



**2016**  
**NASHVILLE**

Urgent Care  
Fall Conference

## Urgent Care Fall Conference

Innovation. Integration. Inclusion.

September 29 – October 1, 2016

Jointly provided by:



Urgent Care<sup>®</sup>  
Association  
of America



# Urgent Care Site Selection

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# Disclosure

## Urgent Care Fall Conference

- **September 2016**

Alan A. Ayers, MBA, MAcc

- **Disclosure of Relevant Financial Relationships**

- I have financial relationships to disclose:

- Practice Velocity; Salary

- **Disclosure of Off-Label and/or investigative Uses**

- I will not discuss off label use and/or investigational use in my presentation.



# Objectives

At the conclusion of this session, participants should be able to:

- Explain the factors that drive urgent care volume including trade area make-up, physical real estate characteristics, and operational delivery as well as volume-limiting factors like marketing, payer contracts, and competition.
- Identify the pros and cons of various types of space including medical office buildings, freestanding/street-facing, shopping center end-cap, and in-line retail.
- Perform an analysis of build-out of existing space versus build-to-suit and owning versus leasing.
- Avoid common site selection pitfalls leading to urgent care failure such as insufficient density, poor visibility, and overspending on build-out.
- Leverage the physical location of the urgent care center as a marketing tool.



# Urgent Care

Retail-oriented delivery channel for low-acuity medical services differentiated from the ED and primary care by:

- High-traffic, high visibility locations
- Extended evening and weekend hours
- Walk-in, on-demand convenience
- Short waits with rapid throughput
- Lower cost than the ED
- Customer service emphasis





