

# San Jose Mercury News

## MEDICAL CARE AND SHAMPOO

*Clinics in Stores Bring Doctors to the People*

By Michele Chandler, San Jose Mercury News, January 6, 2007

In the rear of a brand-new Farmacia Remedios -- a Hispanic drugstore on Almaden Boulevard -- customers can walk in and see a doctor without an appointment, seven days a week.

With its hardwood floor, black faux-leather couches and white board listing prices, you could almost mistake the QuickHealth mini-clinic for a coffee shop.

But the walk-in medical center is staffed by a physician available daily to treat more than two dozen non-critical maladies, and administer flu shots and HIV tests.

QuickHealth is among about a dozen for-profit companies that have surfaced nationally, aiming to bring consumers low-cost medical care at the same place they already buy body lotion and toothpaste.

Its clinics, which accept cash, checks or credit cards but not health insurance, are designed for people with minor ailments who don't have a regular doctor and may not have health insurance, said Dave Mandelkern, QuickHealth's president and chief executive officer.

Mandelkern believes companies like his -- with their standardized medical care, easy access and low prices -- could do for medical care what Southwest Airlines did for air travel, Supercuts did for hair styling and Jiffylube did for car maintenance.

"They get a consistent experience," he said. A Stanford-trained electrical engineer who co-founded the Docent software firm in 1997, Mandelkern became interested in health care after medical costs for his own company's employees began to spike.

While selling Docent in 2004, Mandelkern decided walk-in centers would fill a need and lead to profits.

The concept of a walk-in retail clinic is relatively new. They first opened in 2000 in Minnesota, but it wasn't until 2005 that California got its first clinic. Experts say the trend has been slower to catch on here because of higher real estate costs, not to mention salaries for physicians, nurse practitioners and other personnel.

### **Growing numbers**

The number of clinics inside retail stores -- some use catchy slogans like "You're Sick. We're Quick!" and "Convenient Care When Your Doctor's Not There!" -- has been booming nationally. **Sixty locations in January 2006 had jumped to 253 as of December, according to Mary Kate Scott,**

who wrote a report about retail medical clinics for the California HealthCare Foundation, an Oakland research group. Scott's report predicts there will be thousands by 2008. But as an industry, most walk-in clinic companies operate in the red, said Scott, until they take off with new patients.

The Dec. 21 opening of QuickHealth's San Jose clinic came just weeks after the demise of a similar chain, WellnessExpress Medical Clinic, which operated inside Longs Drug Stores in Campbell, Sunnyvale and San Jose. But all three were shut in November after WellnessExpress ran out of cash. The firm hopes to regroup and reopen other walk-in centers, said Paul Kaufmann, president and founder of WellnessExpress Healthcare.

Meanwhile, Sacramento-based Sutter Health network is opening six walk-in Sutter Express Care clinics at Sacramento-area Rite Aid stores. Even AOL co-founder Steve Case has gotten into the act. His Revolution Health Group, which he founded after leaving the Internet service provider, is an investor in InterFit Health, owner of RediClinic, a walk-in medical center chain launched in Texas in 2004.

In addition to the newly opened San Jose clinic, QuickHealth also runs walk-in health centers in two other Farmacia Remedios drugstores -- in San Francisco and Oakland, as well as inside two California Wal-Mart stores. Next month, another clinic is scheduled to open inside a Longs Drug Store in Redwood City.

Even established physicians' groups say the new clinics have a place in medical care.

"They have some limited role," said Anmol Mahal, a Fremont gastroenterologist and president of the California Medical Association. "These clinics could take care of minor illnesses: the common cold, skin rashes, minor infections and sprains."

### **Business boost**

QuickHealth pays a set fee to the retailers to lease a section of their stores. While clinic employees are prohibited from referring patients to the retailers' pharmacies, it's hoped many will have their prescriptions filled there and buy other items in the store, boosting sales.

Some clinics are staffed by nurse practitioners or physician's assistants, licensed professionals who can diagnose and treat certain medical conditions and prescribe medications. Often, they must work under the supervision of a physician available for consultation by telephone.

But QuickHealth's medical offices are staffed by physicians, who can treat a broader range of ailments. Mandelkern said he put up "several thousand dollars of seed money" to open the first two clinics. He then raised about \$500,000 from friends, family and angel investors to open the other four, for a total investment of less than \$1 million, he said.

Mandelkern said his company's niche is one other companies aren't pursuing.

"I'm not worried about other competitors coming in," he said. "There is a lot of demand. We are offering something that people want," he said.