Infinite Opportunities

UCAOA URGENT CARE FALL CONFERENCE

October 26-28, 2017 ■ Anaheim, CA

The Next Ten Years: Positioning Your Center for Ongoing Success in Increasingly Competitive Markets

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Urgent Care is "retail" and "retail is detail"

- Convenient, high visibility, high traffic locations
- Weekend, evening and holiday hours
- Walk-in, no appointment, on-demand care
- Customer service emphasis

Threat: Overcrowding of Affluent Suburban Markets

- Urgent care is a “retail delivery channel” for medical services
- Retail chases “rooftops” and “money”
- Just as retail clusters in the affluent suburbs of major cities, so has urgent care
- The result in some communities is an “over-saturation” of urgent care centers for the population
- An analytics-based approach to site selection can identify underserved areas

Opportunity: Rural and Secondary Markets

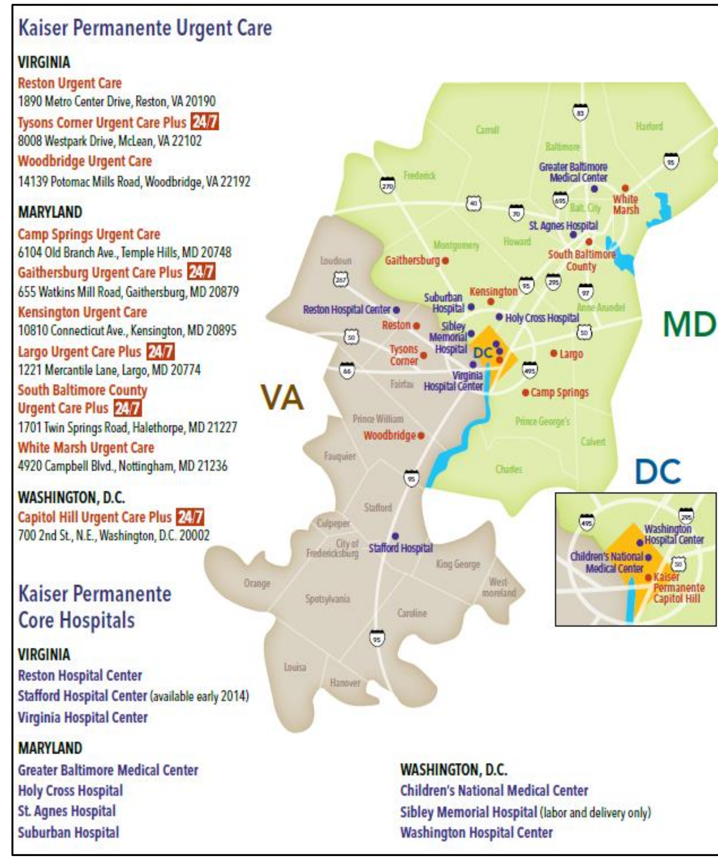
- Urban and rural areas remain historically underserved by urgent care
- Little to no competition – communities welcome the services
- Pull from a wider geographic catchment (up to 30 miles)
- Adapt the delivery model including PA/NP staffing and integration of primary care

Threat: Insurance Case Rate

- Urgent care started with emergency medicine physicians performing a mix of procedures, appropriately paid by fee-for-service
- Case rate offered a flat rate ($125-$165) for all services provided in the urgent care, regardless of acuity
- Urgent care adapted its business model including shift to Family Medicine, PAs/NPs, and greater focus on head/chest conditions
- The result has been a degradation of acuity for urgent care

Opportunity: High Acuity Urgent Care

Taking insurance out of the equation and focusing total health expenditures, the value of urgent care becomes ER diversion, thus leading to a higher acuity of services.



Threat: On-Demand Primary Care

- Walk-in, extended hours services contracted as primary care
- Lower co-pay and lower total visit cost than urgent care
- Maintains patients within the medical group
- Creates confusion for patients and payers

Opportunity: Lead with Urgent Care

- Primary care is largely for children, the elderly, and those with chronic/longitudinal conditions
- Urgent care appeals to working age families with children in the home, who place a premium on their time
- Urgent care can be used to capture a high quality panel of primary care patients
- Co-pay and pricing differential for primary care patients overflowing into urgent care
- For dual models, clear policies, processes and work rules must be established (i.e. primary care is wellness, chronic and scheduled; urgent care is episodic walk-in)

Threat: Sea of Sameness

- Consumers generally view all urgent care centers as “equal”
- Few centers have established differentiated brands