# Saturation of Major Markets

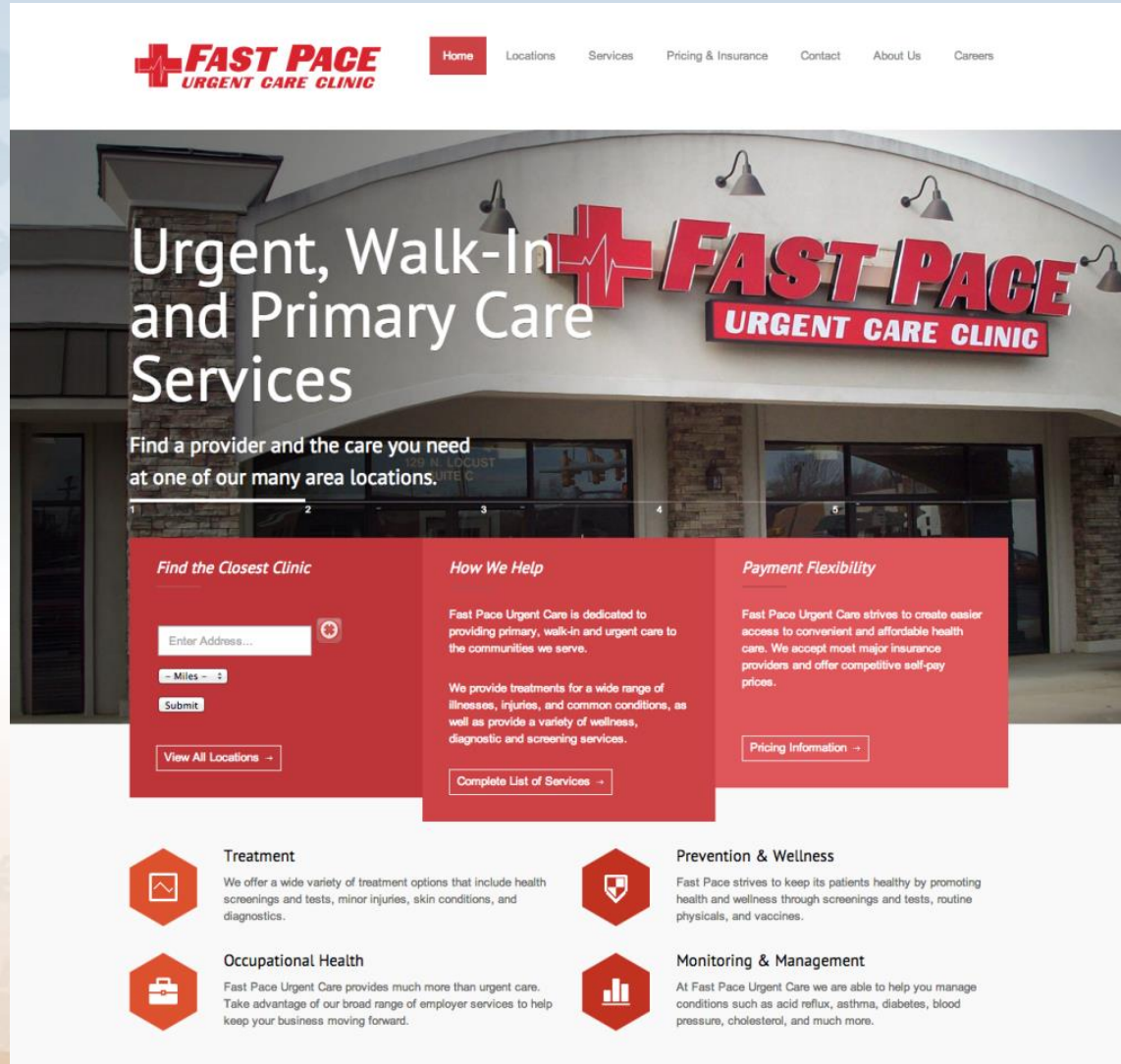


**Charleston, SC Population: 127,000 (664,000 in MSA)**  
**Number of Urgent Care Centers: 44**





# Fast Pace: Focus on Rural Markets



The screenshot shows the Fast Pace Urgent Care Clinic website. The header features the clinic's logo and a navigation menu with links to Home, Locations, Services, Pricing & Insurance, Contact, About Us, and Careers. The main banner displays the text "Urgent, Walk-In and Primary Care Services" over a background image of a clinic building. Below the banner, there are three red boxes: "Find the Closest Clinic" with an address search bar and a "View All Locations" button; "How We Help" with text about the clinic's dedication to primary, walk-in, and urgent care, and a "Complete List of Services" button; and "Payment Flexibility" with text about easier access to care and a "Pricing Information" button. At the bottom, there are four sections: "Treatment" (health screenings, minor injuries, skin conditions, and diagnostics), "Prevention & Wellness" (keeping patients healthy through screenings, tests, routine physicals, and vaccines), "Occupational Health" (providing more than urgent care, including employer services), and "Monitoring & Management" (helping manage conditions like acid reflux, asthma, diabetes, blood pressure, cholesterol, and more).

**FAST PACE**  
URGENT CARE CLINIC

Home Locations Services Pricing & Insurance Contact About Us Careers

## Urgent, Walk-In and Primary Care Services

Find a provider and the care you need at one of our many area locations.

**Find the Closest Clinic**

Enter Address...

Miles

Submit

View All Locations →

**How We Help**

Fast Pace Urgent Care is dedicated to providing primary, walk-in and urgent care to the communities we serve.

We provide treatments for a wide range of illnesses, injuries, and common conditions, as well as provide a variety of wellness, diagnostic and screening services.

Complete List of Services →

**Payment Flexibility**

Fast Pace Urgent Care strives to create easier access to convenient and affordable health care. We accept most major insurance providers and offer competitive self-pay prices.

Pricing Information →

**Treatment**

We offer a wide variety of treatment options that include health screenings and tests, minor injuries, skin conditions, and diagnostics.

**Prevention & Wellness**

Fast Pace strives to keep its patients healthy by promoting health and wellness through screenings and tests, routine physicals, and vaccines.

