

The Future of Urgent Care Centers

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Learning Objectives

Upon completion of this course, attendees will be able to:

- Describe the evolution of urgent care centers over the past 15 years including density of locations, ownership, services, and reimbursement trends and their impact on the business model.
- Assess the "state of urgent care" in their own market including the degree of saturation, commodification, and payer case rate and the resultant impact on their own operation.
- Evaluate and seize opportunity related to rural/tertiary markets, hospital/health system integration, Managed Medicaid, pediatrics, new real estate models, and operational improvements.
- Create a profitable and defensible operating model that will sustain and thrive in conditions of rapid and ongoing industry change.

Evolution of Urgent Care

	2000-2010	2010-2020	2020 and Beyond
Business Model	Independent Entrepreneurial Physicians	Private Equity Scaling; Regional/Super-regional Management Platforms	Hospital and Health System Consolidation
Customer Focus	Commercially Insured; Medicare; Employers	Add: Managed Medicaid; Specialized UC (Ortho, Peds)	Mid-acuity Plank in an Integrated System
Geographic Focus	Affluent Suburbs of Major Cities; Sunbelt	Build-out All Regions; Urban and Rural Focus	Intercepting, Boxing, and Flanking Strategies
Provider Focus	Emergency Medicine	Family Medicine	PAs and NPs
Reimbursement	Fee-for-service	Case Rate	Capitation; Value-based Care
Acuity	“ER Alternative” Procedures	Head & Chest	Primary Care and Wellness

Fierce Competition for Urgent Care Patients

- Market saturation – restricted networks, declining reimbursement, lack of good real estate, some center closures
- Commoditization – consumers cannot differentiate urgent care brands
- Case rate reimbursement – degradation of acuity of urgent care services
- Primary care provider shortage – same workforce as urgent care
- Population health – more directed care, “at-risk” or outcomes-based
- Telemedicine and Direct Primary Care – “cheaper” and “more convenient”



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Tidewater Family



Case Study: Metro Washington, DC

- High population density (6.2M people)
- Economic stability (govt. is recession-proof)
- Highly educated and affluent population
- Strong economic growth (Amazon HQ2)
- 131 urgent care centers (only 7 in DC itself)
- Vast primary care access, many w/walk-in service
- Huge ethnic diversity (168 languages spoken)
- Ethnicity not geography drives referrals
- Kaiser Permanente 800,000 members
- High rents, lack of retail availability, multi-use space
- Low reimbursement due to managed care, provider supply/demand imbalance.
- Six million person media market makes traditional advertising cost-prohibitive



