

Statistical Profile of Urgent Care in the United States



Presented by

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www.healthcarebook.com

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Section 1: Urgent Care Trends

Urgent Care Trends

- Independent urgent care owners are struggling
 - Since the 1980s costs have risen and reimbursements have fallen
 - Low margin, high fixed costs turn urgent care into a volume-based business
 - Limited access to capital, long wait to profitability for new centers
 - High costs of billing and collections, high consumer receivable write-offs
 - Seasonality (i.e. flu season) can affect profitability for the year
 - Malpractice premiums and employee benefits costs continue to rise
 - Negative consumer perceptions, inconsistent quality
- Competition is intensifying
 - Big funding (and headlines) behind retail health clinics
 - Family practice transitions to a walk-in model
 - Multi-specialty groups developing weekend/after-hours clinics
 - Hospital ER's defending their turf (i.e. fast tracks, service guarantees)
- Hospitals seek to rationalize their ambulatory strategy
 - Fully integrated offerings from primary to critical care
 - Physician involvement in ownership and management
 - Positioning of urgent care as neighborhood "access point"
 - Low cost growth model, competitive strategy (i.e. suburban flanking)

Urgent Care Trends

- Need to expand margins, reduce reliance on insurance payments
 - Better appeal to self-pay patients (especially w/consumer-directed health plans)
 - Cross-sell higher-margin ancillary services (i.e. aesthetics)
 - Contract directly with employers (i.e. workers comp, drug testing, sick visits)
- Develop new and innovative payment models
 - Capitation
 - Prepaid services
 - Discount cards
- Transition away from “sick and injured” to “health and wellness”
 - Focus on episodic care limits visit frequency
 - Primary care adds stability, builds relationships
 - Position as consumer health care “destination” or “access point”
- Consolidation will occur but it will be slow
 - Low returns will make raising capital difficult
 - Integrating disparate business models will be costly and time consuming
 - Large occupational medicine players will cherry pick the largest networks in strategic markets

Urgent care began in the 1980s as emergency physicians offering an alternative to the ER for minor illness and injury—limiting their market to occasional and episodic use. Today, not only are many urgent care providers embracing primary care, but many more family practitioners are offering primary care on a walk-in basis.



MedHelp Family Practice, Birmingham, AL

*Patient First,
Newport News, VA*



Urgent care centers are facing increased competition from well-capitalized and highly publicized retail health clinics. Nurse practitioners treat many of the same basic conditions that are the lifeblood for urgent care centers, but they do so at a lower price. The result could be price depreciation for both self-pay and insurance patients.



*RediClinic inside of
Wal-Mart
Glen Allen, Virginia*



Although treating non-acute incidents in the emergency room is expensive, many hospitals lose money in the ER, and patients complain about long wait times, the ER is still an important source of downstream referrals. Hospital ER “fast tracks” and “service guarantees” compete against urgent care—particularly for lucrative employer contracts.



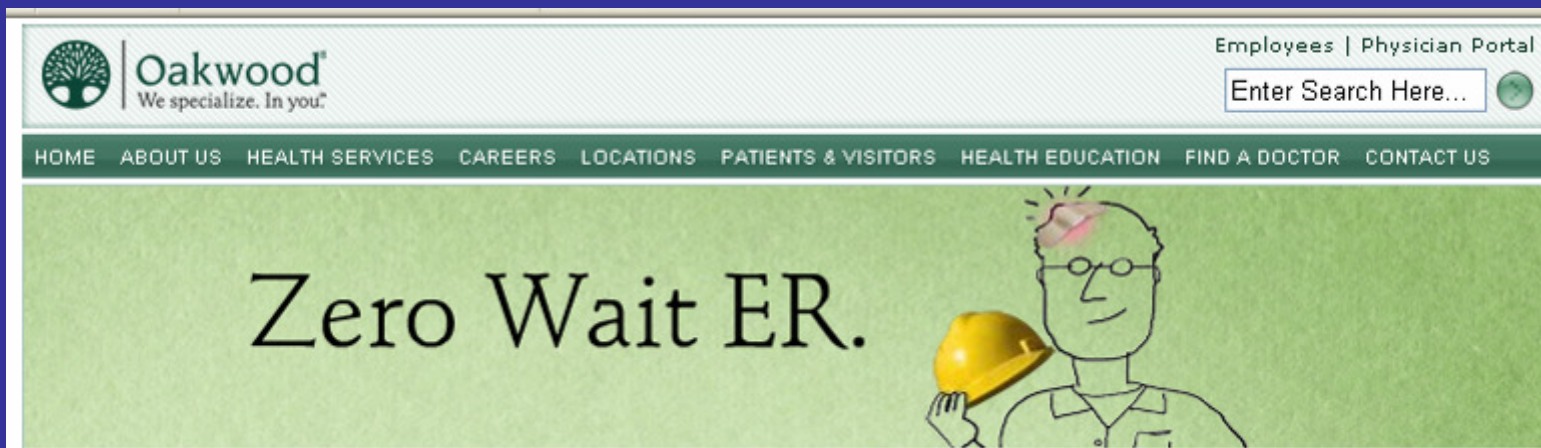
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Zero Wait ER.



*Oakwood Healthcare System
Detroit, Michigan*

Hospitals and multi-specialty groups see urgent care as a valuable part of an end-to-end service offering with common IT systems and back office scale efficiencies. Urgent care provides after-hours coverage as well as a general “access point” for health plan members, it generates downstream referrals for specialists, and it engages physicians.