**Occupational Health**

Fast Pace Urgent Care provides much more than urgent care. Take advantage of our broad range of employer services to help keep your business moving forward.

**Monitoring & Management**

At Fast Pace Urgent Care we are able to help you manage conditions such as acid reflux, asthma, diabetes, blood pressure, cholesterol, and much more.



**Tweeting? Use**  
#UCAOA16 / @UCAOA

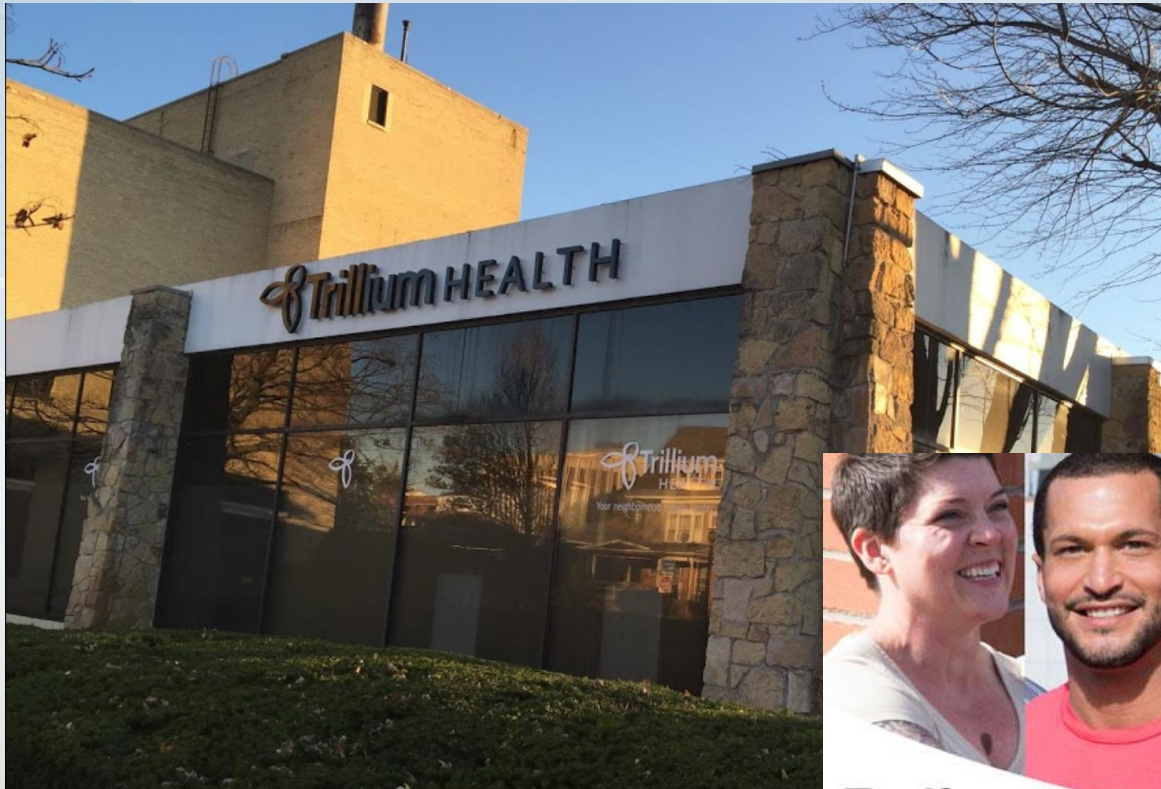
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# Trillium Health: Urgent Care Door to the Community



Different,  
Together.

We are intentionally **different**, caring for your health **together**.  
For over 30 years we've provided primary care services to our patients. And now it's time we cared for you.

