



Urgent Care Site Selection

Alan A. Ayers, MBA, MAcc

Vice President, Concentra Urgent Care

Content Advisor and Board of Directors, Urgent Care Association of America

Associate Editor, *The Journal of Urgent Care Medicine*

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Jointly Sponsored by:



URGENT CARE
COLLEGE OF PHYSICIANS
Inspiring Excellence, Advancing the Specialty

Disclosure Information

National Urgent Care Convention

March, 2104

Alan Ayers

- **Disclosure of Relevant Financial Relationships**
 - I have no financial relationships to disclose.
- **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.

SITE SELECTION FACTORS

National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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**

- Payer Penetration
- Competition
- Marketing Budget

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

Member ID

HUMANA.
Guidance when you need it most
www.humana.com

PPO

Subscriber: JOHN Q SAMPLEMEMBER	Coverage Type: ECH	
Group Name: SAMPLEGROUP	Group ID: 123456	
Member ID: 555550667	Member Name: JOHN Q SAMPLEMEMBER	Effective Date: 01/01/2006
555550667	02 JANE B SAMPLEMEMBER	01/01/2006
555550667	04 JAKE C SAMPLEMEMBER	01/01/2006
555550667	05 WILLIS R SAMPLEMEMBER	01/01/2006

OK Visit Co-pay	ER Co-pay	Pharmacy Benefit
\$0	\$10	\$5/\$10/\$40/00%

Pharmacists: 1-800-865-8715
AND: BIN # 610649
PCN # 00190000

Employer-Provided Health Insurance



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

High-Utilization SIC Codes for Occupational Medicine



National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Consumer Demographics Scorecard



Market Profile

6340 N Beach St, Haltom City, TX, 76137
Rings: 1, 3, 5 mile radii

Latitude: 32.85859
Longitude: -97.28982

	1 mile	3 miles	5 miles
Population Summary			
2000 Total Population	14,948	75,485	179,390
2000 Group Quarters	6	782	2,008
2010 Total Population	17,740	103,101	250,096
2015 Total Population	19,458	116,041	280,507
2010-2015 Annual Rate	1.87%	2.39%	2.32%
Household Summary			
2000 Households	5,581	26,378	61,989
2000 Average Household Size	2.68	2.83	2.86
2010 Households	6,615	35,719	86,345

DEMOGRAPHICS*	1 MILE	3 MILE	5 MILE
Population:	17,740	103,101	250,096
Avg. H.H. Income:	\$76,035	\$80,656	\$77,737
Daytime Population:	3,636	29,205	75,170
Median Age:	32.1	32.5	33
% White Collar:	71.1%	65.2%	62.6%

vacant housing units	5.3%	4.0%	3.8%
2010 Housing Units	7,056	37,795	91,631
Owner Occupied Housing Units	51.7%	66.9%	66.5%
Renter Occupied Housing Units	42.0%	27.6%	27.7%
Vacant Housing Units	6.3%	5.5%	5.8%
2015 Housing Units	7,796	42,669	103,091
Owner Occupied Housing Units	50.8%	66.7%	66.5%
Renter Occupied Housing Units	42.7%	27.6%	27.5%
Vacant Housing Units	6.6%	5.7%	6.0%
Median Household Income			
2000	\$54,659	\$55,751	\$52,236
2010	\$67,308	\$71,396	\$68,192
2015	\$75,138	\$78,376	\$76,797
Median Home Value			
2000	\$92,568	\$87,739	\$84,150
2010	\$115,117	\$114,516	\$113,315
2015	\$131,938	\$131,617	\$131,053
Per Capita Income			
2000	\$23,699	\$22,315	\$21,529
2010	\$29,333	\$28,115	\$26,954
2015	\$32,356	\$30,925	\$29,752
Median Age			
2000	30.3	31.2	32.0
2010	32.1	32.5	33.0
2015	32.3	32.6	33.0

Benchmarks:

3-Mile Population Density:

- High: >85,000
- Medium: 45,000 to 85,000
- Low: <45,000

3-Mile Median Household Income:

- High: >\$70,000
- Medium: \$55K to \$70K
- Low: <\$55,000

Also consider distribution of income levels.