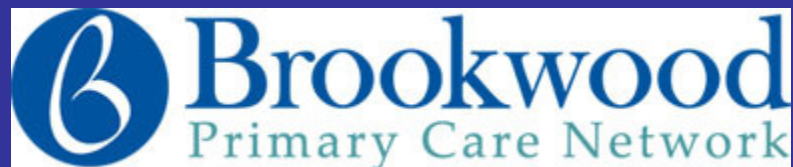


*Intermountain Health Care
St. George, Utah*

To assure a steady stream of referrals, to engage physicians, and to reinforce their brand among key market segments, hospitals are acquiring primary care practices and building their own ambulatory facilities. The challenge is whether revenue is realized at the ambulatory center or in downstream labs, specialists, and imaging facilities.



*Brookwood Medical Center
Primary Care at The Narrows
Birmingham, Alabama*



*Children's Medical Center of Dallas
Ambulatory Care Pavilion
Plano, Texas*



To diversify revenue streams, increase appeal to corporate accounts, and counter seasonality, many urgent care providers are quickly expanding their range of services—creating a one-stop (or first-stop) health care “destination.”



Primary Care

- Family medicine practitioners
- Election with insurance carrier
- Walk-in or scheduled appointments

Occupational Medicine

- Direct contracts with employers for testing, treatment of injury, referrals, case management, and medical expertise
- Sales opportunity for employee benefit and wellness programs

Imaging Services (CT, MRI)

- As a provider or space for sublet

Physical Therapy

- As a provider or space for sublet

Laboratory

- A la carte and collection services
- Mark-up on reference lab services
- Online reporting and review services

Wellness and Prevention

- Medical weight loss
- Aesthetics services

Other Physician-directed Programs

- Immigration or flight physicals

Many ancillary offerings—including aesthetic spa services—have low barriers to entry. As a result, competition is intense and margins are low. Dentists, podiatrists, beauty salons, health clubs, hotels, and other trusted providers are also in the business.



*Dental Spa of Texas
Stonebridge Mall
Frisco, Texas*



To adapt to Consumer Driven Health Care—marked by high-deductible policies—and the growing number of working uninsured adults, some urgent care centers have developed unique payment plans including prepaid medical plans, cash discounts, and discount cards.

Benefits of Medical Discount Cards:

- Extends insurance pricing to self-pay patients.
- Provides transparent pricing for consumers.
- Offers network benefits at downstream providers.
- Cash at time of service—no backoffice billing costs or timely A/R cycle.
- Revenue stream from card sales.
- Sales incentive engages front-end staff.
- Strengthen referral relationships through downstream benefits.
- Opens new employer market when used to enhance or complement high-deductible health plans or as a stand-alone employee benefit.



America's Urgent Care
Columbus, Ohio

Cost Savings

Wellness Access Card

Compare the savings for yourself. Below is a list of our common services with the self-pay price listed next to the discounted price available to those with a Wellness Access Card from America's Urgent Care. For services not listed, please feel free to ask one of our team members for pricing.

	Standard	Your Price
Office Visit*	\$165	\$69
X-ray	\$115+	\$40
Sutures	\$239+	\$147+
Strep Test	\$42	\$17
Urinalysis	\$12	\$10
Tetanus Shot	\$37	\$30
Flu Shot	\$35	\$15
Physical	\$64	\$20

*Pricing refers to physician office visit for most common illnesses, fracture diagnosis, strains, and sprains. Additional services, such as fracture care, sutures, foreign body removals, and burns are extra, vary in price, and receive a 20% discount. Not valid for work-related conditions being filed with the BWC.

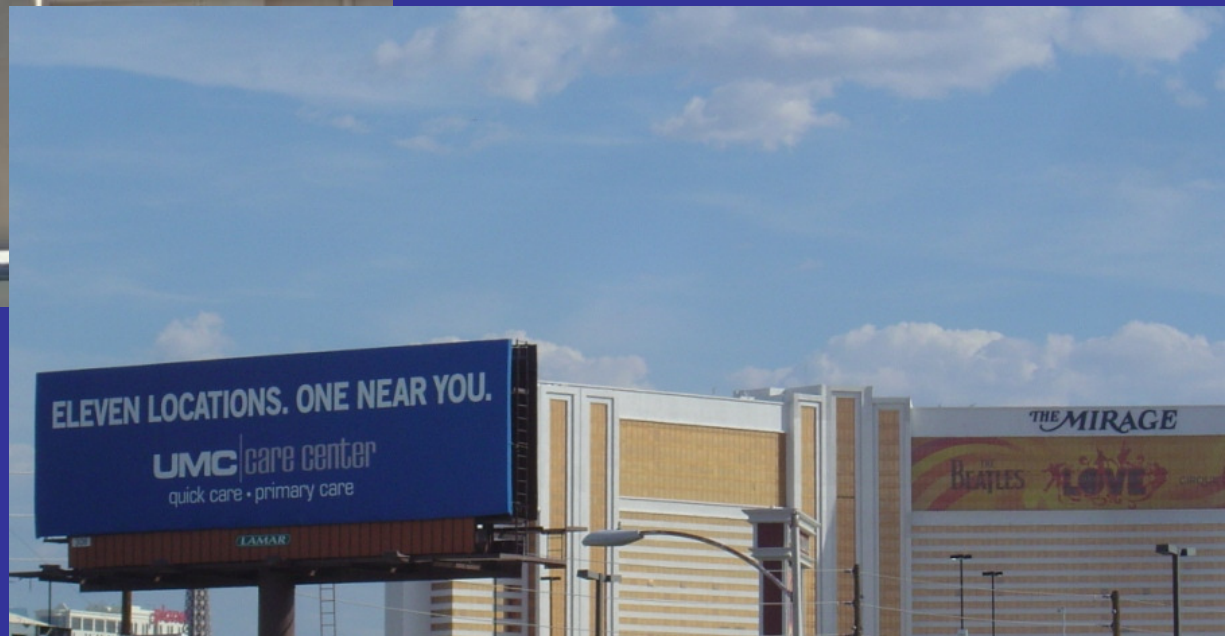
Most major cities have at least one urgent care network, generally consisting of three to 10 locations, most of which have grown organically within a single market. Although some aspire to a regional or national footprint, growth has been slow due to scarcity of capital, time to profitability of new centers, physician engagement, and historic affiliations.



