

URGENT CARE

A BOOMING TREND IN HEALTHCARE

By Troy Anderson

At a time when businesses are under pressure by health insurers to seek lower-cost medical options, Tom Gee says, urgent care centers offer a myriad of cost-saving and other benefits.

“Urgent care centers are great for employers,” says Gee, president of the Katy Urgent Care Center in Katy, Texas. “Let’s say an employee cuts a finger. If they have to go to the emergency room, it can take lots of time, and they will be gone for the rest of the day. But if they go to an urgent care center, they can probably be back to work in an hour or an hour and a half. And it’s a lot less expensive too.”

Businesses also can rely on urgent care centers for occupational services, Gee says. When an employee gets injured, the company can contact its insurance company to find out what urgent care center it

can send the employee to. Urgent care centers also offer employment-related physicals—such as those required by fire departments, police departments, and for airline pilots, truck drivers and others—as well as drug testing.

NATIONWIDE GROWTH

With many patients seeking more affordable and easier access to care than what is offered by hospital emergency rooms and primary care physicians, urgent care is experiencing a nationwide boom—filling the gap by providing high-quality medical care at more affordable prices.

The growth of urgent care centers in Texas and across the nation is being driven by a confluence of factors—long waits to get appointments with primary care doctors, overcrowded and expensive hospital emergency rooms where the average wait is four hours, and a growing awareness on the part of the public that they can be treated for non-emergency conditions at an urgent care center quickly and at a reasonable cost.

In the last few years, the number of urgent care centers opening annually nationwide has nearly doubled, rising from 300 to 500 per year, according to the Urgent Care Association of America. Since the mid-1990s, the number of facilities across the country has more than doubled, from 4,000 then to 9,000 today. The Affordable Care Act is expected to further fuel this boom as 30 million newly insured patients begin making their way into the healthcare system.

CONVENIENCE

“We are seeing significant growth in urgent care,” says Alan Ayers, a UCAOA board member and the associate editor of the *Journal of Urgent Care Medicine*. “There are several factors. The biggest factor really is convenience. Consumers like the fact that urgent care centers tend to have extended hours and tend to be in retail locations where people live and work. And [as with] any other

retail operation, consumers like the ability to walk in, see a doctor without an appointment, and get their medical needs taken care of. We see it as a consumer-driven phenomenon.”

The growing popularity of urgent care centers comes as the nation is experiencing a shortage of primary care doctors. Many doctors who graduate from medical school have huge debts to pay and are choosing to become higher-paid medical specialists rather than primary care physicians. As a result, it can take days or weeks to get an appointment with a family practice or internal medicine doctor these days, Ayers says.

“Urgent care meets that need—the ability to get in and get treated,” Ayers says.

Urgent care centers provide walk-in access to adults and children for acute illness and injury care. Urgent care centers may also provide other healthcare services, such as sports and school physicals, travel medicine, and occupational medicine.

Some of the most common conditions treated are fevers, upper respiratory infections, sprains and strains, lacerations, contusions, and back pain. Most centers also treat fractures, can provide IV fluids, and have X-ray and lab processing on site. The centers are typically staffed with physicians and may also have physician assistants, nurses, nurse practitioners, medical assistants, and radiology technicians working with patients.

Urgent care centers typically operate seven days a week (including holidays) and open between 8 and 9 AM, closing between 7 and 9 PM on the weekdays.

LOWER COST THAN AN ER VISIT

The cost for treatment at an urgent care center is usually comparable to that of a primary care visit, but lower than the cost of going to a hospital emergency room. In a recent UCAOA report entitled “The Case for Urgent Care,” the authors noted that, for the same diagnosis, the costs of an urgent care visit and an emergency department visit were, respectively, \$228 versus \$583.

“The cost of an urgent care visit is less than the cost of an ER visit, so it’s a great value for the patient and it’s a great value for the payer—because the payer would prefer that the patient be seen in a more cost-effective environment,” says Jeff Gerlach, the senior vice president of business development and strategic growth at Phoenix, Arizona-based Next-Care Holdings, one of the nation’s largest privately owned providers of urgent care and occupational medical services, with 101 urgent care facilities in Texas, Arizona, Colorado, North Carolina, Ohio, Oklahoma, and Virginia.

SELF-PAY FEE SCHEDULES

Additionally, a growing number of urgent care centers are providing what are called “self-pay fee schedules”: if the patient doesn’t have insurance, the center will reduce the charges if the patient pays promptly.

