

# Reimagining Retail Pharmacy as Major Chains Downsize Offerings

**Urgent Message:** As retail pharmacies reinvent themselves, urgent care has an opportunity to grow within the shifting market dynamic.

Alan A. Ayers, MBA, MAcc

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Retail pharmacies are at a crossroads. Once the go-to destination for prescriptions and over-the-counter health/beauty merchandise, major chains like Walgreens, CVS, and Rite-Aid have closed thousands of stores while also abandoning billion-dollar investments in virtual care and on-site clinics. At the same time, they're grappling with widespread pharmacist burnout and staffing shortages partially brought on by increasing expectations of the pharmacist's role in providing care.

These market realities have the potential to reshape the retail pharmacy's role in healthcare delivery, but they also raise important questions for urgent care about what its own role will be and how patient volume may be impacted.

## Major Struggles Persist for Retail Pharmacy

Recently, Walgreens has warned of "imminent changes" for underperforming locations, which account for 25% of its nearly 9,000 stores.<sup>1</sup> In October, 2024, the chain announced that 1,200 stores will be shuttered over the next 3 years as part of a \$1 billion cost-cutting strategy.<sup>2</sup> Meanwhile, CVS is set to close nearly 900 store locations, and Rite Aid, caught in a Chapter 11 restructuring, is closing more than 150 stores.<sup>3,4</sup>

Beyond shuttering underperforming locations, the country's largest pharmacy chains have also announced aggressive plans to abandon or cut back on billion-dollar investments in retail health (Table 1). After just 5 years in the business, Walmart sold its MeMD virtual



care subsidiary in early 2024.<sup>5</sup> The retail giant also announced plans to shut down 51 Walmart Health centers and end its Walmart Health Virtual Care offerings.<sup>6</sup>

Walgreens—which recorded a \$6 billion loss in the second quarter due in large part to losses from its VillageMD investment—as of August 2024 was considering selling its primary care division to rebalance the company under mounting financial pressure.<sup>7,8</sup> In the interim, the chain has already closed 140 VillageMD clinics (nearly half) and

Author affiliations: Alan A. Ayers, MBA, MAcc, is President of Urgent Consultants and is Senior Editor of *The Journal of Urgent Care Medicine*.

Table 1: Recent Moves by Walmart, Walgreens, and CVS			
	Walmart	Walgreens	CVS
On-Demand Health Care	Closed all 51 Walmart Health locations and Walmart Health Virtual Care in April 2024.  Sold MeMD virtual care subsidiary to startup Fabric in July 2024.		Carbon Health rooftops have decreased to 120 from 125 since CVS' January 2023 investment.  In 2024, 2 MinuteClinics in Massachusetts were converted to full-service Carbon Health urgent cares.
Primary Care		Shuttered 160 VillageMD locations (over 50%) after recording a \$6 billion loss on the investment.	Sought private equity partner to help fund the growth of Oak Street Health after a \$10.6 billion investment.
Clinical Trials		Plans to expand clinical research capabilities after reaching more than 5 million patients to potentially recruit into trials since June 2022.  Walgreens has signed more than 35 clinical trial contracts.	Shutting down clinical trial business after 2 years, citing the need to realign long-term strategic priorities.
Infusion Services			Exiting infusion business and closing 29 related regional pharmacies.
Real Estate		Continues to profit from real estate investment, netting 21% return over the past 3 years.	With equity partners, continues to invest in tax-abated, tax-credit and/or rent-subsidized multi-family housing.

plans to shut down 20 more.<sup>9</sup> Even so, Walgreens' real estate business is booming, yielding a 21% return over the past 3 years through sale-leaseback transactions.<sup>10</sup> The retail pharmacy is also doubling down on its two-year-old clinical trial business and recently inked a 5-year, \$100 million partnership with the U.S. government.<sup>11</sup>

Walgreens rival CVS is experiencing primary care struggles of its own. Its Carbon Health arm has 125 locations, representing no net rooftop growth since CVS invested in the primary care brand in 2023.<sup>12</sup> CVS also sought a new private equity partner to help fund growth in its Oak Street Health business after acquiring it just over a year ago for \$10.6 billion.<sup>13</sup> Unlike Walgreens, CVS has moved away from clinical trials, shutting down its operations in this segment 2 years after launching, citing the need to realign its long-term strategic priorities.<sup>14</sup> CVS exited the infusion business in October, 2024 after acquiring Coram LLC for \$2.1 billion in 2013. The move will also result in the closure of 29 regional pharmacies.<sup>15,16</sup>

Overall, mass closures of retail pharmacies could create

pharmacy deserts in certain areas, leaving many communities without access to over-the-counter medications, vaccinations, and prescription refills.<sup>17</sup> For health-care consumers, particularly those with Medicare and Medicaid coverage, these shifts are a cause for concern.

