ones who really are responsible for deciding when and where they open clinic locations and deciding when and where they offer new service expansions and things of that nature. And each company is going to vary slightly obviously in the difference -- in how they go about it, because it is a private-sector industry. So I would recommend speaking directly to the companies that do operate the clinics, and the Convenient Care Association is happy to act as liaison, if we can be of any assistance.

COUNCILWOMAN SANCHEZ: That

would be helpful to us, because ultimately that's going to be the driver of whether we really come to terms with this. I am hopeful -- and I haven't had an opportunity to talk to Bravo around their urgent care piece to see if it has made sense. The recent urgent care centers came to be was because we were trying to divert people from emergency rooms, and in their case, they can do broken bones and some of other stuff that these clinics can't, but clearly is services that are much more expensive if they are issued through the emergency room.

We'd be interested -- maybe there's one or two big providers who have many of these clinics. We'd be interested in that conversation as government, and as we develop policy, we need to know what that is so that we can be supportive of the industry. Anything that obviously adds healthcare access in communities, particularly communities

like the one I represent, we should be interested.

I don't believe in this particular case the market is going to drive it. I think public policy is going to have to drive it and the need for us to provide a service, because of the people that we're trying to make sure get served.

So I'd be happy and I'll make sure we work with the bill sponsor to have a conversation with maybe one or two of those larger providers so that we can become familiar with this very important issue that unfortunately when we're talking about all the other crazy stuff we don't pay attention to, but it's so important.

MS. RIDGWAY: Absolutely. We share that interest.

COUNCILWOMAN SANCHEZ: And I thank you so much for your presentation. Thank you.

MS. RIDGWAY: Thank you.

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COUNCILWOMAN TASCO: Thank you very much. I have to go across the hall to a meeting. Councilman Jones is going to continue this discussion, and I've asked him to ask a couple of questions for me. I'll try and come back before you leave, but thank you very much for attending.

MS. RIDGWAY: My pleasure.

COUNCILWOMAN TASCO: Oh, let me ask you a question. I do have to go. I have the Council Commissioner waiting.

You talked about your referral network. What other kinds of services are provided at these clinics in the drugstore to the extent -- what services do you provide?

MS. RIDGWAY: It's fairly basic stuff. So we see a lot of upper respiratory infections, a lot of ear infections, urinary tract infections, minor skin conditions, sprains and strains, but nothing that would rise to the level of needing sutures. We don't

have any serious diagnostic equipment in the clinic space, so anything that would require an x-ray or anything of that nature would have to be referred out.

So it's really your pretty basic stuff, lots of cough and cold, flu, preventive and wellness care. It's the kind of stuff that, you know, you wake up on a Saturday morning and you just don't really feel right, or your kid gets sick after school one day. It's the pretty low-level, non-emergent but acute stuff, so non-chronic, for the most part.

COUNCILWOMAN TASCO: So if the nurse practitioner could find something that may be troublesome, would they refer them to a specific doctor, specific hospital or to say, You need to go get further care? And then is there any follow-up?

MS. RIDGWAY: It would be on a case-by-case basis in terms of they would assess what exactly the scope of the problem was. Obviously if there's an

emergency, they contact 911 services and the patient is transferred to emergency care immediately. If it's more of a, Well, this might be a chronic thing, you probably just need some follow-up tests, we suggest you check in with your PCP next week. If they don't have a PCP, they'll try and give them a list of local PCPs who are accepting new patients, and they do try and do follow-up to the best of their ability with calls, postcards in the mail, things of that nature.

COUNCILWOMAN TASCO: Okay. Thank you very much.

MS. RIDGWAY: Thank you.

COUNCILWOMAN TASCO: Councilman Jones.

COUNCILMAN JONES: Thank you, Madam Chair, for those insightful questions, particularly ones that we will be following up as to the next state administration and their interest in state stores and privatizing some of that, not taking a side on that issue one

way or another, but it serves as a heads-up as what the possible impacts in Philadelphia are.

Thank you for this insightful information. The only thing I can say is we want more of them and we'll be looking to stay in touch with you on how they're working out.