 **Trillium HEALTH**  
Your neighborhood health center



# Site Selection Factors







# Forecasting Model Components

- Households or Establishments
- Population or Employees
- Demographics or SIC Codes
- Propensity to Utilize Services

- Retail Adjacencies/Draw
- Signage Visibility
- Traffic Counts/Accessibility
- Aesthetics

- Operating Hours
- Medical Providers/Training
- Equipment/Capabilities
- Customer Service

**Density:  
Trade Area Factors**

**Site:  
Real Estate Factors**

**Operations:  
Delivery Factors**

**Marketing:  
Limiting Factors**

**Volume Projection**





# Trade Area Drivers of Urgent Care Volume

- Density of Households and Businesses
  - Total count within 3-5 miles or 12-15 minutes.
  - Trade area size/configuration varies by market.
- Demographics of Households and Businesses
  - Consumers who match the profile of conventional urgent care users.
    - Household income, family demographics
  - Employees in industries who require occupational medicine services.
    - Regulatory/compliance needs, injury rates



# Consumer Urgent Care Demographics



**Married Couple with Children Present**



**College Graduate Age 35-54**



**Owner-occupied Single Family Housing**



**Growing Suburbs of Major Metro Areas**



**Employer-Provided Health Insurance**



**Household Income \$50,000 to \$100,000**





# High-Utilization SIC Codes for Occupational Medicine







# Urgent Care Retail Adjacencies



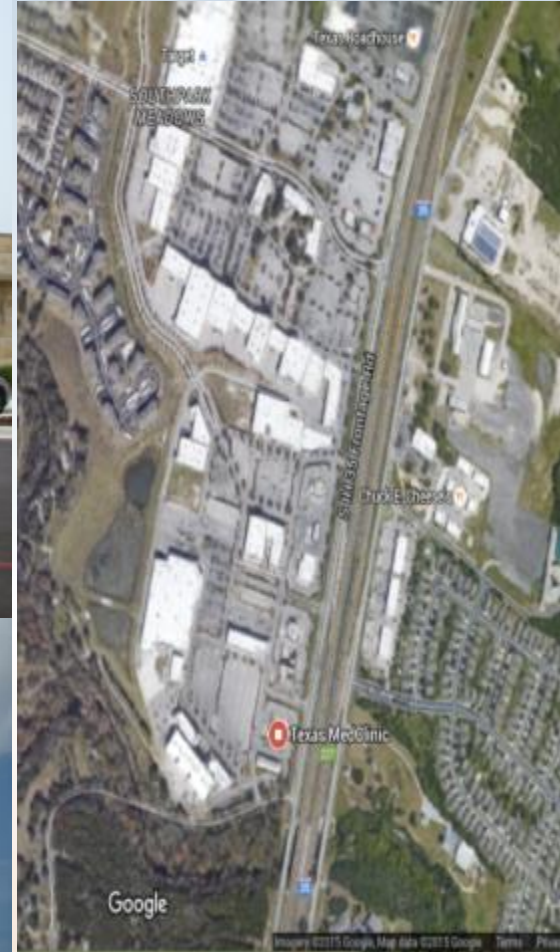