*NextCare Urgent Care,
Tucson, Arizona*



CareNow, Dallas, Texas



*UMC Care Centers,
Las Vegas, Nevada*

Consolidation in urgent care will mirror that of occupational medicine in the 1980s and 90s. Ironically the same firms that led consolidation of occ med will also lead in urgent care, although part of their strategy will be to convert their own centers to a mixed-occ med/urgent care model. Only larger networks in strategic markets will participate in consolidation.



*Concentra Corporate Headquarters
Addison, Texas*

Benefits to consolidation of Occupational Medicine and Urgent Care extend to both well-capitalized occupational medicine providers and their employer client base.

Benefits of Urgent Care to Occupational Medicine Providers:

- **Better leverage fixed costs of existing occ med centers.**
- **Provider more service locations for employer accounts.**
- **Margin enhancement and stability for urgent care.**
- **Complimentary seasonality and daily volume peaks.**
- **Strengthen the brand as total medical cost containment for employers.**
- **Cross-sell to employee base already using the clinics.**
- **Strengthen relationships with practitioners and downstream service providers.**
- **Enter new markets with established patient base and physician pool.**

***U.S. Health Works
Columbus, Ohio***



Not only is Concentra efficient, profitable, and well-capitalized, it has a strong brand in the employer and payer markets as a medical cost containment company. Urgent care extends this value proposition to employees and their families.

New Clients: Employees

Convenient,
Visible and
Familiar to
Employees

Existing Client Base: Employers/Payers

Employers w/
Occupational
Medicine Needs



Employer Health Plans
Need to Control Routine
Health Care Costs

Access Point to Health Care System

Families Need
to Maximize
Health Savings
Account Funds

Although low margins and physician engagement have been past impediments to venture funding, it is starting to appear in urgent, primary, and occupational care, as evidenced by CALPER's recent commitment of \$700 million to develop consumer-centric delivery models in California, or Welsh Carson's \$100 million commitment to Solantic.



**Solantic Walk-in Urgent Care
Coconut Creek, Florida**

Solantic Business Model:

- Full service urgent care with lab and x-ray
- Market penetration—flanking strategy with a combination of free-standing and retail store locations
- Menu-board pricing
- A la carte lab testing
- Call-ahead scheduling
- Employer services
- Pre-paid medical discount card

solantic			
What your visit will cost	Procedures	Features	Physicals
Level 1/Triage Care: \$65 Includes visit with diagnostic testing and minor procedures.	• X-Ray • EKG • Pulmonary Function Test • Allergies (non-injection) • Aspiration treatment (without sutures or Drains) • Allergies that require shots or Drains	• Virtual treatment • Hearing test • Allergy testing • Allergy shots • Allergy testing (skin prick) • Allergy testing (blood)	• School or Sports Physical \$15 • School and Sports Physical \$50 • 2 forms completed in one exam • DOT/Employment Physical \$10 • Basic Check-up \$10
Level 2: \$105 Includes visit with lab procedures.	• Allergies that require shots or Drains • Allergies that require shots or Drains • Allergies that require shots or Drains	• Virtual treatment • Hearing test • Allergy testing • Allergy shots • Allergy testing (skin prick) • Allergy testing (blood)	• School or Sports Physical \$15 • School and Sports Physical \$50 • 2 forms completed in one exam • DOT/Employment Physical \$10 • Basic Check-up \$10
Level 3: \$165 Includes visit with two or more procedures.	• Allergies that require shots or Drains • Allergies that require shots or Drains • Allergies that require shots or Drains	• Virtual treatment • Hearing test • Allergy testing • Allergy shots • Allergy testing (skin prick) • Allergy testing (blood)	• School or Sports Physical \$15 • School and Sports Physical \$50 • 2 forms completed in one exam • DOT/Employment Physical \$10 • Basic Check-up \$10
Payment Options	Immunizations	Diagnostic & Wellness Lab Testing	
Solantic accepts major health plans, cash, personal checks, Visa and MasterCard.	• Flu Vaccine (Inactivated) \$25 • Tetanus Booster \$10 • Hepatitis B Vaccine Series \$10 • MMR \$10 • Varicella (Chicken Pox Vaccine) \$10	Lab testing for diagnostic & wellness screenings that may be recommended or offered to accompany a physical exam. Please ask your Solantic healthcare provider.	