MS. RIDGWAY: Absolutely. We're in agreement. Thank you very much for your time and look forward to continuing to work with you.

COUNCILMAN JONES: Okay.

Will the Clerk call the next witness.

THE CLERK: Paulette Thabault and Michael Ayotte from CVS MinuteClinic and CVS Caremark.

(Witness approached witness table.)

COUNCILMAN JONES: Welcome.

MS. THABAULT: Thank you.

COUNCILMAN JONES: State your name for the record.

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MS. THABAULT: Yes. Good afternoon. My name is Paulette Thabault. I'm the Chief Nurse Practitioner Officer for MinuteClinic, a division of CVS Caremark.

COUNCILMAN JONES: Before you give your testimony, my colleague would like to say a few words.

Councilwoman.

COUNCILWOMAN BROWN: Yes. I want to put your testimony in context.

Councilmembers, CVS has been a consistent, committed contributor to the senior citizen workshops that I've been doing now for five years and they've been partners for the last two years, and it's in my -- it's my estimation that CVS walks the talk, to use your expression, and have been serious about making available what you bring to seniors, including job opportunities for seniors, which is, in many ways, unprecedented.

So I wanted to put that on the record. A, say thank you, but, B, let

others know that you are, in my view, a corporate citizen that is serious about issues that you ultimately put your arms around.

Thank you very much.

Thank you.

COUNCILMAN JONES: Thank you for that comment. We echo that and want to just say that all of this is designed for us to do more business, have more interaction to be further penetrated into the Philadelphia marketplace.

Please present your testimony.

MS. THABAULT: Thank you for those comments and thank you also for allowing me the opportunity to come here today to share with you our company's ongoing commitment to providing high-quality, readily accessible, low-cost care to patients across the country.

MinuteClinic walk-in medical clinics are located within select CVS/pharmacy stores. There are over 500

clinics across the country in 26 states and in the District of Columbia, including 12 clinics in Southeastern Pennsylvania, five clinics in Southern New Jersey and one clinic in the City of Philadelphia on Harbison Avenue that serves the Near Northeast neighborhoods. MinuteClinic sites are located in all types of communities since we believe that the need for low-cost, accessible care is universal. MinuteClinic has sites in urban areas of Los Angeles, Atlanta and Washington, DC, in addition to some of the formal industrial towns in Massachusetts; namely, Fall River and Brockton.

All MinuteClinic sites are staffed by Board-certified nurse practitioners who offer expert medical care and are able to diagnose, treat and prescribe, when appropriate, for family medical problems. All of our clinicians have collaborative practice agreements with local physicians who provide

supervision, review cases and are available for questions during clinic hours. In addition, we are in the process of developing formal affiliations with major health systems around the country, such as the Cleveland Clinic, where we share medical directors, clinical programs and are working towards integrating with the electronic medical records.

Our clinics are open seven days a week. There's no appointment necessary, and we offer transparent, low-cost pricing for patients, along with accepting most insurance plans. Our Pennsylvania clinic locations accept Medicare and the Fee For Service Pennsylvania Medicaid while we continue in discussions with the Medicare Managed Care portion of Medicaid.

MinuteClinic is the pioneer and the largest provider of retail healthcare in the United States. MinuteClinic launched the retail health clinic concept

in December 2000, just ten short years ago. Since that time, more than eight million patients have been seen and treated. The first retail health centers were located in grocery stores in Minneapolis-St. Paul. CVS acquired MinuteClinic in September of 2006. In addition to routine family medical problems such as sore throat, sinus infection and skin rash, MinuteClinic provides a range of vaccinations, wellness services, such as your camp and school physicals, and recently we've added chronic condition monitoring for hypertension, high cholesterol and diabetes.

As part of our health and wellness outreach in 2009 and again this year, we have offered free flu shots to at-risk and needy populations. This year we partnered in this effort with Direct Relief USA, a non-profit organization that works with 1,100 clinics and health centers in all 50 states. Rising Sun

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Health Center in Philadelphia participated in the program with us this year.

