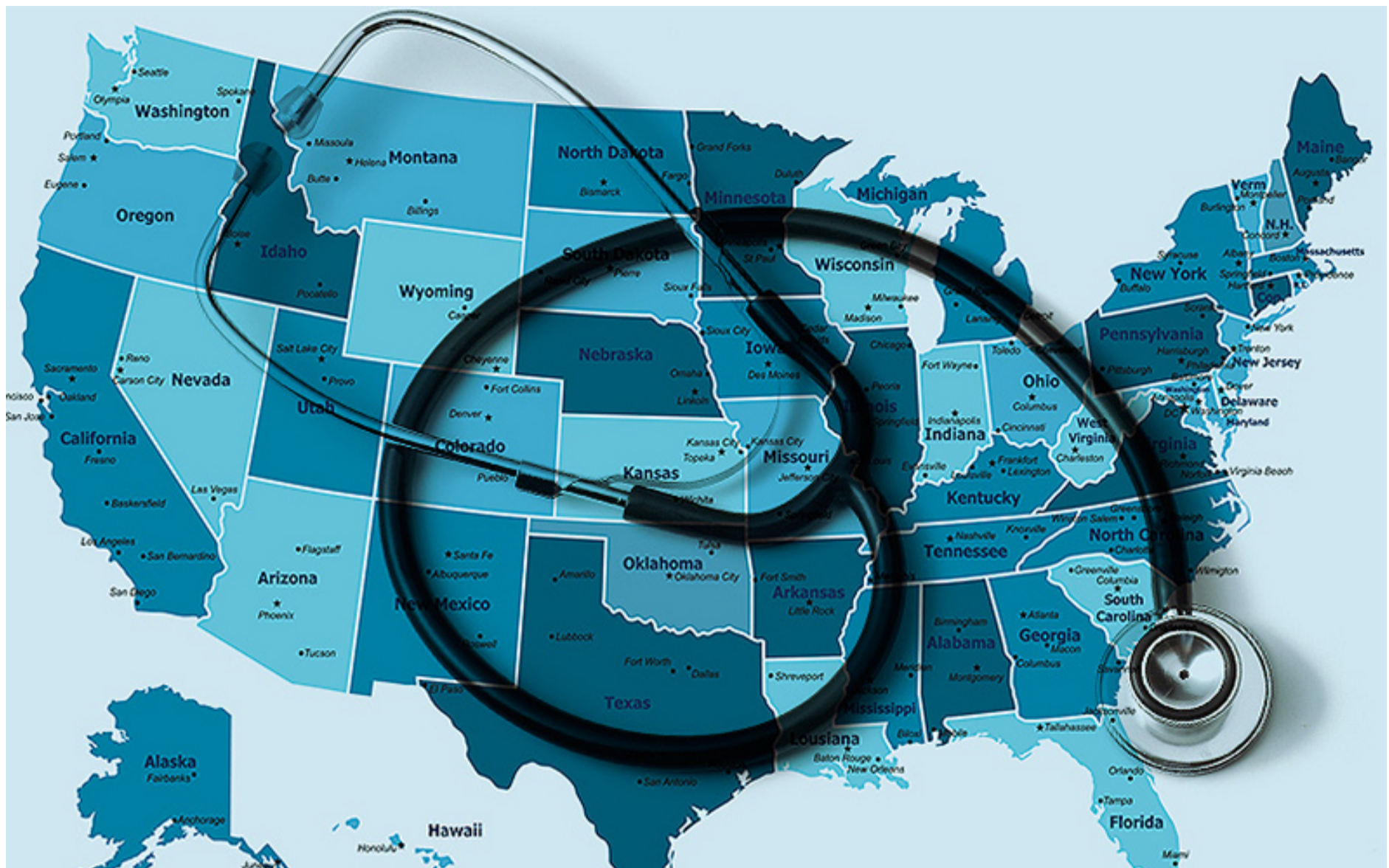


It's a Win-Win for Healthcare as Hospital Systems Acquire Urgent Care Centers



Hospital chains and insurance companies making moves to integrate urgent care centers in a rash of recent mergers and acquisitions, a new [Wall Street Journal report](#) says.

The [Hospital Corporation of America](#) in November acquired Urgent Care Extra's Nevada operations, including 14 urgent care centers in Las Vegas, which added to the base of 24 Dallas-area CareNow centers acquired in an October 2014 deal. The Nashville-based healthcare company intends to use this type of platform to grow its urgent care base across the HCA footprint that includes 165 hospitals in 20 states.

More recently in February, Dignity Health announced it's teaming up with New York-based GoHealth Urgent Care to expand urgent care access in the San Francisco Bay area, reports [Beckers Hospital Review](#).

As hospitals have been acquiring primary care providers, specialists, and ancillary providers for years, it makes sense that they would seek to integrate urgent care. Benefits to hospitals include:

- Taking market share from competing hospitals
- Decanting overcrowded emergency rooms
- Providing overflow/after-hours coverage for primary care
- Expanding their footprint into new markets without the full expense and certificate of need required to build a new hospital

"For patients, urgent-care centers connected to a health system offer the dual benefit of convenient care and some assurance that they can quickly be transferred to an emergency room or referred to a primary-care doctor or specialist," the Wall Street Journal article points out. "Conversely, hospitals can steer patients in crowded ER waiting rooms to an affiliated urgent-care center nearby if it isn't a true emergency."

Health care functions most efficiently when the capabilities of a medical facility align with the acuity of a patient's condition. When a patient goes to an ER for a minor condition, they are paying for equipment and training intended for trauma and resuscitation that isn't necessary. The average cost of an urgent-care center visit is \$150 compared with \$1,354 for a visit to the emergency room. This causes patients, insurance, employers, and government to incur unnecessary costs.

As we move towards accountable care—the model that partners hospitals with insurance companies to drive improved outcomes in population health—health systems need to ensure patients access to providers across a spectrum of care. This includes urgent care for on-demand treatment of episodic conditions, especially as the push for convenient care access gains momentum across the country.

Dallas-based Christus Health system decided to integrate urgent care last year and partnered with [Velocity Care Urgent Treatment Centers](#), which has four locations in Louisiana and Arkansas. Dr. John Soud, owner of Velocity Care, said there have been no operational changes that patients notice. He's anticipating a benefit of growth potential, by having access to greater capital through the partnership.

"The benefit to patients is getting them out of the ER so they can get treated most effectively and most efficiently for their non-life-threatening problems," Soud said. "And we've been reaching out to primary care doctors in our market so they know we're not here to take patients. We're here to be there for patient when you're not available."

"And on the flip side, it's provided us with some more feet through the door."

Urgent care started as entrepreneurial physicians like Dr. Soud, tired of long hours in the emergency department, deciding to put out their own business shingles. Private equity entered the game and we've since seen some of these entrepreneurial businesses scale into large, multi-state footprints. Given that private equity always cashes out, our expectation is the terminal owners of urgent care centers will be hospitals and health systems.

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