Section 2: Urgent Care Practitioners

Urgent care practitioners in the United States tend to be:

- Older than the average U.S. physician
 - 38% are greater than 55 years of age
- Male (78%)
- Caucasian (66%)
 - Asian-Americans, particularly from India and Pakistan, are well-represented (20%).
- In full-time medical practice
 - 83% spend >90% of time in direct patient care
- Allopathic Medical Doctors (91%)
- Graduates of U.S. medical schools (60%)
 - Disproportionate number of foreign medical school graduates (40%).
- Board Certified in Family Practice (34%)
 - 65% are certified in Family Practice, Internal Medicine, or Emergency Medicine
 - 21% are not Board Certified
- Employees, Not Owners (63%)

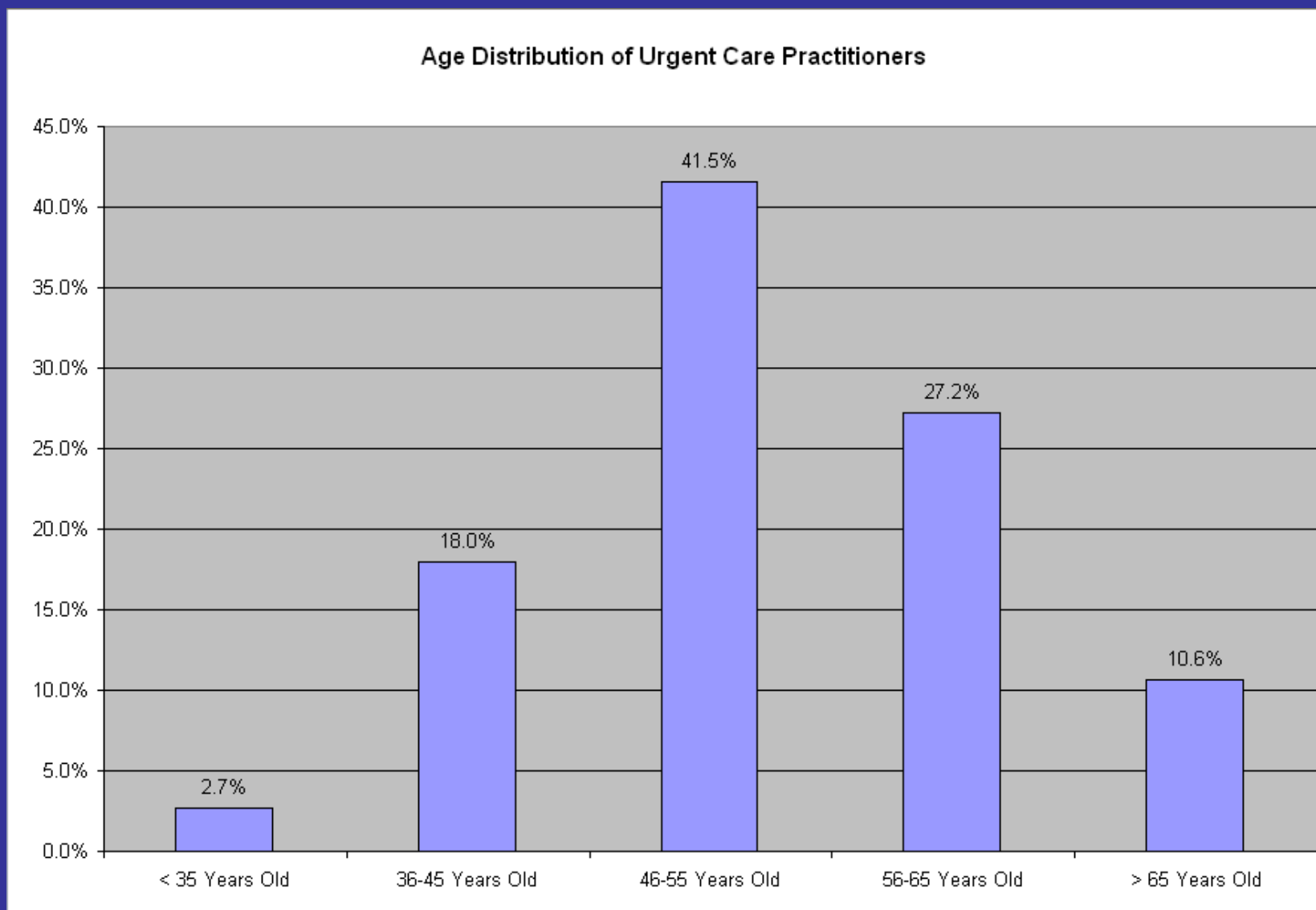
Age Distribution of Urgent Care Practitioners

Urgent care physicians tend to be older than the national average of physicians.

