

## The Best Season to Open an Urgent Care Center and Mitigating the Risks of a January Grand Opening

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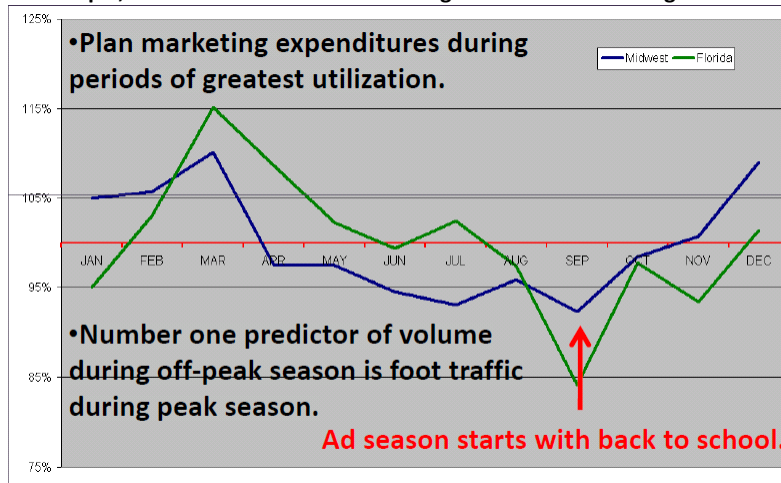
When is the best time of year to open a new urgent care center? Many people presume January—the start of a new fiscal and tax year seems most logical to sign a lease and embark on a new business venture. However, an understanding of urgent care seasonality indicates that a January opening date could be the one the most costly mistakes an urgent care operator makes.

While it's expected that a new urgent care center will incur operating losses in its first six- to eight-months of operations until break-even volume is achieved, one of the most common reasons urgent care ventures fail is they exhaust their working capital (run out of cash) as operating losses extend well beyond the budgeted ramp-up period. Bankruptcy can result when the urgent care entrepreneur fails to consider the impact of seasonality on consumer demand for urgent care services, opens the center going into the “off-season,” is slow in marketing promotion, experiences delays in contracting or is otherwise unprepared operationally to offer advertised services, and then staffs the center to full- rather than limited-volume.

Urgent care—like retail stores, restaurants, hotels, and other “service industries”—is subject to seasonal ebbs and flows in volume. Consider the following illustration of visit trends over a five year period at twenty established centers in Central Florida and in two Great Lakes-area states. The volume curves are similar although Florida is more punctuated due to the migration of “snow birds” and influx of “Spring Break” visitors.

**Table 1: Urgent Care Seasonality**

Average monthly visits are represented as 100% of volume, with monthly variance represented as a percentage above or below that average. For example, March visits in Florida are 15% greater than the average month while in September they are 15% less.



You can see in both regions how urgent care volume starts an upward acceleration in September as kids return to school, how volume culminates with the changing weather in March, and then how volume falls off during the summer months. Specifically, focusing on the Midwest:

- Volume rises in the fall with the return to school, which is accompanied by the return of organized sports leading to injuries, and social interaction facilitating the spread of infections. To keep on top of these activities, time-strapped families tend to establish routines in the fall which last throughout the school year.
- Volume continues rising in the winter months with snow/ice-related injuries, winter sports, and as the spread of cold and flu accelerates.

- Volume then peaks as March the changing weather re-introduces outdoor recreation and spurs seasonal allergies, as families travel for Spring Break, and as cold/flu season winds down.
- The summer months are typically slowest as the uptick in sports- and outdoors-related injuries fails to counter the decline in upper respiratory-related visits. The number one predictor of visits during this off-peak season is foot traffic during the peak season.

The seasonality chart depicted represents visit counts only—not patient acuity, E/M coding levels, or number of procedures. In addition to variance in visit counts, urgent care centers typically see lower acuity upper respiratory problems during the busiest months and an increase in higher acuity injuries, workers compensation claims, and procedures during the “off peak” months. Ideally this shift in visit mix should enable total revenue to remain flat despite fluctuations in volume.

By understanding how seasonality affects visit volume and revenue in urgent care centers, one can conclude that if a center opens in January, it will be opening as demand is rising towards its peak. But this is not necessarily a good thing. The problems of a January opening are threefold:

- 1) Competitors have already been advertising for several months into the rising demand curve;
- 2) Consumers have already established their health care routines for the season; and
- 3) There is insufficient time to raise the “top of mind awareness” necessary to spur consumers to try something new.