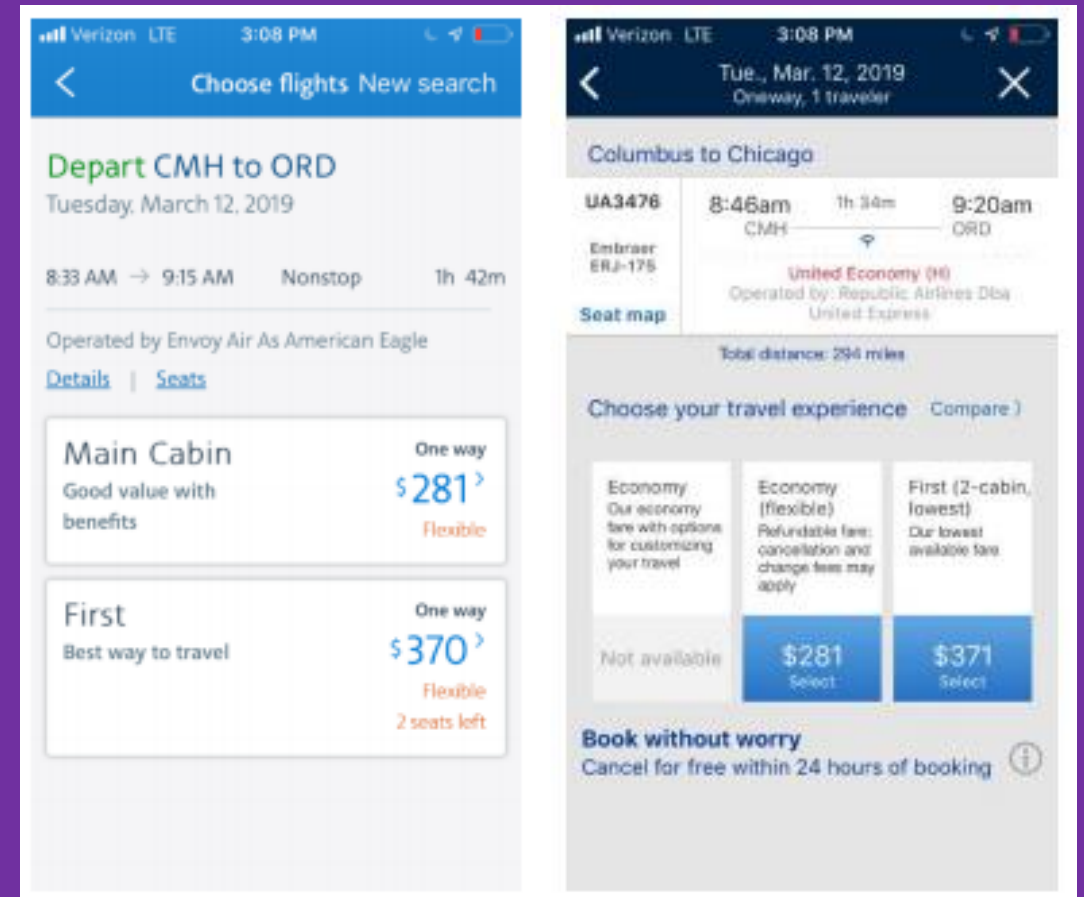
Patient Experience is Key

- Patient's "reference point" is not the doctor's office or emergency room.
 - Patients demand the same level of:
 - Access
 - Convenience
 - Price Transparency
 - Transactional Ease
 - Employee Interaction
- as they get with all other service providers.*



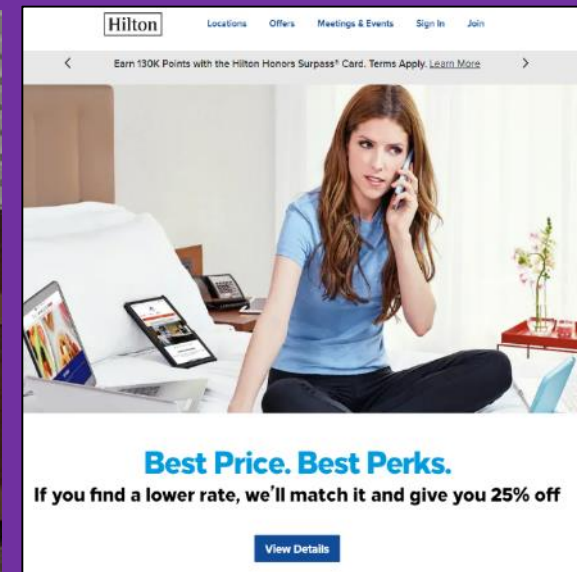
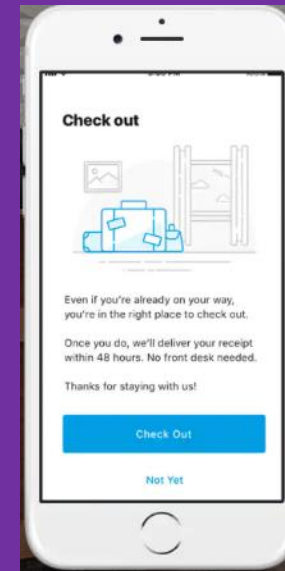
Friction in the Financial Transaction

- Savvy high-deductible health plan users have learned to pay cash out-of-pocket.
- Many urgent care centers cannot answer the basic question “how much does a visit cost?”
 - *“It depends on what the doctor finds...”*
 - *“Visits start at \$125 and go up to \$350...”*
 - *“We offer a 35% prompt pay discount...”*
 - *“We don’t know until it goes to billing...”*
- Northern Virginia walk-in prices quoted for a basic “sinus visit” range from \$65 to \$200.