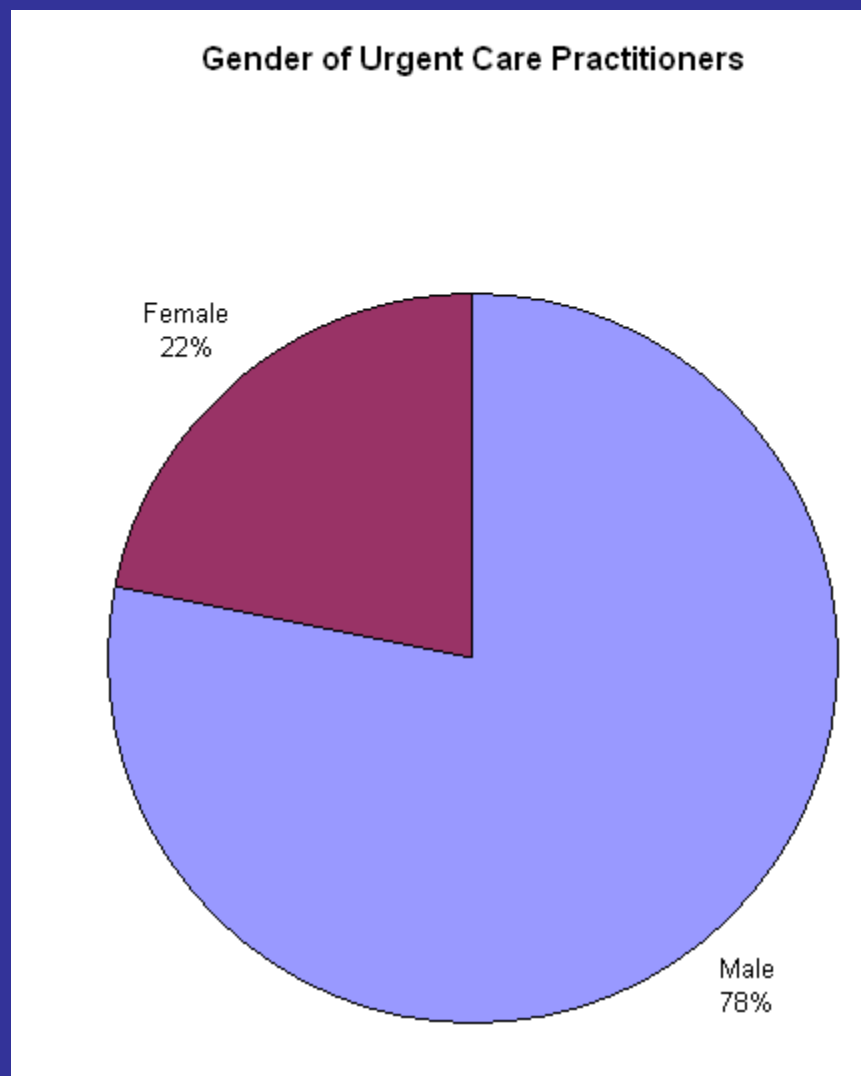
37.8% of urgent care practitioners are older than age 55 versus 26.8% of total U.S. physicians.

(Source: U.S. Dept. of Health and Human Services).