“Some places call it a ‘prompt-pay discount,’” says Norman Winland, an urgent care consultant and the former CEO for Primacare Medical Centers, which operates 13 urgent care centers in the Dallas-Fort Worth area. “Because these individuals are paying



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in full and don't have insurance, the center will give them a 20 to 30 percent discount off their normal fee. It's very common in the business. It helps the uninsured and kind of entices them to come to the clinics: they know they are going to get a great discount precisely because they don't have insurance.”

URGENT CARE CENTERS FILL A NICHE

Patients are usually seen by a physician, nurse practitioner, or physician assistant within 15 to 45 minutes.

Urgent care centers are usually located in freestanding buildings, and the majority of the centers are independently owned by physicians or groups of physicians. About 25 percent are owned by a hospital system—and most of those are located off the main hospital campus.

Urgent care centers will refer patients to an emergency room if the condition is very serious, to a specialist for follow-up if needed, and back to the patient's regular physician for ongoing care.

The UCAOA suggests that people visit an urgent care center when their condition is beyond the scope or availability of their regular primary care provider but not severe enough to warrant a trip to the emergency room. Urgent care centers are not equipped to treat life-threatening emergencies, nor to provide assistance for labor and delivery.

“The key thing we are trying to get out there is the difference between urgent care and emergency rooms,” Gee says. “A lot of people go to the ER when they don't need to and spend a lot of money they don't have to spend, and as a result their company spends a lot of money they wouldn't have to spend either.”

The growth in the number of urgent care facilities comes as the nation faces issues with access to care, increasing

patient needs, growing demands on the primary and emergency care systems, and rising medical costs. A 2009 study by the National Association of Community Health Centers found that 60 million people lack access to primary medical care, up from 56 million two years prior.

For Americans who do have a regular physician, only 57 percent report having access to same or next-day appointments with that physician, and 63 percent report difficulty getting access to care on nights, weekends, or holidays without going to the emergency room, the authors of the UCAOA report wrote. In 2010, a total of 20 percent of adults waited six days or more to see a doctor when they were sick.

Meanwhile, access to physicians is expected to decline in the years ahead. In 2010, there was a shortage of 45,000 primary care physicians. By 2025, the over-65 population will grow to 80 million, further taxing primary care resources. Additionally, the Affordable Care Act is expected to provide coverage to 32 million people, placing yet greater demands on primary care doctors.

ERS ARE OVERCROWDED

At the same time, most of the nation's emergency departments report that they are operating “at or over” capacity. Emergency-department visits increased at twice the rate of growth of the U.S. population from 1997 to 2007, and nearly two-thirds of emergency departments are now classified as “safety-net hospitals”—defined as providing a “disproportionate share” of services to Medicaid and uninsured patients. Crowding threatens the ability of emergency physicians to provide timely patient care and results in prolonged pain and suffering for patients, the authors of the UCAOA report wrote.

“In a recent survey, two hundred emergency physicians said they knew of a patient who had died because of the practice of ‘boarding’—holding admitted patients in the ED rather than moving them to an inpatient bed,” the authors wrote.

In addition, national and regional studies from 2008 to 2011 found that between 8 and 57 percent of emergency room visits were for non-emergencies. The most recent national study, which used U.S. Centers for Disease Control and Prevention figures, found that 27 percent of emergency room visits were for non-emergencies.

“Emergency rooms are packed with a lot of people who don't need to be in the ER and could get care much more affordably at an urgent care center,” Winland says.

COMPANIES RELY ON URGENT CARE FACILITIES

Experts say that urgent care facilities are not just for individuals; companies are increasingly relying on the facilities for occupational services and to provide healthcare to their employees.

“Many employers who are self-insured are ultimately covering their employees' healthcare costs,” Ayers says. “When an employee chooses to go to the ER if they can't get in to see a doctor, that just adds to the healthcare costs. So the availability of urgent care can help an employer control group costs.”

Also, urgent care can keep people out of the emergency room, Ayers says. “Providing somewhere where employees can get treated prevents things that are really minor from escalating into something more serious and more expensive to treat,” Ayers says. “Urgent care provides early intervention, and that can help save businesses money.”

Dr. Don Dillahunt, the area medical director for Primacare Medical Centers, which operates 13 urgent care centers in the Dallas-Fort Worth area, says urgent care centers are becoming increasingly popular with businesses.