Married Households w/Children:

- High: >25%
- Medium: 20 to 25%
- Low: <20

Also consider percent of households age 65+ and percent of unmarried female households w/children present.

Nati

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Urgent Care Retail Adjacencies



National Urgent Care
March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Urgent Care Retail Adjacencies, cont'd.



National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Traffic Counts and Signage Visibility



National Urgent Care
March 17-20, 2014
Paris Las Vegas Hotel &
Las Vegas, Nevada



Center Aesthetics



Nation
March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

 Urgent Care
Association
of America

Real Estate Factors Scorecard

Traffic Counts:

- High: >50,000
- Medium: 20,000 to 50,000
- Low: <20,000

Retail Adjacencies:

- High: >3: Kohls, PetSmart, Target, Lowes, BestBuy (or comparable)
- Medium: Chain Supermarket, Big Box Store
- Low: Street Draw, Convenience Services

Signage Visibility:

- High: Building and Monument/Pylon Highly Visible from Both Directions, Day and Night
- Medium: Building and Monument/Pylon Visible Upon Approach
- Low: Small Sign, Signage Obstructed or Not Noticeable from Street

Payer Penetration

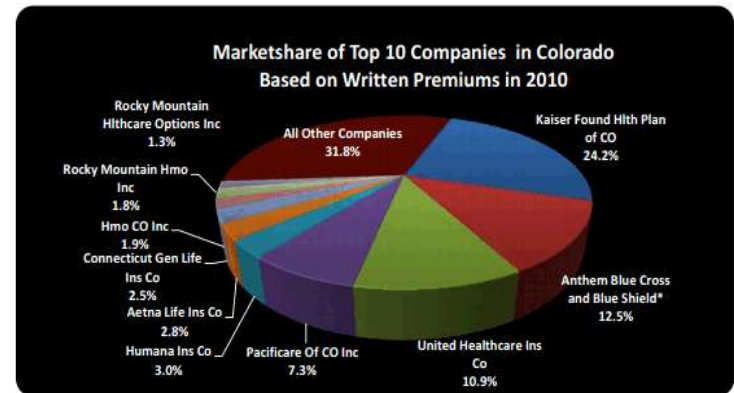


Figure 9: Marketshare of Top 10 Companies in Colorado Based on Written Premiums in 2010