The emergence of new pharmacy deserts also highlights an ongoing healthcare access problem. Regions where patients must travel significant distances to access pharmacy services often represent rural or underserved communities with existing health disparities. Patients may have the option to turn to urgent care not just for acute needs but also for routine vaccinations or prescription management, which could expand business opportunities for urgent care. Pharmacy downsizing of health services could also add seasonal pressure to urgent care clinics primarily designed to handle episodic care, however.

#### Changes to the Pharmacist's Role

In the 2010s, pharmacies proposed to head in a different direction by expanding the pharmacist's role to include diagnosis. In effect, the growth strategy of pharmacy

was transforming a pharmacist into a “provider.” Push-back followed from pharmacists who already felt overworked and overwhelmed by a growing number of responsibilities.<sup>18</sup> Particularly in large retail chains, pharmacists shoulder increasingly large workloads beyond dispensing medications.

Today’s pharmacists may be administering vaccines and point-of-care tests, promoting public health awareness campaigns and interventions, and assisting with chronic disease management—all on top of dispensing duties. The pressure to deliver both retail and clinical services simultaneously has left many pharmacists overwhelmed, leading to high turnover and widespread dissatisfaction within the profession.<sup>19,20,21</sup>

Unlike physicians, nurse practitioners, and physician assistants, pharmacists lack appropriate training and experience for making clinical decisions beyond medication-related issues. As a result, the expectation that pharmacists could replace urgent care providers in certain roles has largely failed to materialize. While pharmacists excel at managing medication therapy, expanding their roles further seems to have created more strains than solutions.

Indeed, since the pandemic, staffing levels have been slashed at the country’s largest retail pharmacies while remaining workers are left to shoulder the extra burden,<sup>20</sup> filling increasing prescription volumes and handling other duties.

The American Public Health Association estimates U.S. pharmacies make 54 million dispensing errors annually.<sup>22</sup> Given plummeting employment numbers among retail pharmacists—including a 6% drop between 2019 and 2021—the risk for errors seems evident.<sup>20</sup>

### The Public Health Impact of ‘Convenience Store’ Pharmacies

Retail pharmacies have long played a pivotal role in healthcare delivery. However, major pharmacy chains continue to stock and promote products like alcohol, tobacco, and sugary energy drinks—items linked to chronic disease and preventable deaths.

The fact these items are still featured on retail pharmacy shelves has sparked criticism from healthcare advocates, who argue that pharmacies have a duty to promote healthy interventions rather than products that increase mortality risks. Their arguments are founded on some alarming data. The U.S. has the highest rate of avoidable deaths among all wealthy nations, driven mainly by lifestyle-related diseases such as heart disease, diabetes, and respiratory illness brought on by smoking.<sup>23</sup> These conditions can be exacerbated by many of

the products retail pharmacies continue to sell.

Notably, research published in 2021 indicated that 94% of retail pharmacies in the U.S. participated in cigarette promotions, including discount pricing and cross-promotion. That was 12% higher usage of these tactics than any other type of retailer—including convenience stores and tobacco stores.<sup>24</sup> CVS ultimately adopted tobacco-free store shelves in 2014. Yet, the same type of promotions have been used to increase sales of alcohol and sugary beverages at many pharmacy retailers.<sup>23,25,26</sup>

Furthermore, the convenience store model adopted by many retail pharmacies has also made them frequent targets for crime, further eroding public trust in these locations as healthcare destinations.<sup>27</sup> In some cases, employees have been held at gunpoint or witnessed criminals escape through drive-thru windows.<sup>28,29,30</sup>

As the traditional pharmacy model erodes, the retail pharmacy sector now approaches a crossroads. Will chains like Walgreens, CVS, and Rite-Aid continue to pursue the same strategies against plummeting financial returns? Or will they adapt to a model more aligned with promoting public health and preventing disease?

### Embracing a Shift Toward Digital Health and Telepharmacy

Some industry experts and researchers have advocated to transform pharmacies from convenience stores into health promotion hubs.<sup>23,31</sup> This new model would lean into digital technology and focus on disease prevention and managing chronic health conditions.

This shift isn’t just about changing what pharmacies sell, though—it’s about rethinking the entire purpose of the retail pharmacy. By integrating digital health products and telemedicine services, pharmacies could become proactive centers for disease management and prevention. Rather than simply dispensing medications to treat diabetes or hypertension, for example, pharmacies could promote apps that monitor blood sugar levels in real time or sell wearable devices that assess heart health when recommended by a clinician. Such digital tools empower patients to take a more active role in managing their health, potentially reducing the need for downstream medical intervention.

Moreover, digital tools provide patients with actionable insights into their health. Wearable devices that track activity levels, sleep patterns, and vital signs can empower patients with chronic conditions like diabetes, hypertension, and heart disease to better manage their health when recommended by a clinician.