## Urgent Care Retail Adjacencies, cont'd.





# Traffic Counts and Signage Visibility





# Center Aesthetics



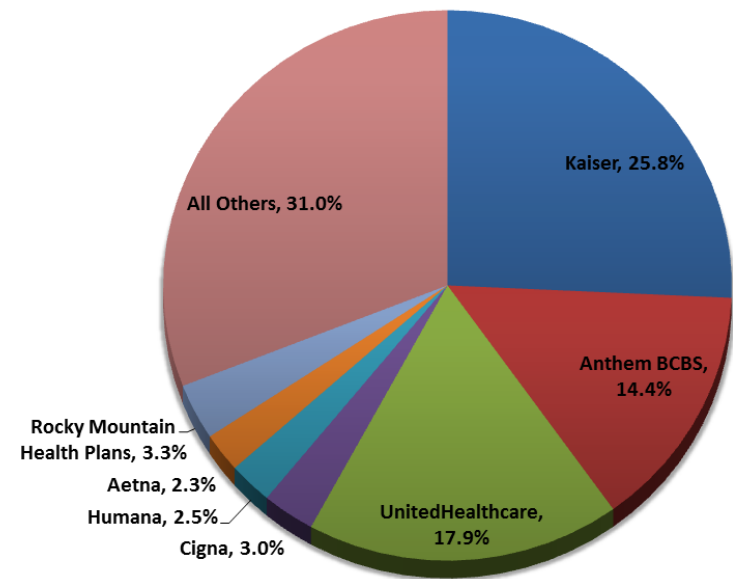




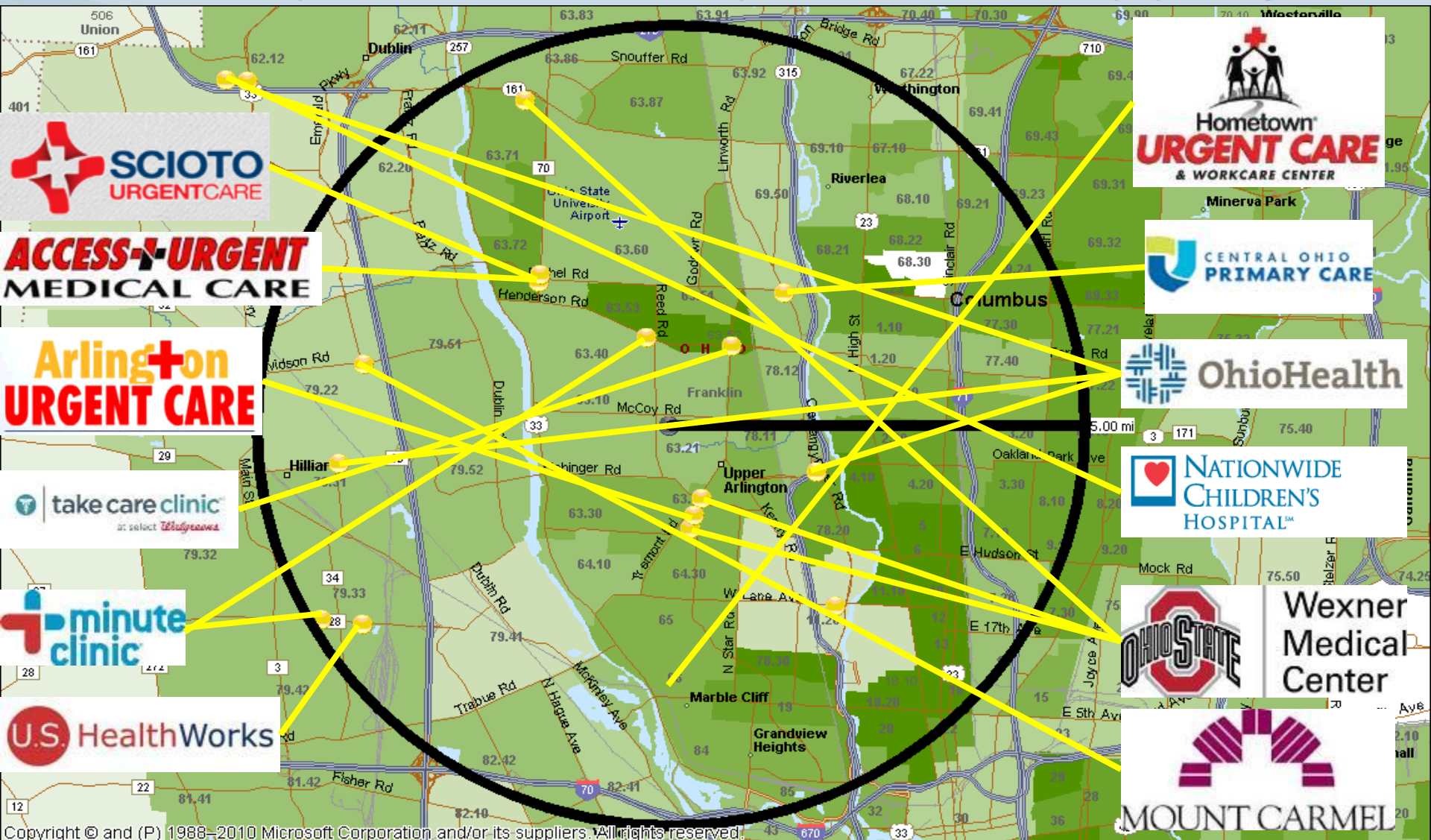
# Payer Penetration



**Colorado Insurance Market Share**



# Competition: Analysis and Mapping





# Natural and Psychological Barriers

- Political Boundaries (City/County/School District Lines)
- Retail Trade Areas
- Socio-demographic Changes
  - Gentrification
  - Economic and Ethnic Segregation
- Major Freeways, Cross-Streets
- Traffic and Commuting Patterns
- Construction/Changes to Traffic/Commuting Patterns
- Lakes/Rivers, Mountains, Parks, Cemeteries, Golf Courses, etc.



# Signage Visibility





## Critical Success Factor: Signage Visibility

- Building/street signage has the same advertising impact as a billboard
- Center's name should include "urgent care" or clearly connote services provided
- Good signage boosts return of all other marketing investments





# Signage Should be Simple, Clear and Relevant







Urgent Care<sup>®</sup>  
Association  
of America



# Optimize Space on Monuments and Poles



Tweeting? Use  
#UCAOA16 / @UCAOA



# Day and Night; Street and Sidewalk







# Marketing Value of Center Signage





# Signage Visibility Enhancements







# Municipal Directional Signage



# Benchmarks: Clinic Attributes

- Average Square Footage: 3,700
- Average Exam/Procedure Rooms: 7/2
- 80% suburban
- 34% within a shopping center