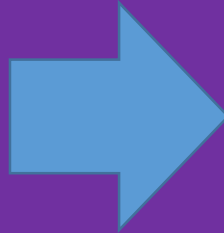


Reducing Friction

- Friction – steps, obstacles, and unnecessary effort required for consumers to obtain what they want.
- Goal is to make products and services faster, more convenient and more accessible.
- Loyal customers, trained in your processes, can't imagine going anywhere else.



Functional Shifting



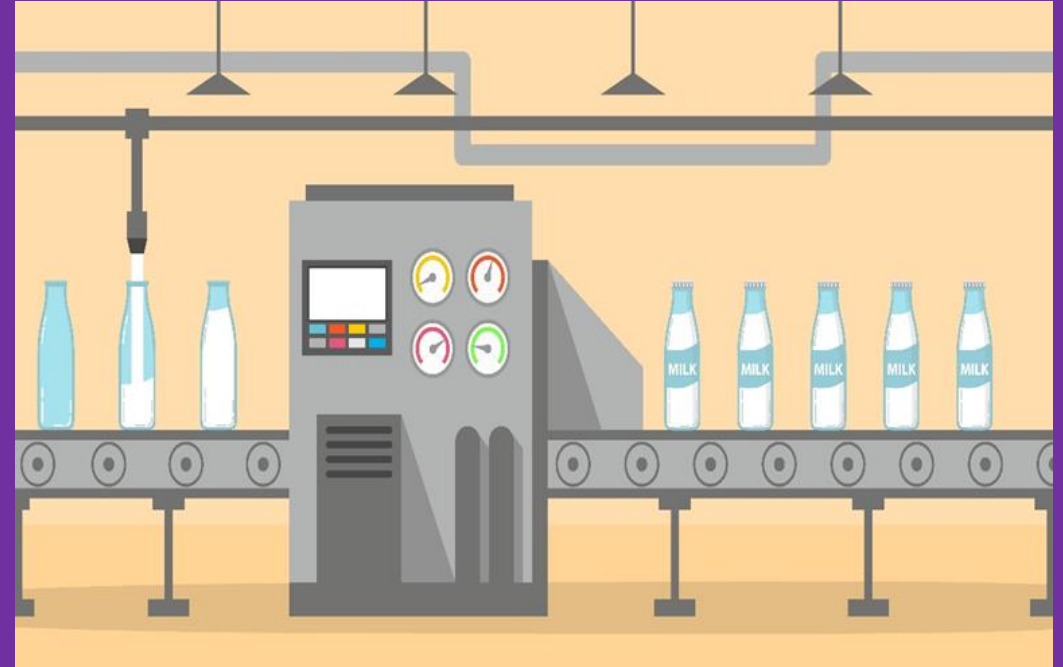
Online Marketing

- Urgent care marketing in the past was focused on raising “top of mind” awareness through signage, paid advertising and grassroots activity.
- 90% of patients go online first when they’re looking for a health care solution.
- 5 million urgent care keywords are searched every month, 74% on a mobile device.
- Urgent care marketing today is a quasi-“direct response.”

The screenshot displays a website interface for Deaconess Clinic's urgent care services. At the top, a banner image shows a family of five with the text "Urgent / Immediate Care". Below the banner, a navigation bar includes a "Filter" section with a "Reset" button, a "Sort By" dropdown (set to "Wait Time"), and a "Set View" dropdown (set to "Grid"). The main content area features three location cards, each with a star rating, address, phone number, hours, and a "Walk-in Wait Time" in minutes. The first card is for Deaconess Clinic Pediatric Urgent Care in Newburgh, IN, with a wait time of 40-55 minutes. The second is for Deaconess Clinic Urgent Care Gateway in Newburgh, IN, with a wait time of 30-45 minutes. The third is for Deaconess Clinic Urgent Care Henderson Starlite in Henderson, KY, with a wait time of 157-172 minutes. A fourth card for Deaconess Clinic Urgent Care North Park in Evansville, IN, is partially visible at the bottom, with a wait time of 19-34 minutes. A "Symptoms" list is visible on the left side of the page, including items like "Allergic reactions - minor", "Broken bone, fracture", "Cuts - possible stitches", "Cough/congestion", "Diarrhea", "Dislocations", "Ear infection/pain", "Eye swelling, redness, pain", "Fever, body aches", "Headache/migraine", "Minor injuries", "Pain - mild, moderate", "Rashes - poison ivy, other", "Sinus infection", "Sore throat", "Sports injuries", "Sprains/strains", "Sunburn", "Urinary/bladder symptoms", and "Vomiting/diarrhea".