In addition, we've also offered free A1C tests to encourage the more than 24 million Americans with diabetes to better monitor their condition. The A1C test is the best measure available for assessing a diabetic's overall control of their blood sugar and to determine whether any treatment or life-style changes are indicated.

MinuteClinic has always been committed to delivering the highest quality care. We were the first retail clinic to receive accreditation in 2006 and then reaccreditation in 2009 from the Joint Commission, the national evaluation and certifying agency which accredits 15,000 healthcare organizations such as hospitals, hospital services, nursing homes and laboratories, and applies the same rigorous standards to our accreditation as the nation's leading

healthcare institutions. Quality of care at MinuteClinic was recently evaluated by independent Rand Corporation in a study that was published in September of 2009 in the Annals of Internal Medicine. It found that for the types of patients that we treat, quality outcomes were on par, if not better, than for similar patients treated at physician offices, urgent care centers and emergency rooms.

MinuteClinic has a nationwide interactive proprietary electronic medical record. This tool allows for high-quality care through our use of nationally recognized guidelines. In addition, we support continuity of care by providing a patient's physician with a copy of the medical record of their patient's encounter within 24 hours of the patient visit. More than 95 percent of MinuteClinic patients rated our services as "excellent," according to Press Ganey survey data. This benchmark is extremely difficult for any healthcare

provider to obtain. In addition, our net promoter score -- that is a measure of the likelihood to refer a family or friend -- is 82. That's one of the highest of any company in the United States.

So our history can be described as a series of phases. The initial phase dealt with the development of this new high-quality, affordable healthcare delivery model. The second phase stressed the growth in the number of clinics in a variety of different environments, and the third phase was one of refining the model, broadening the scope and increasing awareness with little or no clinic expansion.

So that leads us to today. CVS Caremark has recently announced that we will be expanding the number of clinics that we have nationwide. We believe this will be responsive to the current shortage of available primary care providers and the future demand created

by the enacted healthcare reform and universal access. MinuteClinic plans to add 100 new clinics to our national footprint in 2011. With this growth, we have decided to increase our presence in the City of Philadelphia with the opening of a new clinic in a medically underserved community next year. Additional clinics are anticipated nationally in future years.

When we became aware of Councilman Jones' resolution, we met with the Councilman to discuss the care provided at MinuteClinic as well as our plans for clinic expansion. We also discussed the Council's resolution that seeks to address the lack of medical clinics in chain stores within the City as compared with the surrounding suburbs and the degree such clinics could provide Philadelphians with affordable and convenient healthcare services, as well as promote economic development. I would like to comment on these two points.

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First, the process that every clinic practice goes through for a site selection is intense. As with the siting of any medical practice, choosing an appropriate location requires the consideration of a variety of factors and is essential to the retail health clinic being successful for the long run. Some of the key factors reviewed include assessing enough space to build the modern clinic, having lease authority to build the clinic, reviewing the area zoning requirements, assuring that the location is convenient to the area patients and reviewing that we can accept the insurance programs for the surrounding population, and also reviewing whether store traffic is broad enough to support a seven-day, extended-hour clinic so that the hours match the patients' demand for services. Urban host locations tend to have smaller footprints and different traffic patterns which can make site selection

challenging. However, we do have several clinics that have been successful in these environments.

Second, we believe the model and its basic principles of providing high-quality, easily accessible, affordable care is relevant and needed in almost all areas. There are no appointments necessary at MinuteClinic. The cost savings of this model have been proven and can be seen by the dramatic increase in insurance plans that accept MinuteClinic as a site of coverage. Three-quarters of our current visits are covered by insurance. Extended hours means that patients receiving high-quality care on demand need not take time off from work to receive medical care. Furthermore, rather than waiting in emergency rooms or at home for a doctor's appointment, they can be treated when it's convenient for them and their families. In turn, lowered absenteeism will improve area productivity and,

therefore, have a positive economic impact. Additionally, one need only compare the cost of the retail health clinic visit to the physician's office, the urgent care center or to the emergency room to see the positive impact to those who were uninsured -- that's approximately 25 percent of our patients -- those insured with health savings accounts or those small businesses who provide insurance for their employees.