“Most urgent care centers offer occupational healthcare services,” Dillahunt says. “Primacare also offers some workers' compensation services. We really focus on urgent care, family medicine, and occupational medicine.”

Gerlach says urgent care centers are a great option for cost-effective and convenient medical care for their employees.

“So many of the health plans now are self-insured,” Gerlach says. “They may have Blue Cross or Blue Shield as an administrator, but the cost of the employee’s healthcare is being paid by the company. So it’s a nice vehicle to deliver high-quality medical care in a very cost-effective way.”

To utilize these services, Ayers says, most urgent care centers have salespeople or account managers that business owners can call to get more information. “They understand the employer’s needs and document those needs when an employee comes into the center,” Ayers says. “They can refer to the employer’s file and know what the employer’s instructions are for caring and billing for a specific patient.”

Gerlach says NextCare Holdings has invested quite a bit of money into its website to ensure that it’s easy for companies and patients to get the services they need.



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“We try to create a seamless means of accessing our clinics,” Gerlach says. “We try to make it easy for the patient to find a location that is close to them. They can check in online, which will minimize the wait time in the lobby. The goal is to create a great experience, and wait times are one of the most important factors of that experience.”

Urgent care centers are perfect for the occupational-medicine needs of businesses, Winland says. Most on-the-job injuries can be handled in an urgent care center.

“It’s convenient, and you get people in and out in a timely manner,” Winland says. The company can communicate its needs to an urgent care organization or a doctor at the clinic, and even the center manager. I think that gives them better outcomes for the patient and serves the needs of the company more efficiently.

“This is especially true at manufacturing plants. They have big posters up that say, ‘300 days without a loss-time injury.’ They want this good relationship with a doctor so they can help control the employee’s care. They don’t want employees taking off work just willy-nilly.”

Dillahunty says urgent care centers fill a growing niche in the medical marketplace.

“The demand from the public for these facilities is there,” Dillahunty says. “They are far less expensive than ERs, and they do have week-night and weekend availability to see a physician or a provider at a time and place that is convenient to the public.”

INVESTMENT OPPORTUNITY

In terms of urgent care centers as an investment opportunity, Ayers says entrepreneurs are attracted by the potential for growth. “When you look at other industries, like retail and services, those are really becoming somewhat mature in the U.S.,” Ayers says. “There is a

lot of competition, and the margins aren't as good as they used to be. When people are looking for opportunities, businesses are really attracted to growth."

In terms of demographics and the future of healthcare, Ayers says the trends are favorable too.

"We have an aging population of baby boomers," Ayers says. "That population is going to have more complex health problems. The population is sicker than it used to be, meaning we have more chronic diseases, such as diabetes, related to obesity and other issues. With the shortage of primary care physicians, we are seeing an increased demand for healthcare, but a decreased supply of doctors."

But Gerlach says profit margins in the urgent care business can be thin, along with the net revenue per patient. "The result is, if you don't have best practices in terms of operational management, it doesn't take too much to go wrong for you to have a non-profitable clinic, even if the volumes are okay," Gerlach says. "We say this is a pretty simple business with 1,000 moving parts—with labor being the most expensive component. You really have to have a sophisticated means of managing and deploying labor so that you can be effective with those costs."

TEXAS GROWTH

Regarding the projected growth of urgent care in Texas compared to other parts of the nation, Dillahunty notes, the Dallas and Fort Worth area was "one of the pioneers in the urgent care industry, although now you have urgent care centers coast to coast."

"Historically, urgent care has been more of a Sunbelt and Midwestern phenomenon," Ayers says. "It has been in Texas for some time. We are now seeing urgent care facilities throughout the rest of the country. The most rapid growth of urgent care now is in areas like the Northeast, where urgent care had little presence historically."

But even in the Dallas, Fort Worth, and Houston areas, Ayers says he's seeing existing providers continuing to add locations.

"Some of that is just a function of population growth," Ayers says. "As

more people continue to move to Texas, there is greater demand. A lot of that is driven by entrepreneurs. You have healthcare entrepreneurs who see a business opportunity with urgent care and start their own urgent care businesses. The entrepreneur is probably, right now, the biggest engine of urgent care growth." **N**

An award-winning journalist at the Los Angeles Daily News, the Press-Enterprise and other newspapers for 20 years, Troy Anderson writes for Reuters, Newsmax, Christianity Today, Bankrate Insurance and many other magazines and online publications. He lives in southern California. For more information, visit www.troyandersonwriter.com.