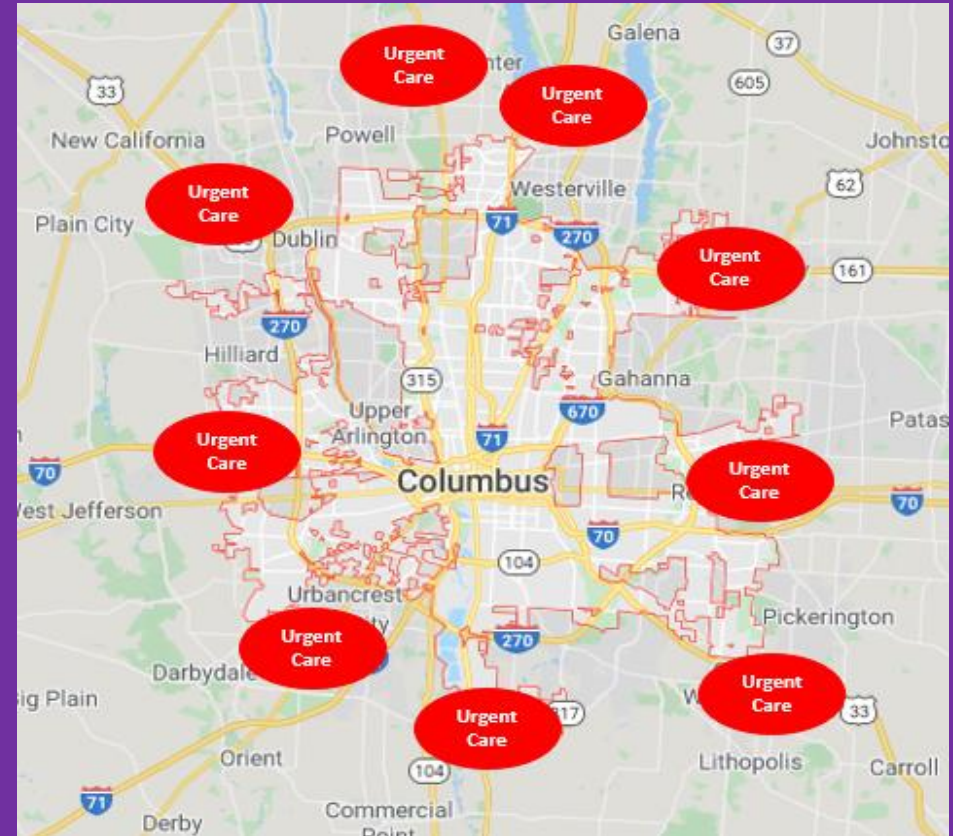
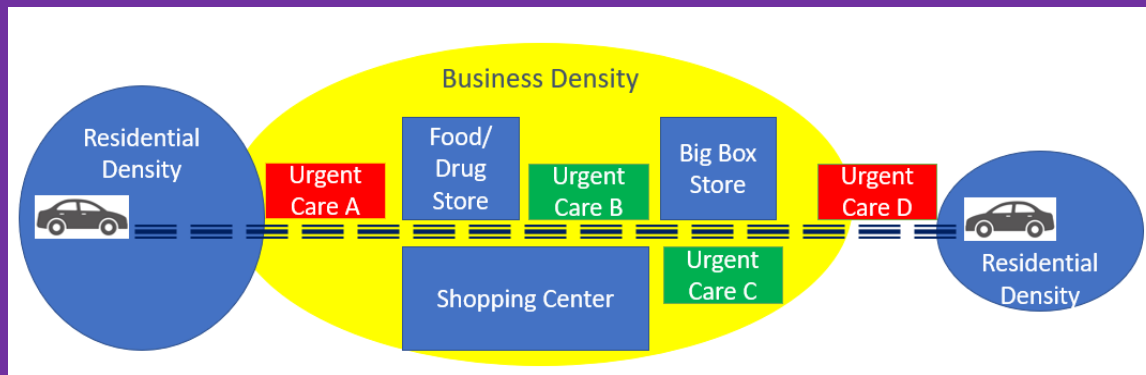
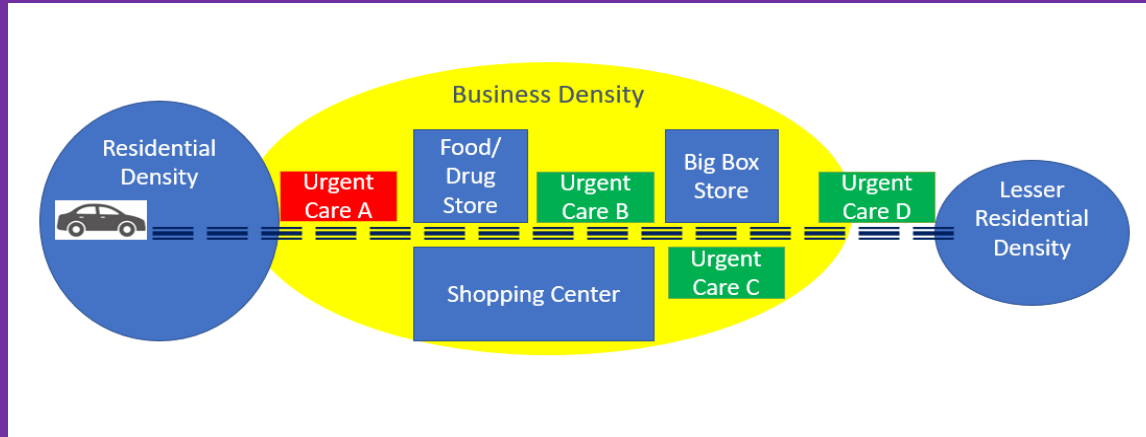
- Distance, hours and services
- Walk-in wait times
- Next available time slot
- Reserve a spot in line
- Register online, verify payment
- Request an Uber/Lyft ride
- Ongoing updates on wait status