Lastly, approximately 50 percent of our patients nationally do not have a physician. They are the medically homeless. If not for our care, they might go without medical treatment or wait until their condition reached a worse point in its course. We actively refer these patients to established care with a physician in their area who are accepting new patients as a follow-up to their experience. In this capacity, we serve as an important conduit for

patients into the traditional healthcare system.

We believe that MinuteClinic can have a positive impact on the citizens of Philadelphia and the businesses.

I want to thank you for having us here today and I'm happy to address any questions.

COUNCILMAN JONES: I'm going to allow Councilwoman Blondell Reynolds Brown.

COUNCILWOMAN BROWN: Thank you.

It is striking that to date there has been one in Philadelphia. How did that community end up being the, some might say, fortunate, others might say lucky, whatever you might call it? And this underscores Councilman Jones' vision and mission for this hearing, recognizing that there are dozens of communities across Philadelphia that equal in profile or not to this particular section of town. I'm curious to know what

strategically led you to that location.

Thank you.

MS. THABAULT: I'm also joined today by Mike Ayotte, who is our Director of Government Affairs.

(Witness approached witness table.)

COUNCILMAN JONES: You did a real good job over there.

MR. AYOTTE: Thank you very much. I'm exhausted.

MS. THABAULT: Well, as I mentioned in my testimony, there are a number of factors that go into determining the appropriate site for a clinic. We do want to open our clinics in places that will be successful for the long term so that we're able to continue to stay open, and some of those factors are the zoning rules for the area, the ability to be able to place a clinic so that we have enough space in the store to have a clinic that has the appropriate privacy and space, also the access to

transportation so that patients in the surrounding area can come to the clinic. So there are a number of different factors that go into the evaluation of a site.

MR. AYOTTE: If I could, Councilwoman Brown, the clinic that's opened currently opened in 2007, and there's actually another clinic that was opened at about the same time in District 10, and that clinic has closed, and part of it was insurance coverage for the marketplace, part of why -- it's now called the seasonal clinic. We can open it up for flu shots, et cetera. But part of it was only a --

COUNCILMAN JONES: Can you hold on for a second. On Councilwoman Brown's question, list what your selection criteria is. You did it in the presentation, but again underscore it, and then what your selection criteria was for the one that is open.

If I were to follow this to its

logical conclusion, I probably could show you a dozen stores in my district or sites that could meet that. I understand that you are not a non-profit per se. You are a for-profit, but there's gold in them there hills by way of our marketplaces as well. So I really want to get a better sense --

COUNCILWOMAN BROWN: Narrower.

COUNCILMAN JONES: -- narrower sense of what is your business model decision and then what was your rationale for going where you went.

MR. AYOTTE: If I can, I think back in 2007, I'm not sure I have a good answer for you for that. I think in 2007 it was just a new market industry. We were trying to put places up. It could have been just the location that was picked. It had enough size in it. We needed to put a clinic in it, and we did. The clinic that's half a mile away is closed, and part of our learning was that -- and I think you saw it in

Caroline's presentation -- is that we kind of back in 2007 had a thought that we could do it like drugstores, and the market penetration area is much different. So a half a mile away, it was a parasite on itself. So it was -- you didn't need to have it that close.

So I don't really have all the factors for today to give you. We've gone through some of them. We can again come back with the business folks that actually do the real estate and have them give you some in-depth, but in general, the ones that Paulette has mentioned and Caroline mentioned in hers are really kind of determining factors. And then all the sudden the economy went south, and at that point in time, the industry grew very rapidly, and part of the rapid growth became and part of a clinic location became where we could put clinics in and where we could construct them rapidly and inexpensively, and that was not the right model, because we have

some clinics that are not open today because of that.

We went through a period of time where we grew none at all, and even the industry didn't grow. And basically that was the period, I think, the phase that Paulette talked about about the learning phase. And I think now we've learned how to run the clinics. We've learned how to better operate the clinics, and I think we're probably better at locations to be able to grow and commit to growth long term. The worst thing we can do is open and close a clinic or open and reduce the hours.