Mean: 52.9 Median: 53 Range: 26-82 STDEV: 9.03 N: 1158

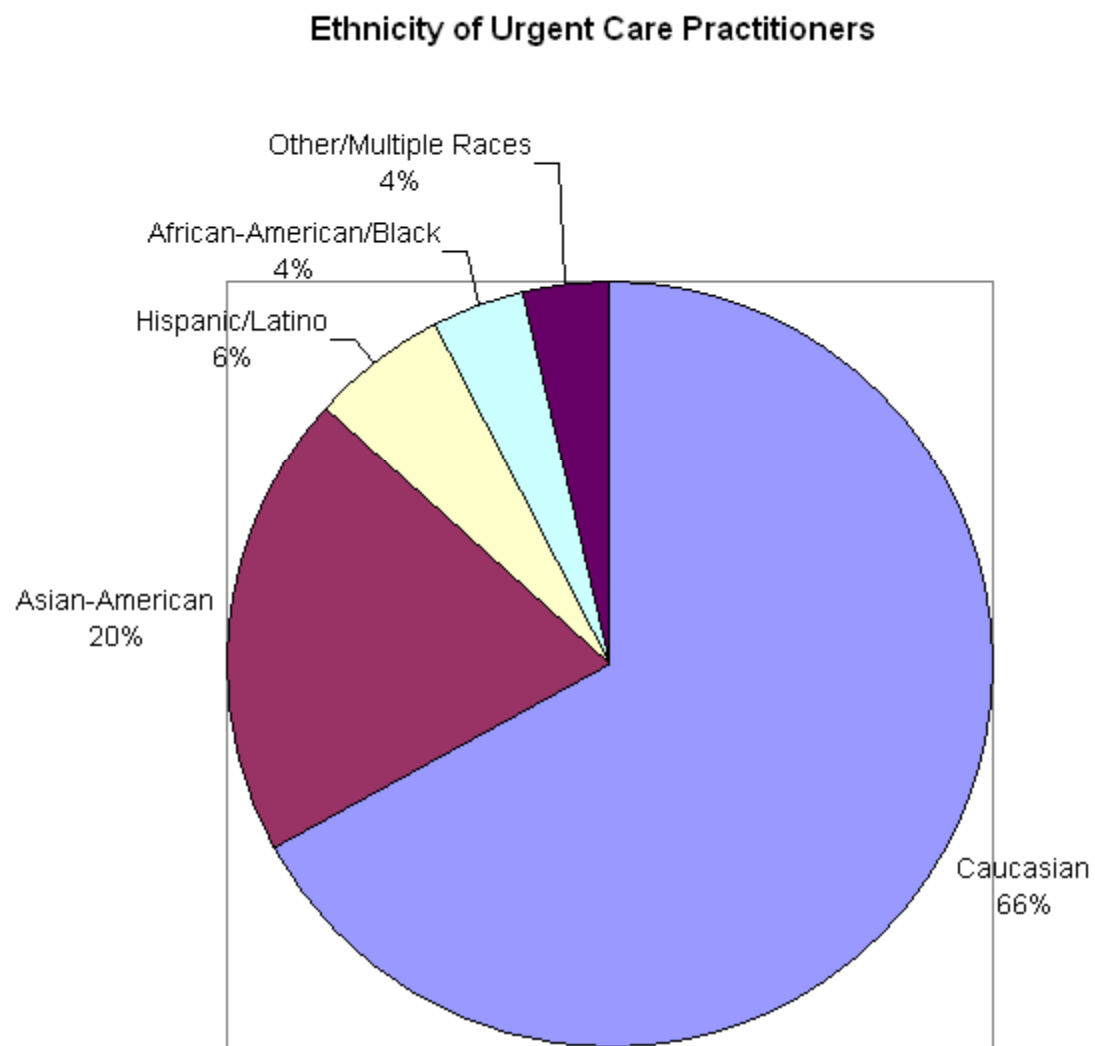


Gender of Urgent Care Practitioners



N: 200

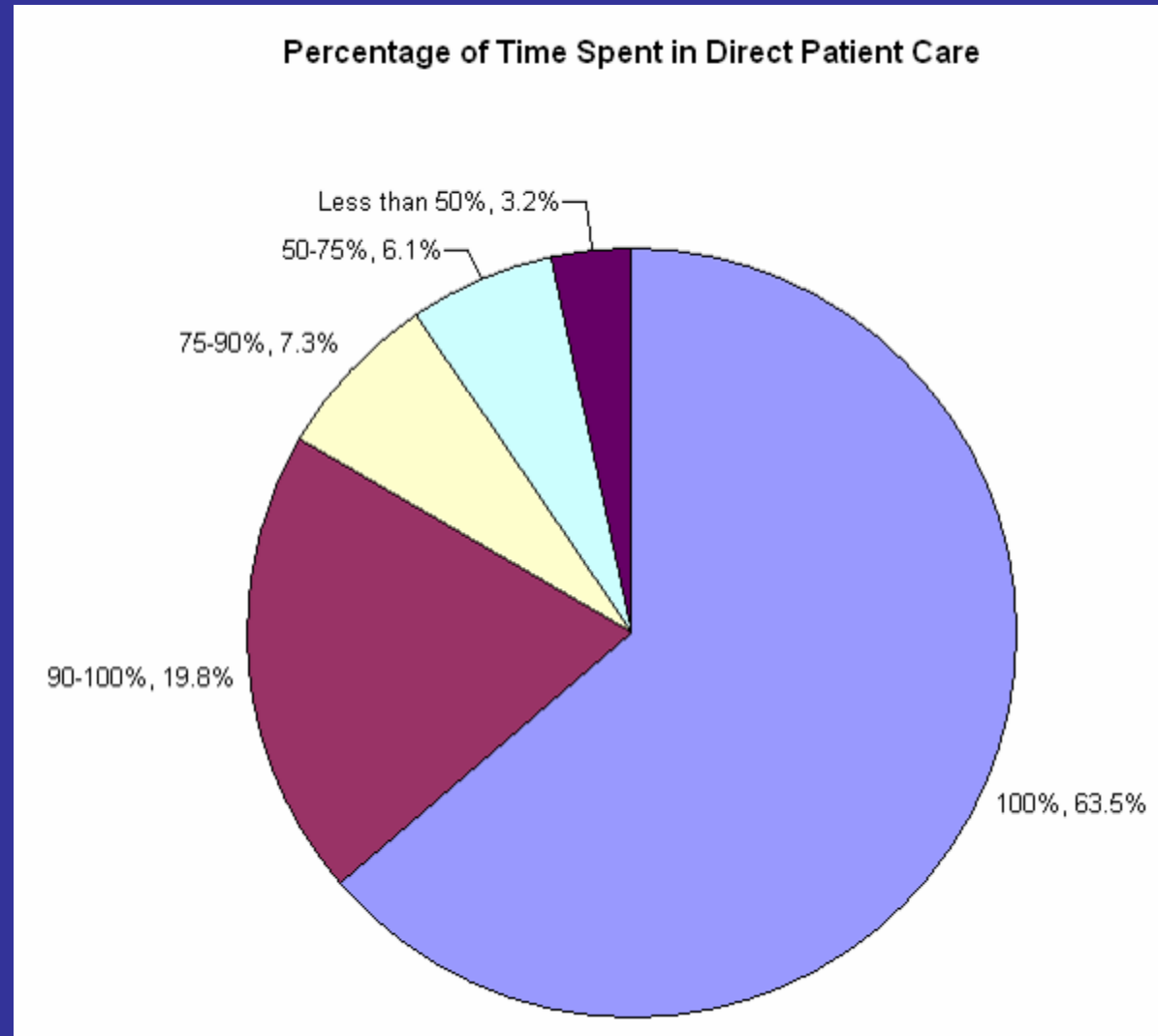
Ethnicity of Urgent Care Practitioners



N: 391

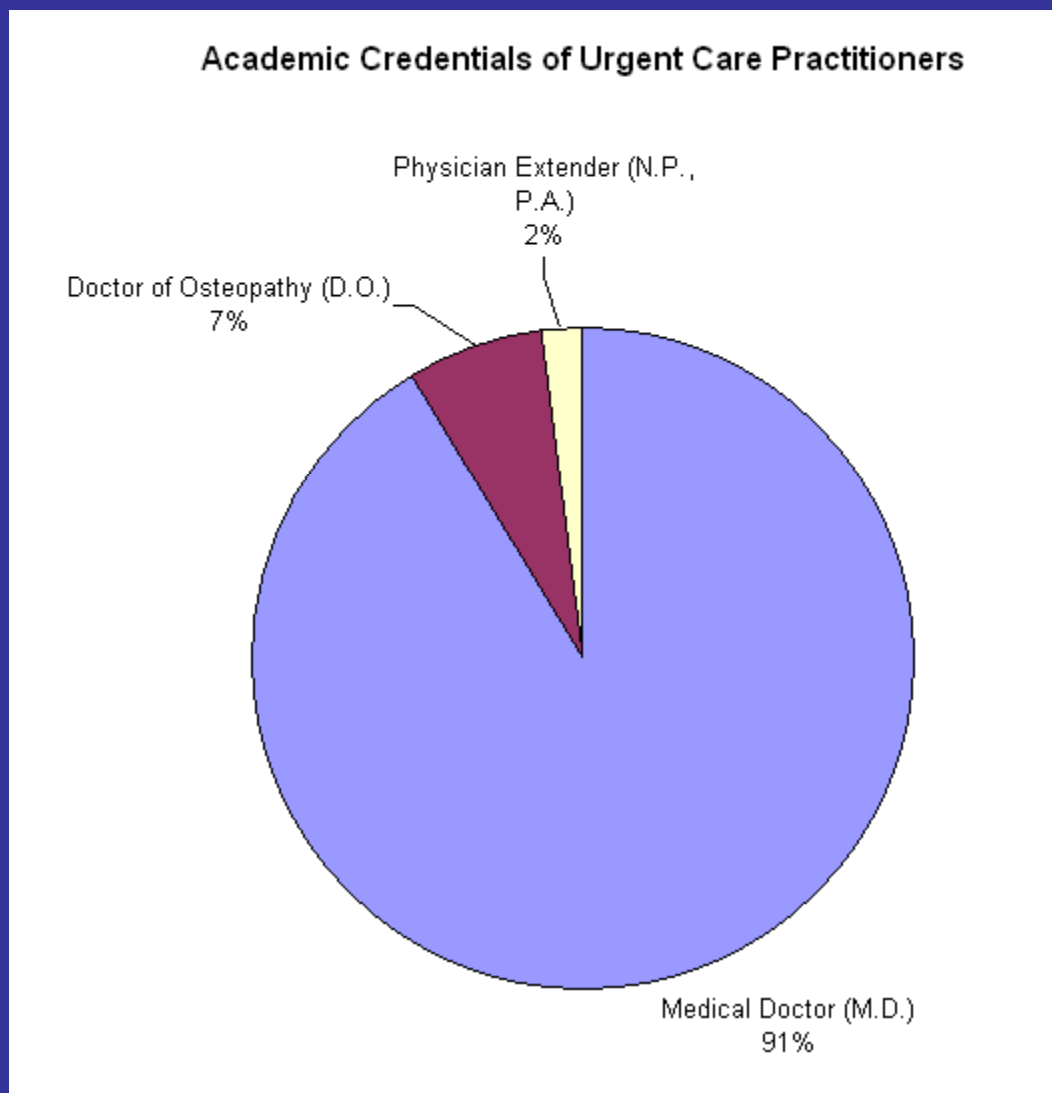
Percentage of Time Spent in Direct Patient Care

Mean: 92.3% Median: 100% Range: 10-100% STDEV: 17.0% N: 252



Academic Credentials of Urgent Care Practitioners

The bulk of urgent care practitioners are medical doctors although the number of mid-level practitioners (NP's/PA's) is increasing. At 7%, the proportion of D.O.'s is less than that of medical residency programs at 11% (Source: AAMC, 2005).