- 34% freestanding buildings
- 19% medical office buildings

*Source: Urgent Care Association of America, 2015 Benchmarking Study*





# Benchmarks: Location Type and Rents

## Common Occupancy Costs:

Rent	\$18-24/sq. ft.
CAM (Common Area Maintenance)	\$4-8/sq. ft.
Build-out Cost	\$70-90/sq. ft.

## High Rents Don't Raise the Bar Significantly in Terms of Visits:

If the total area leased is 3,200 sq ft, the daily cost would be:

@ \$20 per sq ft rent cost = \$177 per day or 1.47 patients per day

@ \$25 per sq ft rent cost = \$222 per day or 1.85 patients per day

@ \$30 per sq ft rent cost = \$266 per day or 2.21 patients per day

@ \$35 per sq ft rent cost = \$311 per day or 2.59 patients per day

@ \$40 per sq ft rent cost = \$355 per day or 2.96 patients per day

based on a \$120 reimbursement





# Retail Center: Outlot Building

## Cons:

Project timeline

Requires available pad site

Excess square footage, sub-leasing

High cost of build-to-suit

High ongoing maintenance cost



## Pros:

Visual separation from co-tenants

High visibility of building signage

Building as a "brand" attribute





# Retail Center: In-Line Strip



## Pros:

- Parking lot visibility
- Cross-traffic from adjacent retailers
- Shell easy to demise and build-out

## Cons:

- Parking limitations w/other businesses
- Signage visibility from street
- Medical use exceptions







# Retail Center: Endcap

Advantages of a freestanding building without the cost.







