

# The Apocalypse of Primary Care Is Upon Us



By *Chuck Dinerstein, MD, MBA* — June 6, 2019



Courtesy of Lorraine Cormier from Pixabay [1]

With the announcement of CVS's HealthHubs, the synergy of data and business is rapidly coming to the health sector; health systems will become havens only for the severely acutely ill, the more complex, the expensive. In the same way that urgent care centers catered to low acuity, high financial margin problems that both financially supported and congested Emergency Departments, HealthHubs will take similar problems away from primary care providers. The disruption of primary healthcare is now staring us in the face.

## **Diversity**

This is in many ways about diversity, not of race, creed or gender, but of revenue streams – some are very profitable, high margin, and others less so, even small losses, low margin streams. I can remember a time when most pharmacies were independent, family-owned, affairs providing simple medical supplies and medications. Pharmacies had to diversify their offerings to make up for the low margins on their primary products. They added gift cards and knick-knacks. Today's pharmacy and CVS is in the forefront here, provides many more goods and services; toys, fast foods, small appliances, beauty products. They have diversified their revenue streams to make a profit and remain competitive. With the initial success of their walk-in Minute Clinics, CVS plans to morph into HealthHubs, "a convenient neighborhood healthcare destination that brings easier access to better care at a lower cost." HealthHubs will be staffed by nurse practitioners, physician assistants, and a variety of ancillary staff, like physical therapists. There will be no physical doctor, but as CVS hastens to add, they will be virtual doctors, available by teleconferencing.

For those concerned with Big Data and privacy,

“the concept will rely on **CVS' newfound access to Aetna's wealth of data on its members' health conditions**, which CVS executives said will help inform where it decides to locate its next clinics. "By covering health and pharmacy data, we are **better able to target the products and services that will help that specific member on their path to better health.**" [Emphasis added] [1]

That information and its use is a big payoff in the CVS Aetna merger. While the federal judiciary is rethinking the competitive nature of the merger concerning drug payments, they are blind to how that information creates a far more tilted playing field for physicians.

## Healthcare's ecology

Think of our healthcare system, for all of its bad and good properties, as an ecosystem. Hospitals make money by providing a range of care in terms of risk, financial reward, and complexity. Diversification along all of these parameters makes for a robust system, capable of responding to medical needs, being financially sustainable. Several years ago, some physicians whose practices were procedurally based, e.g., gastroenterologists, surgeons, and orthopedists recognized that the high income came not from procedural fees, but the payment to the facility providing the procedure. They opened free standing surgicenters. Now arguably physician-run surgicenters are more efficient, and with equal or better outcomes than similar hospital-based facilities, after all with your reputation and money on the line, you have skin in the game. But they “cherry-pick” their patients as best they can, treating low risk, low complexity, high margin work in the surgicenter, and the same procedures for the high risk and complexity patients are done at the hospital. It shifts risks and makes hospitals less robust, more fragile financially. The physicians, as CVS will be doing with their HealthHubs, treat the genuinely ill, less remunerative as an externality; that needn't be accounted for in their business model in the same way Big Oil didn't concern itself with air pollution, or Big Tobacco didn't concern itself with health risks.

How can physicians compete with a walk-in service that treats the walking well or slightly ill, and sends the patients who require more time and care on to some other facility? Or compete with the convenience of medications provided at the time and place of service? More importantly, how can physicians compete with a program that has the data-driven insight to know what are the most necessary (profitable?) services for the community; and ironically, gets the information based on your work?

For some patients, convenience is the key; I get that. These are frequently patients with little exposure to the healthcare system; they have colds or the flu, maybe a hernia operation or C-section; they do not have the multiplicity of chronic diseases that makes the continuity of care more important than convenience. But here is the truth as I see it, Those relatively healthy, walking well pay well enough that we can afford to provide the more extended care the truly ill require. Without the high margin patient, you can't run a business. In a poorly diversified, low margin setting, a few dollars can make or break you. Physicians and health systems need diversity to be anti-fragile. CVS's HealthHubs are robbing Peter and paying CVS. They will further tilt the playing field, foisting the cost of complex care onto the general public, and taking the low hanging, more

remunerative fruit for themselves – just like Big Oil, Big Tobacco, and now Big Urgent, Convenient Healthcare.

[1] Quote is from Kevin Houran, CVS Pharmacy President

Source material: [Modern Healthcare](#) [2] and [This is the CVS of the future](#) [3]

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[2] [https://www.modernhealthcare.com/patient-care/cvs-aggressively-expand-healthcare-services-stores?utm\\_source=modern-healthcare-am-wednesday&utm\\_medium=email&utm\\_campaign=20190605&utm\\_content=article2-readmore](https://www.modernhealthcare.com/patient-care/cvs-aggressively-expand-healthcare-services-stores?utm_source=modern-healthcare-am-wednesday&utm_medium=email&utm_campaign=20190605&utm_content=article2-readmore)

[3] <https://www.kvia.com/health/this-is-the-cvs-of-the-future/1023842601>