

The Future of Urgent Care Centers

Understanding the Market, its Advantages,
and Potential Challenges

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Urgent Care: All About the Patient

- Urgent care is a consumer-driven phenomenon, coincident to (but not caused) by ObamaCare and high-deductible plans.
- Consumers love the convenience of a neighborhood, walk-in facility providing immediate relief.
- Urgent care spurs demand through real estate and marketing.
- Historically appeals to healthy, insured, women in family households, working ages 24-55.
- Demographic and payer mix changes are increasing demand for urgent care among new segments.
- Future success will require urgent care to remain more relevant and cost-effective to consumers than other options.

Evolution of Urgent Care

Entrepreneurial Physicians
Independent Centers
Emergency Medicine Background
Fee-for-Service Reimbursement

Hospital Consolidation
Data and Clinical Integration
Migration to PAs/NPs
Population Health Focus

Private Equity Investment
Arbitrage Play on P/E Multiples
Scaling of Regional Platforms
Family Medicine Emphasis

2000

2020

Procedures

Insurance
Case Rate

Head & Chest

Accountable
Care

Primary Care
and Wellness

Headwinds: Market Saturation

- Entrepreneurial providers opened centers where they wanted to work and live.
- Suburban markets provided a high density of consumers with a desirable payer mix.
- Private equity scaled competing operations:
 - All providers chasing after the same demographics
 - Good real estate increasingly difficult to find
 - Extended ramp-up to break-even increased working capital needs
 - Some payers refusing new contracts or location adds
- Closures, change in operating model, and consolidation.

Headwinds: Commoditization



Perfect Storm

- Operating in Oversaturated Markets
- Consumers Cannot Differentiate Commoditized Offerings
- Competing at the Low End of the Acuity Scale
- Vulnerable to Telemedicine, On-Demand Primary Care, New Retail Offerings, etc.

Opportunity: High Acuity Urgent Care



Opportunity: Differentiated Brand Experience



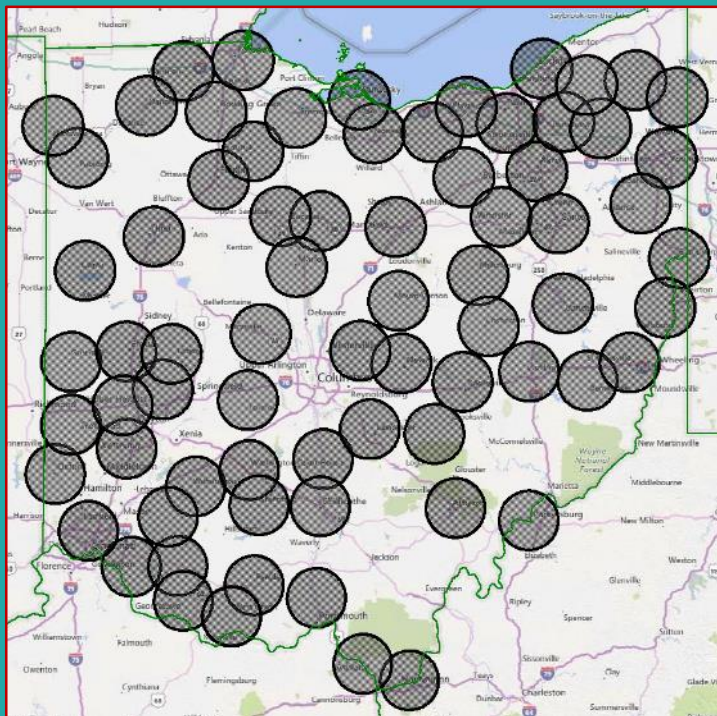
Differentiation: CareNow and ZoomCare



Opportunity: Rural Build-out



Opportunity: Boxing, Flanking, and Interception Strategies



PPUC+1	Median HH Income	Annual ER Visits	Traffic Generator	Group F	PPD Prediction
24,557	\$50,923	130,974	Major Retail/Medical	24.3%	30+

WPP+1 Value	Median HH Income	Annual ER Visits	Traffic Generator	Group F	PPD Prediction
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Opportunity: Pediatric Urgent Care