# Medical/Dental Professional Building

**Pros:** Cross-referrals to/from other providers, patient traffic, perception of “medical hub”

**Cons:** Parking issues (time of day, close-in), limited signage, branding/service restrictions





# Ideal Size/Positioning: Hollywood Video





# Bank Branches





# Common Reasons for Center Failure

- Overhead too high due to rental rates, excessive square footage, excessive “nets,” or depreciation on excessive build-out expenses
  - Unlike a hotel or apartment, reimbursement (fee schedule) does not adjust based on real estate
  - Excess costs deplete working capital before break-even is achieved
  - High overhead costs will erode center margin more than it will draw additional patients
  - Center may never be highly profitable





# Common Reasons for Center Failure, cont'd.

- Picking the wrong location
  - Competition
  - Insufficient population density
  - Wrong demographics
  - Visibility/traffic is insufficient to raise awareness





# Business Case Considerations





# Rent vs. Buy and Shell vs. Build-to-Suit





# Leasing vs. Buying: Leasing

- Triple Net similar expense structure to ownership
  - Maintenance
  - Utilities
  - Taxes
- Tenant improvement allowance offsets capital needs
- Terms of lease agreement
  - Base rent and escalators
  - TI allowance
  - Terms and renewal options
  - Assignment
  - Improvements (lighting, parking signage)
  - Rights of first refusal



# Leasing vs. Buying: Buying

- Greater capital needs to finance entire project
- Business opportunity for providers or management
- Ongoing maintenance and operating costs
- Capital appreciation
- Tax advantages (depreciation, business expenses)
- Resale value
- Control tenant mix
- Permitting and zoning issues
- Time consuming



# Business Plan Data Points

- Operational Factors:
  - Services Offered
  - Hours of Coverage
  - Provider Staffing
- Consumer Demographics:
  - Population Density
  - Population Growth Rates
  - Average Household Income
  - Family Households w/Children Present
  - Cross-Correlation of Other Factors
- Employment:
  - Employee Density by SIC Code
  - Distribution of Business Size
  - Municipal Accounts
- Traffic Counts (Flow and Drive Time)
- Retail Draw (Retail/Restaurant Adjacencies)
- Insurance / Payer Network Providers and Covered Lives
- Distance to Other Medical Providers
  - Urgent Care Centers
  - Primary Care Offices
  - Specialist Offices
  - Retail Health Clinics
  - Hospital and Freestanding
  - Emergency Rooms
  - Imaging Centers and Labs
- Available Real Estate
  - Visibility & Access
  - Parking
  - Co-Tenants
  - Pad Site vs. Existing Building
  - Buying or Leasing





# Sources of Information

- Google
- State Dept. of Transportation
- City Engineering/Streets Dept.
- Chamber of Commerce
- US Census Bureau
- Mapping Software
- Managed Care Organizations
- Banker
- Attorney
- Accountant
- Architect
- General Contractor



# Contact Information

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# Appendix







# Urban Storefront



## Pros:

- Good visibility
- Car and/or foot traffic
- Business and residential adjacencies

## Cons:

- Parking issues
- Size limitations
- Night/weekend volume



# Low-Rise Business Park, Industrial Flex-Type Space

## Pros:

- Lower rents
- Employment base for occ med

## Cons:

- Lower traffic counts
- Absence of urgent care demographics
- Absence of retail draw
- Lower-tier aesthetics





# Second Floor Space



Accessibility  
issues for injured  
patients.

Signage visibility  
challenges.







# Restaurants



Great visibility and ample parking, but expensive demolition of bar and kitchen areas and excessive square footage (w/CAM) at retail rates.



# Lifestyle Center



Designed for  
entertainment and  
residential.

Parking issues.

Lack of signage  
visibility from outside  
the complex.

High retail rents.



# Office Condominiums







# High Vacancy Rates; Empty Box Stores



No catalyst for change.

Limited traffic; poor brand perceptions.

It could be a long time before vacancies are occupied or demolished.



No control over future co-tenants (i.e. flea market, dollar store, night club, etc.).





# First Mover in a New Development

Insufficient population density to support business model.  
Inability to sustain operating losses while area grows to critical mass.

