Urgent Care: Where "Health Care" Embraces "Profit"

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If "turning a profit" is the objective of every business venture, why has the concept become so tainted? Especially in the context of health care policy, "profit" is perhaps one of the most misunderstood words in American culture. It's doubtful that most citizens understand why profits are necessary to obtaining the goods and services they need and desire. But without profit to drive the allocation of capital and induce people to work—health care as a service (and pretty much everything else that defines life in America) would cease to exist.

What is Profit and Why Does it Matter to Business?

Urgent care centers are differentiated from other health care providers in that they're generally for-profit businesses owned and/or operated by physician-entrepreneurs. In the dictionary, "entrepreneurship" is defined as *"the process of identifying and starting a business venture, sourcing and organizing the required resources and taking both the risks and rewards associated with the venture."*

The entrepreneur has many reasons for starting a business—to satisfy an unmet need in the community, to achieve personal fulfillment, to create jobs and improve the wellbeing of others—but in the long run, no business will survive if its economic objectives have not been met. Simply stated, the economic objective of any business is to provide a *return on investment.*

When an employee performs a job, he/she expects to be fairly compensated for his/her labor. Thus a "salary" is an expense that a business pays to attract, retain, and motivate employees to work. Over time, if a business doesn't pay its workers or pays them less than they could make elsewhere, they'll leave for better opportunities, customers will become dissatisfied with the level of service provided, and the business will eventually close.

Likewise, when an investor provides capital to build a physical facility, outfit it with furnishings, fixtures, equipment and supplies, and implement technology, policies, procedures and quality assurance programs—he/she is expecting a "salary" to cause his/her capital to continue to "work" in that business versus others. The "salary" of capital investment is "profit."

Accountants define "profit" as the "excess of revenues over expenses in a business" but to the economist, "profit" is the *minimum return* required to maintain capital investment in, and thus survival of, that business.

But Isn't "Profit" Incompatible with the "Right" to Health Care?

That individuals have a fundamental "right" or "entitlement" to health care resonates well with large segments of the population, professors of law and policy, and with many health care providers. After all, what kind of a society would we have if life-enabling technologies, medicines, and skills were withheld from people who could benefit—especially due to money? But viewing health care as a "right" is problematic from the perspective of how health care services get produced.

Fundamentally, there are two types of "rights"—"negative" and "positive." Negative rights provide freedom from the interference of other people—"life, liberty and the pursuit of happiness"—and generally don't impose upon or limit the ability of other people to enjoy the same rights. While society may proclaim that one has "rights" to housing, food, clothing, transportation, education and/or health care—such "rights" do not appear in the Declaration of Independence, the U.S. Constitution, or the Bill of Rights, which are based on "negative rights" or "freedoms."

The opposite of "negative rights" are "positive rights"—entitlements to the labor or property of other people. If someone has a "right" to a meal but doesn't plant, grow or harvest the crops, transport the crops the market, or transform the crops into an edible meal—then necessarily one person's "right" imposes an obligation on someone else to provide for him or her. The problem with positive rights is that they require services be performed involuntarily—compelled by force or threat of legal penalty.

In order for one person to have a "right" to health care, there must be the ability to compel another person to provide for that service. Historically, compulsion has not been the most efficient or just way of assuring that goods and services get produced.

How Profit Enables Urgent Care

Markets exist wherever consumers are allowed to seek the greatest value for their money and investors are allowed to seek profits by providing what consumers want. This interaction of demand and supply creates prices, generates investments, and leads to innovation and progress.

Urgent care is unique in the health care ecosystem in that its growth has been driven by *entrepreneurs* who see a need for convenient, walk-in, extended hours care in their communities. That need may be driven by factors that range from overcrowded hospital emergency departments and a shortage of primary care providers to consumer preferences for hassle-free physician access. For the urgent care owner, operator or provider, profit is essential as an important source of funds for growth—in the development and expansion of facilities and for improvements in the quality and efficiency of services delivered.

Although the average person on the street may not understand the term "profit," he or she would be quite unhappy if the businesses he/she patronizes were to suddenly become unprofitable. Today capital flows on a global scale so if investments were re-directed to more profitable pursuits, the goods and services consumers depend upon would start to deteriorate in quality and reliability. Over time, many goods and services would become unavailable and society would suffer prolonged unemployment and recession from the sustained unprofitability of business.

Conclusion

Although the word "profit" may carry negative connotations to some, Americans actually need for health care providers to be profitable in order to continue delivering the quality of services that patients expect. The urgent care center that is profitable understands what patients need and want, is capable of providing these services at an economically feasible price, and can communicate effectively to potential patients via advertising that the center's offerings match consumer's needs better than other alternatives in the community.