Queuing System



- Bottlenecks are caused by variations in speed.
- Queuing management levels “ebb and flow” by pacing arrivals.
- Result is lower average throughput time and higher provider productivity.

Real Estate Strategies for Crowded Markets

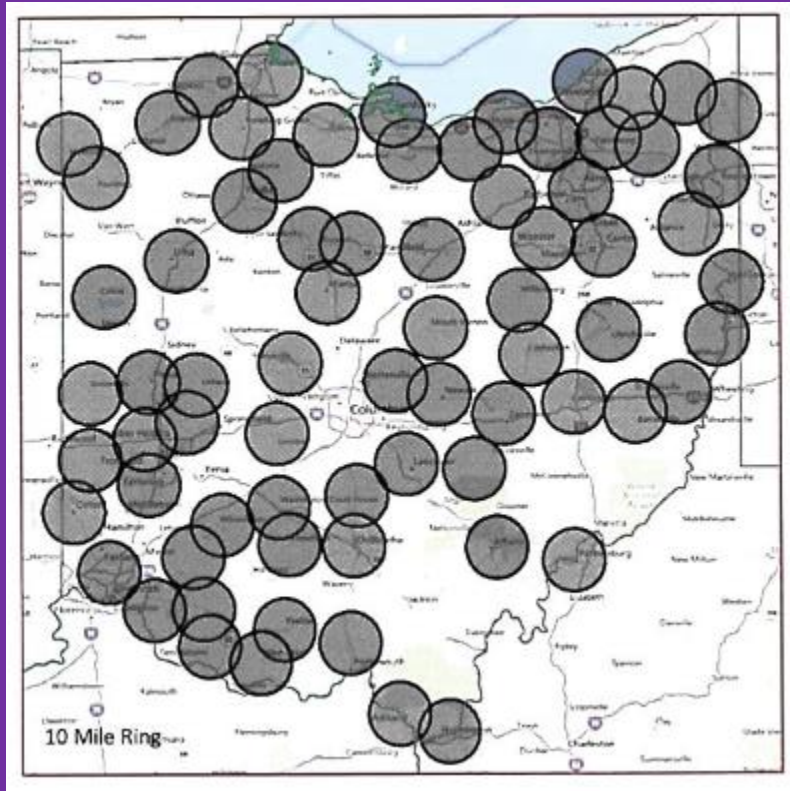


Intercepting, boxing, and flanking strategies effectively limit a competitor's service area.

Rural and Tertiary Markets



Rural Opportunity Example: Ohio



- Predictive forecasting model
- 387 total urgent cares in Ohio
- 73 zones forecast to see >30 patients per day
- 56 zones with population >25,000
- 12 zones with zero competition
- Tax-qualified opportunity zones

New Service Offerings

FAST PACE HEALTH
URGENT CARE

LOCATIONS SERVICES PRICING & INSURANCE ABOUT US CAREERS

NEWS > FAST PACE URGENT CARE LAUNCHES BEHAVIORAL HEALTH SERVICES...

Health Topics

News
11/06/2019

Fast Pace Health Launches Behavioral Health Services

FRANKLIN, TN, NOVEMBER 6, 2019 — Fast Pace Health, one of the nation's largest providers of urgent care services, today announced the launch of its [Behavioral Health](#) program at 72 clinics across Tennessee and Kentucky.

The Behavioral Health program focuses on treating patients with mental illnesses including depression, anxiety, ADHD, PTSD and other psychiatric disorders using appropriate medications and/or psychotherapy. Patients' individualized treatment plans depend on their unique needs and medical situations.

The new program is headed up by Robert (Bob) McKenzie, Executive Sponsor of Behavioral Health Services, and Nikita Duke, PMHNP-BC, Director of Behavioral Health. McKenzie and Duke oversee a fast-growing team of behavioral health professionals including psychiatric