There may also be delays in payer contracting or other operational factors that mean the start-up center will be unable to treat all patients or provide its full-scope of services upon opening. The summation of these factors is a center that fails to benefit from its first peak season. Even if the center advertises aggressively in January, it will be 3-4 months before the advertising resonates with consumers with an actual urgent care need—meaning awareness rises in April/May just as demand falls off. By the time consumers have urgent care needs in the fall, they would have forgotten about the initial marketing push. Meanwhile loan payments, staffing costs and rent expenses are draining cash reserves. Essentially the center loses an entire year of profitability due to the January opening.

A comparison would be a new retail concept opening between Thanksgiving and Christmas and expecting to benefit from the seasonal rush—last-minute holiday shoppers tend to go shopping for gifts where they know they’ll find exactly what they’re looking for.

### **The Best Time to Open**

Understanding how seasonality affects demand for urgent care services, the ideal time to open an urgent care center is early summer. There is sufficient time, while demand is low, to assure payer contracts are in place and operations have stabilized before hosting a formal “Grand Opening” in August coinciding with back-to-school. Advertising investments into the rising demand curve should then spur awareness as consumers encounter urgent care needs during the busy season.

### **Steps to Mitigate Impact of January Opening**

Sometimes opening an urgent care center in January is unavoidable. Perhaps there has been an over-run in construction, provider obligations to complete their current employment contracts, or landlord requirements to open in January or forego the space. Regardless of the reason, if a center is scheduled for a January opening, the following steps will help that center move quickly towards profitability:

- Begin marketing prior to opening to build awareness that the urgent care center is “opening soon.” This can be done through “coming soon” banners and signs on the building, paid advertising like radio, billboards and

newspaper, and public relations resulting in news coverage. The challenge, of course, is that media in December is crowded with retail Christmas promotions so not only is “good” advertising space scarce, it’s more expensive, and entails competing with retailers for consumer’s limited attention. But the point is a January grand opening allows no time for delay—the operator must hit the ground running.

- Engage the community through grassroots marketing. This entails identifying groups that have a high propensity to utilize urgent care. Examples of grassroots tactics include reaching out to nearby apartments, school groups, sports leagues, and churches. When considering a January opening, promotional activities in November and December should focus on bringing something of value to the membership of community groups, such as flu shots or free preventive health screenings. Providing these services away from the center—while the construction is in progress—still provides an opportunity to raise awareness that the center will be opening soon. And of course, the relationships established in the community prior to opening should continue well past the center’s opening as grassroots engagement is a perpetual effort.
- Hold an open house/grand opening/ribbon cutting celebration. Invitees, in addition to nearby residents, should include chamber of commerce members, police and fire, minor league athletes, high school band, political figures, and other “opinion leaders” in the community who will spread word-of-mouth of the center’s opening. To make the event more compelling to potential attendees, offer free food, games, prize drawings, children’s activities like inflatable bounce houses, clowns and face painting, and promotional displays for other area businesses. Partnering with a radio station may provide additional publicity as will newspaper coverage pre- and post-event. To illustrate, Table 2 provides images of a recent grand opening of FastMed Urgent Care in Mesa, Arizona.
- Control costs through minimal staffing at opening and then adding front office and medical assisting staff incrementally as volume rises. Many times new urgent care centers start with a full staff in place—two front office specialists, two medical assistants, and a radiology technician. The problem is, until volume reaches operating scale, such staff will be underutilized. Not only does this exhaust working capital, it results in bored, dissatisfied employees who often leave for better job opportunities before the center matures. That means investments in recruiting, on-boarding, and training are lost. When the center is new and volume is low, many times the physician can conduct CLIA-waived lab tests, shoot x-rays, and perform other tasks that would normally be done by technicians if the center had higher patient volume. In addition, staff can be cross-trained to work front- and back-office functions—such as a medical assistant who registers patients and enters charges—or staff can be brought on part-time until a full-time position (with benefits) is justified.

Regardless of when a new urgent care center opens, payer contracts representing a majority of the local residents should be in place, the staff should be trained and competent in their roles, and provider staffing should be predictable. The last thing a new center operator wants to do is invite the community in, only to turn people away due to no doctor present, out-of-network insurance, or otherwise show the community that the center is unprepared to serve them. That’s why many urgent care centers wait a couple of months after opening their doors to allow operations to stabilize before having their official “grand opening” celebration.

### **Conclusion**

Reason and anecdote indicate that the best time to open an urgent care center is during the season of rising demand for urgent care services. But regardless of when a center opens, it should open with a “splash”—start-up operating losses are minimized the faster people learn about the center and initial foot-traffic starts to drive word-of-mouth and repeat visits. Before opening to the public or promoting the center, just be prepared operationally to offer quality care and a positive patient experience.

**Table 2: Grand Opening/Ribbon Cutting Celebration at FastMed Urgent Care, Mesa, Arizona**

A successful grand opening event draws the public in to tour the facility, meet providers and staff, and better understand when to utilize the center versus the Emergency Room or their primary care physician.