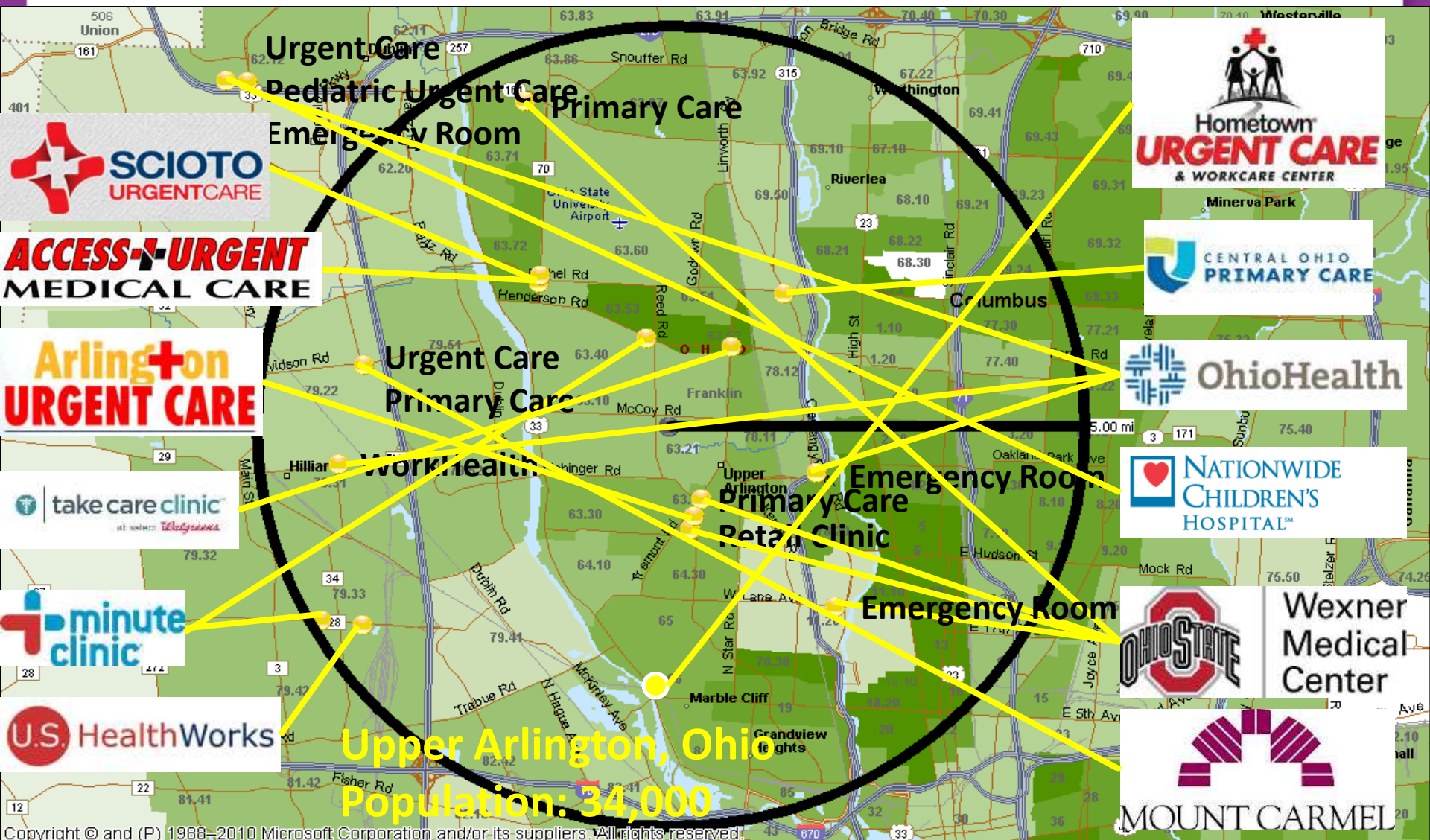
Company	2010 Written Premiums	2010 % of Market Share
Kaiser Found Health Plan of CO	2,404,286	24.2%
Anthem Blue Cross and Blue Shield*	1,240,068	12.5%
UnitedHealthcare Ins Co	1,084,157	10.9%
Pacificare Of CO Inc.	727,762	7.3%
Humana Ins Co	299,981	3.0%
Aetna Life Ins Co	274,023	2.8%
Connecticut Gen Life Ins Co	249,833	2.5%
HMO CO Inc.	187,936	1.9%
Rocky Mountain HMO Inc	177,882	1.8%
Rocky Mountain Healthcare Options Inc.	130,364	1.3%
All Other Companies	3,148,830	31.8%
Total	9,925,122	100.0%

Table 18: Market Share of the Top 10 Health Carriers in Colorado¹²

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

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

National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Critical Success Factor: Signage Visibility

- Same ad impact as a billboard
- Should include “urgent care” or connote services
- Boosts return of all other marketing investments



Signage Should be Simple, Clear and Relevant



Signage Should be Visible Both Day and Night



March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Optimize Space on Monuments and Poles



National Urgent Care Convention
March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Consider Visibility from All Angles



National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Day and Night; Street and Sidewalk



National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Marketing Value of Center Signage



National
March 17-20,
Paris Las Vegas
Las Vegas, N

ent Care
ociation
merica

Signage Visibility Enhancements



National Urgent Care Convention
March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Municipal Directional Signage



TYPES OF AVAILABLE REAL ESTATE

National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



Benchmarks: Location Type and Rents

Occupancy Costs:

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

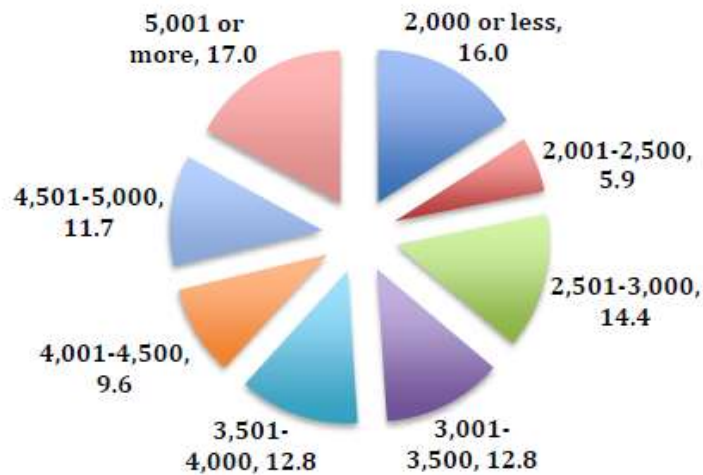
Location Type	2012
Freestanding	36.9
Within Medical Office Building	30.0
Within Shopping Center/Strip Mall	19.4
Within Mixed Use Building	13.4

Source: Urgent Care Association of America, 2012 Benchmarking Study

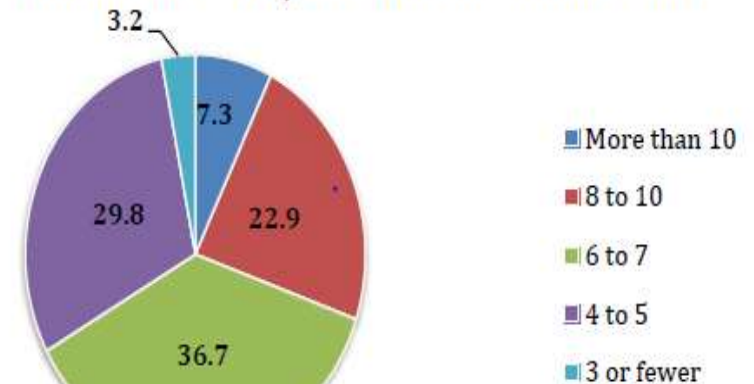
Benchmarks: Clinic Attributes

- Average of 3,800 sq. ft.
- 6-7 Exam Rooms

Square footage urgent care only



Number of Exam/Treatment Rooms 2011



Source: Urgent Care Association of America, 2012 Benchmarking Study

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Retail Center: In-Line Strip



Cons:

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



Pros:

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

National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino

Las Vegas, Nevada

Retail Center: Endcap



Advantages of a freestanding building without the cost.

National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Urban Storefront



Pros:

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

Cons:

- Parking issues
- Size limitations
- Night/weekend volume

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

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



March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Medical Office Building



National U
March 17-20, 2
Paris Las Vega
Las Vegas, Nevada



Urgent Care
Association
of America

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

Ideal Size/Positioning: Hollywood Video



National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



RED FLAGS: WHAT TO LOOK OUT FOR

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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

Second Floor Space



Accessibility issues for injured patients.

Signage visibility challenges.

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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 residences.

Parking issues.

Lack of signage visibility from outside the complex.

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada

Office Condominiums



Not Retail—Signage/Visibility Issues

National Urgent Care Convention

March 17-20, 2014

Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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.



National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



BUSINESS CASE CONSIDERATIONS

National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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



National Urgent Care Convention

March 17-20, 2014
Paris Las Vegas Hotel & Casino
Las Vegas, Nevada



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
- No equity in building
- Little control over co-tenancy
- Hurdles with landlord for maintenance/improvements
- Captive to landlord at renewal

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



Alan A. Ayers, MBA, MAcc

Dallas, Texas

alanayers1@gmail.com

www.alanayersurgentcare.com