So we can come back with a much more depth presentation for you or even just meet with you individually on what it takes to do that. And you're right, you probably have plenty of places that meet that criteria. We're looking at 26 different states. Probably will only put clinics in -- as Paulette mentioned, we've committed to putting one into the

City, but we're looking at existing marketplaces for additional clinics and then, from there, continue to grow out.

COUNCILMAN JONES: Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Yeah. I wanted to make note of during your testimony you talked about the 75 percent insured and 25 percent uninsured, and it goes back to my question. Do you currently have any information that allows you to see the model in terms of insured versus uninsured as a baseline? Is that one of your criterias?

If you can't answer that now, when you provide additional information, we'd like to see that.

COUNCILMAN JONES: In addition, is there a mix of insurances, public, private, that make sense better than others that can give us some insight to your selection?

MS. THABAULT: Well, I think that what I'd say is that our prices are

lower in cost. So whether you're insured or uninsured, the accessibility to the lower-cost healthcare service that's still very high quality is available at MinuteClinic. It is important that the surrounding population, if they're wanting to use their insurance, that they have insurance and then they would come and use their co-pay and be limited to the co-pay for them. But now we're seeing many more businesses looking to the higher deductible health plans, and that's a significant out-of-cost -- out-of-pocket cost to individuals who are using the clinic. So in that sense, the effect whether they're insured or not doesn't impact as great. It's really the cost of the services that comes into -- that's more important to consider.

For the uninsured, obviously the lower cost is going to be attractive. I don't know if that -- did that answer your question? In terms of the mix --

COUNCILMAN JONES: What I'm

trying to get to is, if I have Medicaid, what is the reimbursable impact on your bottom line versus Blue Cross, and is there a mix that is --

COUNCILWOMAN SANCHEZ: Or Health Partners.

COUNCILMAN JONES: Or Health Partners. I mean, is there a mix that is preferable one to the other? And I'm speaking for the spirit of Councilwoman Sanchez.

MR. AYOTTE: I don't think that that's the established point. What I mean by that is, it's more the fact -- let's take Medicaid as an example. Fee For Service Medicaid, Keystone Mercy Health, large MCO of Medicaid, and Health -- I think it's Health Partners, if you're not in the mix that the area takes -- so, for example, we may be in the Fee For Service, but we may not be in Health Partners, and most of the people in that neighborhood may be Health Partners. So it's not necessarily which

one pays more or less, because our billable number is less. And if I'm speaking out of turn, tell me. But nurse practitioners and physicians' assistants that work in the clinics are paid at a less of a percentage rate than a physician is. So we have such a low billable dollar amount because the model cost is kept down, it's not really which one of the mix is it. It's being in the right plans to match wherever you're at.

COUNCILWOMAN SANCHEZ: Again, that leads to the public policy discussion, because many of these plans, hospitals choose to do one or the other and not both, and for us, it's important. And even though that decision is more of a state decision versus ours with these Medicaid HMOs, it becomes an important one to being able to provide a diverse array of services in the healthcare, and it's a discussion I've had with providers, particularly the providers who are brave enough to come into my

districts and provide services, is if they take Health Partners and then Keystone Mercy tells them no, then I've gotten into the competitive discussion of this is about the clients and these are about the patients. But that becomes an important public policy discussion for us, because there is no practice of you take one or the other and not both, and the people who get hurt in this are then the actual patients.

So I'm glad for that clarification, because it is a point that we don't always get to make, and I know many of us when we interface with our state legislators talking about -- particularly when we're talking about Medicaid and many times they ask us to help lobby on their behalf, they need to understand that some of these practices around doing that and limiting hospitals to certain plans, there's a detriment to a broader access piece. So thank you very much for that.

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COUNCILMAN JONES: Couple other points. Councilwoman Tasco referenced the possibility of the libations coming to your facilities. What is the footprint by which physically, amount of space you need to operate a clinic? And that obviously competes for shelf space for other things. So what is the footprint, square footage need, of a clinic?

MS. THABAULT: I don't know the exact square footage, but it's typically an office, if you imagine a small office.