nurse practitioners, social workers, and professional counselors. The team offers outpatient care to patients in the rural communities served by Fast Pace Health, through telemedicine and in-person appointments. They have already executed on a number of strategic initiatives to implement behavioral health services including creating an integrated care delivery model, deploying a new telehealth platform and providing in-home services.

"Fast Pace Health is an industry leader in the urgent care space and, through our growing network of facilities, is uniquely positioned to offer behavioral health services to some of the most under-served areas in the United States," said Gregory Steil, Chief Executive Officer of Fast Pace Health. "Bob and Nikita are innovators and we are confident in their ability to establish and grow our Behavioral Health team."

"Fast Pace Health is addressing a substantial unmet need and can overcome a number of traditional barriers to care. In addition to providing services locally, our clinics offer a differential level of anonymity and reduced stigma — members of the community assume patients are receiving urgent care, rather than behavioral health services," said Nikita Duke.

"Millions of Americans, including more than half of the people who need care in Tennessee and Kentucky, are not getting the help they need. Fast Pace Health is disrupting the traditional care delivery model by leveraging urgent care clinics to help fill that gap," said Robert McKenzie.

Fast Pace Health plans to extend services to additional clinics and communities in 2020.

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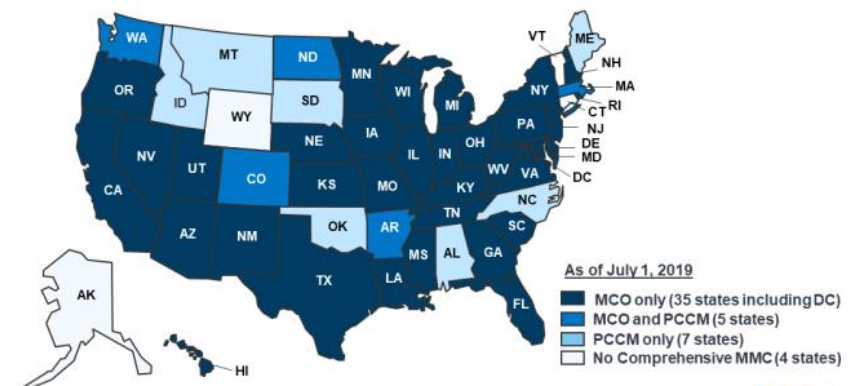
New Patient Populations