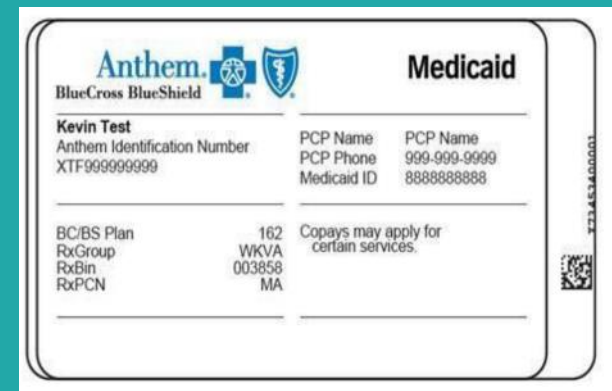


Opportunity: New Real Estate Models



Opportunity: Managed Medicaid

- Historically state Medicaid programs did not specifically cover urgent care.
- PCP reimbursement and/or PCMH requirements often applied.
- Increasingly states are outsourcing Medicaid to TPAs; with reimbursement on-par with commercial plans.
- Beware of referral, pre-authorization requirements with dual-eligible populations.



Anthem BlueCross BlueShield Medicaid ID card for Kevin Test. The card displays the patient's name, Anthem Identification Number (XTF999999999), PCP Name, PCP Phone (999-999-9999), and Medicaid ID (8888888888). It also lists the BC/BS Plan (162 WKVA 003858 MA) and notes that copays may apply for certain services. A QR code is visible on the right side of the card.

Anthem BlueCross BlueShield		Medicaid	
Kevin Test		PCP Name	PCP Name
Anthem Identification Number		PCP Phone	999-999-9999
XTF999999999		Medicaid ID	8888888888
BC/BS Plan	162	Copays may apply for certain services.	
RxGroup	WKVA		
RxBin	003858		
RxPCN	MA		



Opportunity: Hospital Partnerships

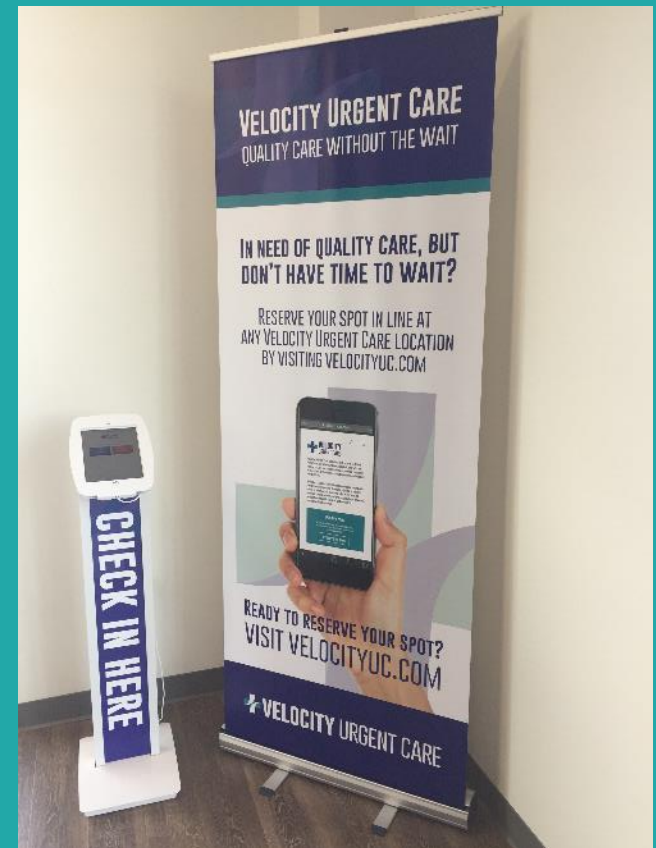


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Operational Improvements

- Seamless patient experience from pre-registration to online bill pay.
- Improved flow resulting in greater provider/staff productivity and shorter patient wait times.
- Greater transparency in pricing for high-deductible and self-pay patients.
- Data integration with downstream providers facilitating referrals and follow-up care.



QUESTIONS?

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