COUNCILMAN JONES: So it doesn't require a lot of space?

MS. THABAULT: It doesn't require a lot of space. We have to have a facility that's large enough to accommodate -- if you could think of a typical physician's office size, that's about the size that you would expect.

COUNCILMAN JONES: And you cited in your testimony that the service provided by these facilities are rated as

good or on par with those provided by physicians and/or ERs, and that's an important note to make.

MS. THABAULT: Yes. That was published by the Rand Corporation. They looked at similar services that were provided in our clinics and -- not MinuteClinics per se, but the retail clinics, and compared those to -- these comparisons were on quality and cost to the physician's office, the urgent care center and the emergency room, and the retail clinic provided equal or better quality and at a lower cost.

COUNCILMAN JONES: I know there are people listening to this right now that can talk about sitting in emergency rooms for hours and hours and hours and hours only to find out that they were going to get a prescription, a couple pills and sent home that could have been resolved in one of these retail clinics.

You also talked about medical records, electronic transfer of medical

records.

MS. THABAULT: Yes.

COUNCILMAN JONES: A couple of questions on that, and you're ahead of some of the clinics actually in our neighborhoods that do not have electronic records. And do you share those records with a retail clinic within CVS that might be in Walgreen and do they share back and forth through corporations?

MS. THABAULT: We have a proprietary electronic medical record, and what that -- what we do with our record is, at the end of every visit, the patient is provided with a copy of their visit so that they can take it with them, and it provides patient education about things that they should be watching for for follow-up, recommendations and that type of thing, any kinds of education that might be related to their treatment. And then with their permission, we provide an electronic or a fax copy of that visit to their primary care

provider. If they don't have a primary care provider, we provide them with information on local providers who are accepting new patients. So we try to get our patients who don't have any connection to the traditional healthcare system established and connected.

COUNCILMAN JONES: So hypothetical, if I'm at CVS, I'm in visiting Councilwoman Sanchez today and I go in, get treated and then I'm over in Councilwoman Blondell Reynolds Brown's neck of the woods at the Rite Aid, but the record is over there, will they share records?

MS. THABAULT: We wouldn't share with Rite Aid, but what we would do is, if you are here in Philadelphia and you were seen and then you happen to be traveling in another state and you went to a MinuteClinic there, your record would be accessible to the nurse practitioner seeing you there so that they would know what treatment you had

had in the past.

COUNCILMAN JONES: Under the business model that you use and what you choose, services, there are varying types of clinics, I'm assuming. Some have a minimal amount of services offered. Give me the a la cart, if you would, from the Cadillac version to the Hyundai.

MS. THABAULT: With the exception of where there are some regulatory limitations, in nearly all of our clinics all of the services are the same in terms of the types of -- the breadth of the services that we provide. So it is the acute services that you heard Caroline speak about. But in addition, in MinuteClinic we have also introduced the chronic care monitoring. We also do a significant number of preventive care types of visits and school physicals, camp physicals, college physicals, those types of things, sports physicals, Department of Transportation physicals.

COUNCILMAN JONES: Are any of these services seasonal?

MS. THABAULT: Seasonal?

COUNCILMAN JONES: Like flu shots.

MS. THABAULT: Well, they're seasonal only to the extent that that's what the demand might drive. Like the camp physicals are pretty much seasonal because they occur in the summertime, but if someone were going to a winter camp, they could still come and have a physical in the winter. It's driven by the demand.

COUNCILMAN JONES: Final question. What impact on your business model has Obama's healthcare plan had?

MS. THABAULT: Well, I think that we are anticipating that the extension to universal coverage is going to increase the already present demand for primary care services. When you look at where the primary care shortages are across the country and you see that there

are going to be another 32 million insured, we can only anticipate that that demand for primary care services and access to healthcare is going to increase, and we think that our company is going to be able to provide a very important source of entry for medical services for individuals who don't have it.

MR. AYOTTE: Councilman Jones, can I just make a comment? If you look at the Massachusetts model as being a potential total access, the wait times for physicians, ERs, et cetera, escalated dramatically when that all occurred. So you can see there'll be an access issue when this goes universal.