- Veterans Administration pilot program.
- Medicaid Expansion and Managed Medicaid
 - *Previously low reimbursement and/or PCMH requirements.*
 - *Outsourcing of Medicaid to TPAs is bringing reimbursement on par with commercial plans.*
 - *Beware of pre-authorization or referral requirements for dual-eligible populations in a PCMH.*
 - *Opens rural and urban markets to new urgent care centers.*



Figure 1

As of July 2019, 40 states used capitated managed care models to deliver services in Medicaid.



NOTES: CA has a small PCCM program operating in LA County for individuals with HIV. SC uses PCCM authority to operate a small, children's care management program and is not counted here as a PCCM.

SOURCE: KFF survey of Medicaid officials in 50 states and DC conducted by HMA, October 2019.

Pediatric Urgent Care

The screenshot shows a webpage from MommyNearest. The main article is titled "PM Pediatrics Gives D.C. Parents an Alternative to Urgent Care" by Jessica McFadden, dated July 13, 2016. The article text is as follows:

The four-hour ER wait. The fever spike that happens 10 minutes after the pediatrician's office closes. The middle of the night anxiety over your child that just cannot continue until morning. As moms and dads, we've all been there.

I remember that afternoon in 2007 when my 11-month-daughter Eve's mild cold seem to rapidly progress to a serious ear infection. The pediatrician's office would not see her until morning. I took her to a children's urgent care place and the staff there seemed unconcerned. Unable to shake the feeling that something was terribly wrong, I took Eve to the ER and waited until the pediatric attending could see her. After one look into her ears, he whisked her into radiology, calling it one of the worst ear infections he had ever seen. (We ultimately learned she had mastoiditis—an ear infection that can require surgery.) After a week's hospital stay, I remember wondering if the ten hours that I wasted before seeing an emergency pediatric specialist caused my baby further harm and pain.

On the left side of the page, there is a sidebar with several article recommendations:

- PM Pediatrics Gives D.C. Parents an Alternative to Urgent Care by Jessica McFadden
- Where to Find the Best Comfort Food in D.C. by Erica Jackson Curran
- 6 Indoor Water Parks Near Washington, D.C. by Dawn Kelly
- 10 Best Things to Do in Washington, D.C. by Rory Halperin
- Must-Visit Ski Resorts Near Washington, D.C. by Jessica McFadden
- The Best Sledding Hills Around D.C. for ... by Jamie Smith
- 6 Family-Friendly New Year's Eve Celebrations by Dawn Kelly
- 15 Winter Break Activities for Washington, D.C. by Rory Halperin
- 15 Can't-Miss Christmas & Holiday Events



High Acuity Urgent Care



Shift in focus from maximizing fee revenue to preserving the premium dollar.



Differentiated Brand Experience



Differentiation on the “Right Things”

- Differentiation *on what’s important to the patient.*
 - “Being different” doesn’t matter if the patient doesn’t realize it or care.
- Engagement *around the patient, providing quality care and moving patients through quickly.*
 - “Engagement” with the team or organization doesn’t matter if it doesn’t manifest in patient interactions.
- Technology that *reduces friction and creates efficiency leading to better patient experiences and outcomes.*
 - “Technology” should seek to solve a business problem, not the other way around.



Achieving Operational Excellence

- Guiding principles:
 - No Wait
 - No Waste
 - No Hassle
- Achieved by highly optimized processes:
 - Boosting patient throughput
 - Eliminating unnecessary administrative burden
 - Identifying and correcting errors, friction points and bottlenecks
- Memorialized in an “operational playbook”
 - Consistent
 - Scalable
 - Repeatable
 - Measurable
 - Predictable
 - Refined and Tested
 - Easily Implemented
 - Easily Replicated



For More Information...



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