In addition to supporting self-management, digital therapeutics also help patients adopt healthier lifestyles. Mobile apps and wearables can guide users through ex-

ercise routines and promote regular sleep schedules. Placing these products near the pharmacy counter allows pharmacists to offer personalized recommendations and interventions, making it easier for patients to integrate digital health solutions into their daily routines and increasing sales that help the bottom line.

Another key aspect of this transformation is the rise of telepharmacy, which has the potential to impact how patients access medications and health consultations.<sup>32</sup> Telepharmacy allows pharmacists to offer remote services from anywhere, including virtual consultations, prescription management, and medication counseling.<sup>33</sup> This approach improves access for those in rural or underserved areas and increases convenience for patients who prefer remote interactions. It can also be a complement to urgent care in communities benefiting from expansion.

Moreover, pharmacies can use this opportunity to leverage omnichannel sales, combining physical store services with online platforms to cross-promote digital health technologies. This type of integration creates a seamless experience where patients receive personalized recommendations for both digital therapeutics and traditional pharmacological treatments.

### How a Shift to Digital Health Impacts Urgent Care

As retail pharmacy giants ponder new strategies, the potential impact of a more health-focused digital model carries significant ramifications for urgent care. Pharmacies of tomorrow may no longer just be places to pick up prescriptions or buy over-the-counter medications. Instead, they may be considered comprehensive hubs for disease prevention and holistic healthcare management. While promising for public health, this shift may lead to changes in how patients seek care and what role urgent care centers play in the broader healthcare ecosystem.

The push toward digital therapeutics is a prime example of how urgent care volumes could change. With pharmacies pushing mobile health apps, wearables, and telemedicine, patients may be more inclined to manage chronic conditions from the comfort of their homes. Why would patients visit urgent care for routine blood glucose monitoring check-ins when they can get 24/7 readings through a wearable monitor connected to their smartphone?

Telepharmacy further amplifies this trend. By offering virtual visits with providers or pharmacists, retail chains can market medication counseling, prescription refills, and even adjustments to treatment plans without the need for an in-person appointment. This shift could

lead to fewer patients turning to urgent care centers for these needs, especially in areas where primary care providers and other forms of non-episodic care are sparse. In addition to digital health tools and telepharmacy, pharmacy point-of-care testing (POCT) could also chip away at urgent care volumes. Many retail pharmacies already offer POCT services for conditions like diabetes, high cholesterol, and hypertension. While this makes care more convenient for the patient, it could also divert some routine visits away from urgent care.

The physical redesign of pharmacies to focus on health could also impact urgent care's image in the community. By removing unhealthy products like alcohol and tobacco from their shelves, pharmacies could position themselves as trusted partners for holistic care. This approach could make pharmacies the go-to destination for patients seeking care before a condition becomes serious enough to warrant an urgent care visit. This could spur a decline in visits for minor illnesses and routine health checks—2 sources of urgent care volume.

### Opportunities for Collaboration

Despite potential cannibalization of patient volume, a shift toward digital health and disease prevention paves the way for new collaboration opportunities between pharmacies and urgent care. Rather than viewing these changes as competition, urgent care operators can explore partnerships that enhance patient care and improve outcomes.

One key area for collaboration is chronic disease management. Pharmacies, through digital therapeutics and telepharmacy services, are well-positioned to help patients manage these conditions. However, urgent care centers can intervene when patients need episodic care for acute exacerbations or complications that can't be managed remotely. Through referral coordination, pharmacies and urgent care centers can ensure patients receive the right level of care at the right time, reducing unnecessary trips to the emergency room.

Another potential avenue for collaboration lies in POCT. Pharmacies offering POCT testing services could refer patients to urgent care centers for follow-up based on test results. They can also refer patients to a nearby urgent care center for tests they don't offer.

While the potential for collaboration between pharmacies and urgent care is promising, it's important to acknowledge that some urgent care chains or independent centers may face challenges forming partnerships with national retail pharmacy giants. Large chains like CVS and Walgreens have significant resources and established infrastructures, allowing them to implement

digital health solutions and telepharmacy services at scale. Smaller urgent care operators may need external resources to help them uncover avenues they are able to pursue.

Retail pharmacy is at a critical turning point. As major chains like Walgreens and CVS downsize, they must look toward new ways of serving patients and communities to rediscover their profitability.

The proposed pivot to a digital health-focused model emphasizing disease prevention and management through digital therapeutics, telepharmacy, and POCT could redefine pharmacies as proactive health hubs. Urgent care centers must prepare for the ripple effects of these changes.

Despite these challenges, urgent care will remain essential for acute, episodic care that digital solutions cannot replace. Operators should also recognize the potential for collaboration while seeking ways to maximize patient visits. ■

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