And if I can just add one other piece on the quality. Paulette had a slide that talked about the Joint Commission, and the Joint Commission accreditation -- I don't like to toot our own horn, but it's a very large step. Some of -- the Joint Commission accredits

particularly units here in Philadelphia, the Albert Einstein Medical Center, Shriners Children, U Penn. You can name a bunch of -- it's a very high-level standard and it's one in which I think the quality gets tested.

COUNCILMAN JONES: Councilwoman Sanchez.

COUNCILWOMAN SANCHEZ: Are you guys, in light of the Obama healthcare reform, looking to get federal designation at some point? Because that takes you up to the next level. Right now you're at the local and the state levels, but the federal is the next one that would open you up to the ability to receive the federal subsidies that is going to come down with some of this healthcare piece. Are you in line for that? Is that part of what you're looking to do?

MS. THABAULT: I would not say that we are anticipating federal designation. However, we are looking to

be included as important providers under the accountable care organizations that are anticipated as part of the healthcare reform, and we hope that we will be able to participate.

COUNCILWOMAN SANCHEZ: That's a good maybe, right? Thank you.

Thank you.

COUNCILMAN JONES: Okay. You want to add anything?

MS. THABAULT: No.

COUNCILMAN JONES: Thank you so much for your testimony --

MS. THABAULT: Thank you very much.

COUNCILMAN JONES: -- and participation today.

Are there any other witnesses on this resolution?

THE CLERK: There are no more witnesses, Councilman.

COUNCILMAN JONES: Very well. We will recess to the call of the Chair. And thank you very much for your

participation.

Closing remarks by any of my colleagues? Then if not, I will take the prerogative -- oh, go ahead.

Councilwoman Blondell Reynolds Brown.

COUNCILWOMAN BROWN: Thank you.

I would urge the Administration to do what you do already, pay exceedingly close attention to the fluid activity in Harrisburg around the issue of state stores. I clearly remember the vigorous debate that went on for months and months and months, and it's one of those debates where we can't in no way be in catch-up mode but be exceedingly clear about what the Administration's expectations are around this potential new enterprise and how we do not expect it to impact on communities here in Philadelphia, and that those who are serving as our voices and advocates in Harrisburg know the history first and then know what the Administration's expectations are going forward.

Thank you very much.

COUNCILMAN JONES: Well, I want to say in closing, thank you, first of all, for your participation. Thank you for choosing Philadelphia as your site for your association's national convention. It shows great minds think alike. You chose Philadelphia, and we are definitely recruiting and choosing you.

It is a matter of life and death in some communities. The underserved communities often are the worst hit by healthcare disparities. This Council is taking that very seriously. There's not a time that goes by that I don't point out the fact that the Fourth District does not have a public health facility owned by the City. So, therefore, retail clinics like yours cannot be a panacea to all ills, but be an important possible solution in that demand. We recognize clearly you are a for-profit entity, but we believe

sincerely there is gold in them there hills and you should explore a little harder in your selection criteria.

I will say that the cost of cough syrup in the suburbs is the same as at 60th and Market and, therefore, the services should be the same. We are not picking on your industry. We will hold every industry to that same standard, that if you do it in the suburbs, then you should at least have a rationale as to why you do or don't do it in the inner cities. And today we accept that we don't know what happened in 2007, but as you move forward, as the opportunity for expanded markets and alcohol and beverage sales comes about, this body will find a way either through zoning or through other legislation to be impactful. So it will be difficult to explain to me why we have a retail liquor outlet but don't have a healthcare retail clinic. That will be hard to justify in my mind.

So we welcome you as strategic

partners, where there will be mutual benefit, you profit and we profit by the services that you deliver by way of healthcare.

Thank you very much.

(Joint Committees on Commerce and Economic Development and Public Health and Human Services concluded at 2:40 p.m.)

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CERTIFICATE

I HEREBY CERTIFY that the proceedings, evidence and objections are contained fully and accurately in the stenographic notes taken by me upon the foregoing matter on December 6, 2010, and that this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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