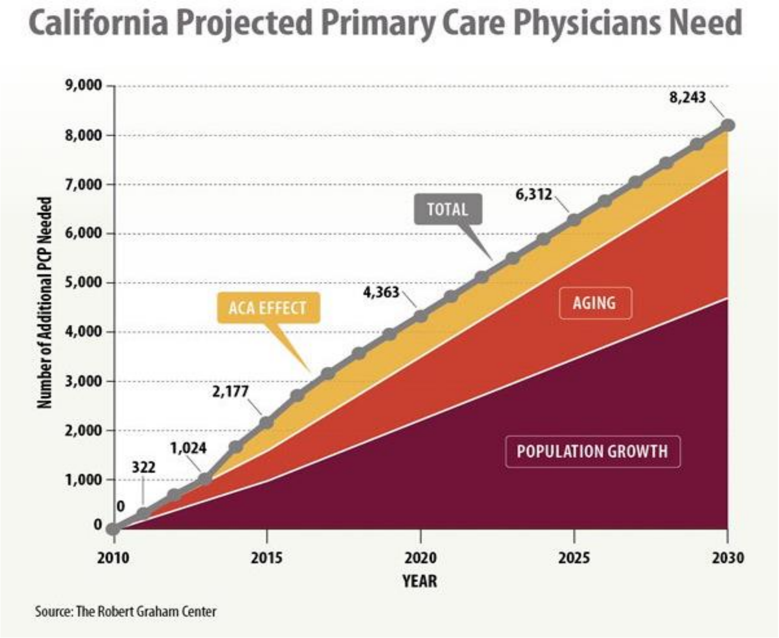
Differentiation in Retail and Services Industries

Opportunity: 360-degree Brand Differentiation

Zoom +: Portland, Oregon

- Intense understanding of the local target consumer
- Integrated health services built upon an urgent care delivery platform

Threat: Shortage of Qualified Providers



By 2025, the nation will require 916,000 physicians, a shortage of 130,600 over the projected supply of 785,400

Opportunity: Functional Shifting/New Staffing Models

Threat: Accountable Care

- Narrow networks with out-of-network penalties
- Primary care medical home gatekeeper HMO
- "At risk" with integrated medical groups
- Pre-authorization, referral often required for urgent care
- Most traction in the Medicare/Medicaid space

Opportunity: Integration w/Community Health Resources

Referral Sources
• Primary care physicians • Medical specialists • Retail health clinics • Hospital emergency departments • Employer on-site clinics • Student health services • Ambulance/EMS services • Public health departments • Pharmacies

Downstream Providers

• Diagnostic imaging
• Laboratory
• Primary care offices
  ○ Family practice
  ○ Internal medicine
  ○ Pediatrics
• Medical specialists
  ○ OB/GYN
  ○ Dermatology
  ○ Podiatry
  ○ Physiatry
• General and specialized surgery
• Hospital emergency departments
• Physical therapy/rehabilitation
• Pharmacies
• Durable medical equipment

Threat: Hospital Growth in Urgent Care

- Hospital and health systems want a community brand presence and downstream revenues
- Growth is often curbed by internal politics (i.e. non-competition w/primary care, ER groups) and lack of understanding of the retail model
- Contracting is at the system level; urgent care profitability is immaterial
- Applying an inpatient patient care model (i.e. rigid work rules, compliance requirements) to an outpatient setting results in inefficiency and high costs

Opportunity: Partnership Models

- Contractual Affiliations
- Management Agreements
- Equity Joint Ventures

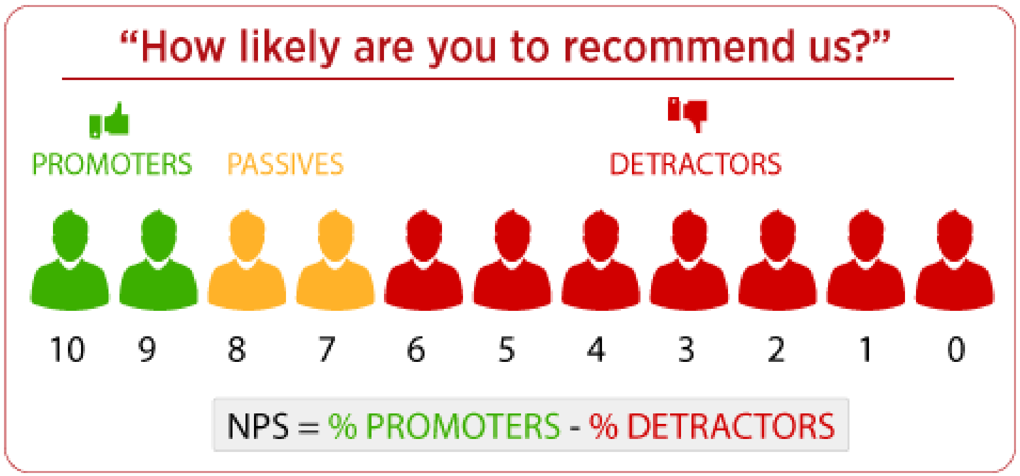
Threat: Consumer Dissatisfaction w/Health Care

Why is your collections agency harassing me? You took my insurance. I owe you nothing…

I asked for a z-pak; she said it was a virus and I'd just have to get over it. I can't afford any more time off work. What a waste of a co-pay!

I worked all day to pay his fee and he couldn't take five minutes for my daughter…

Opportunity: Becoming the Provider of First Choice



COSTCO WHOLESALE USAA Walgreens verizon MARRIOTT

- Consumer-centric delivery model
- Process and systems driven operating model
- Team approach to patient service
- Leverage innate "caring" (desire to help people) of those working in health care
- Metrics-driven management
- Engagement around key performance indicators, including Net Promoter Score

Net Promoter Score is the number one determinant of sustainable revenue growth.

Differentiation Encompasses Product, Service, and Experience

What Patients Want and Expect

Focus on Throughput: Practicing Urgent Care Medicine,
Maximizing Provider Efficiency, Reducing Non-Value Added Activities

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