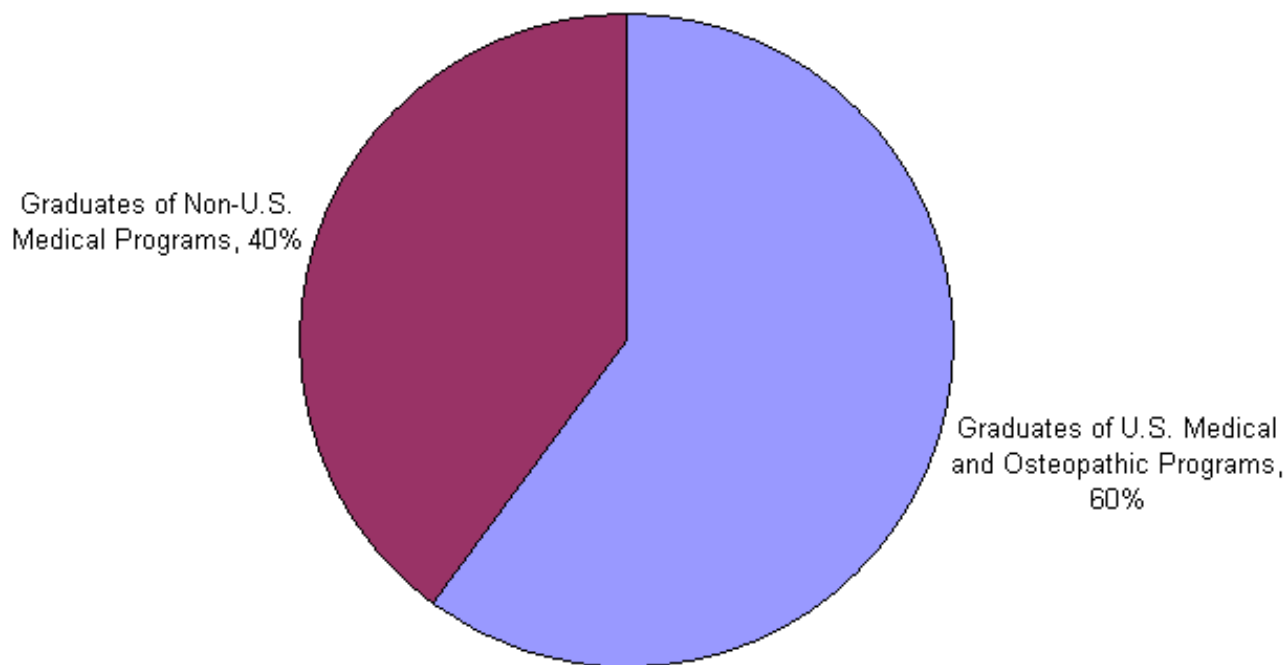


N: 1158

Academic Credentials of Urgent Care Practitioners

Foreign medical graduates make up 40% of urgent care practitioners versus 25% of new medical residents (Source: AAMC, 2005).

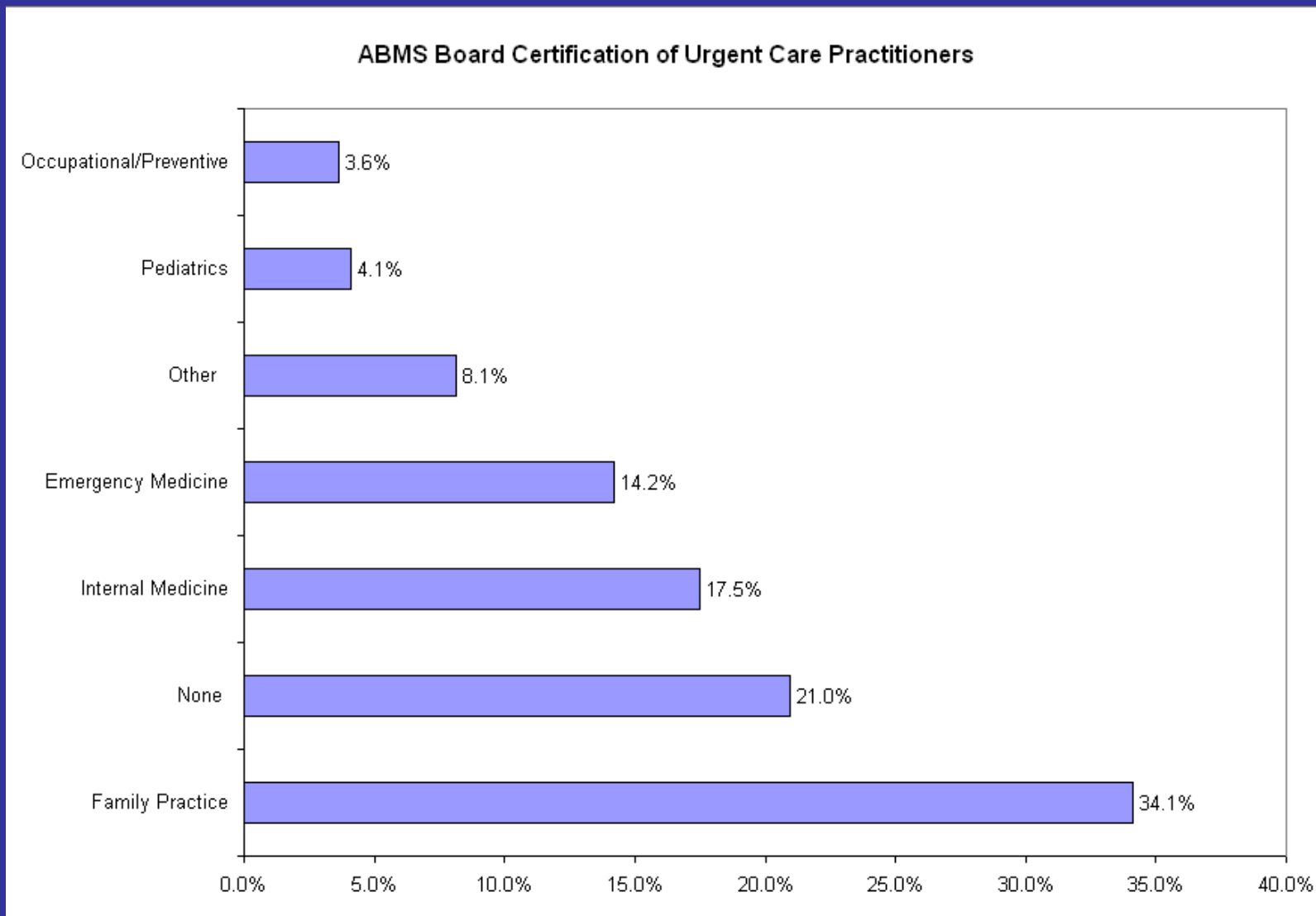
Percentage of U.S. and Foreign Medical Graduates
Practicing in Urgent Care



N: 1146

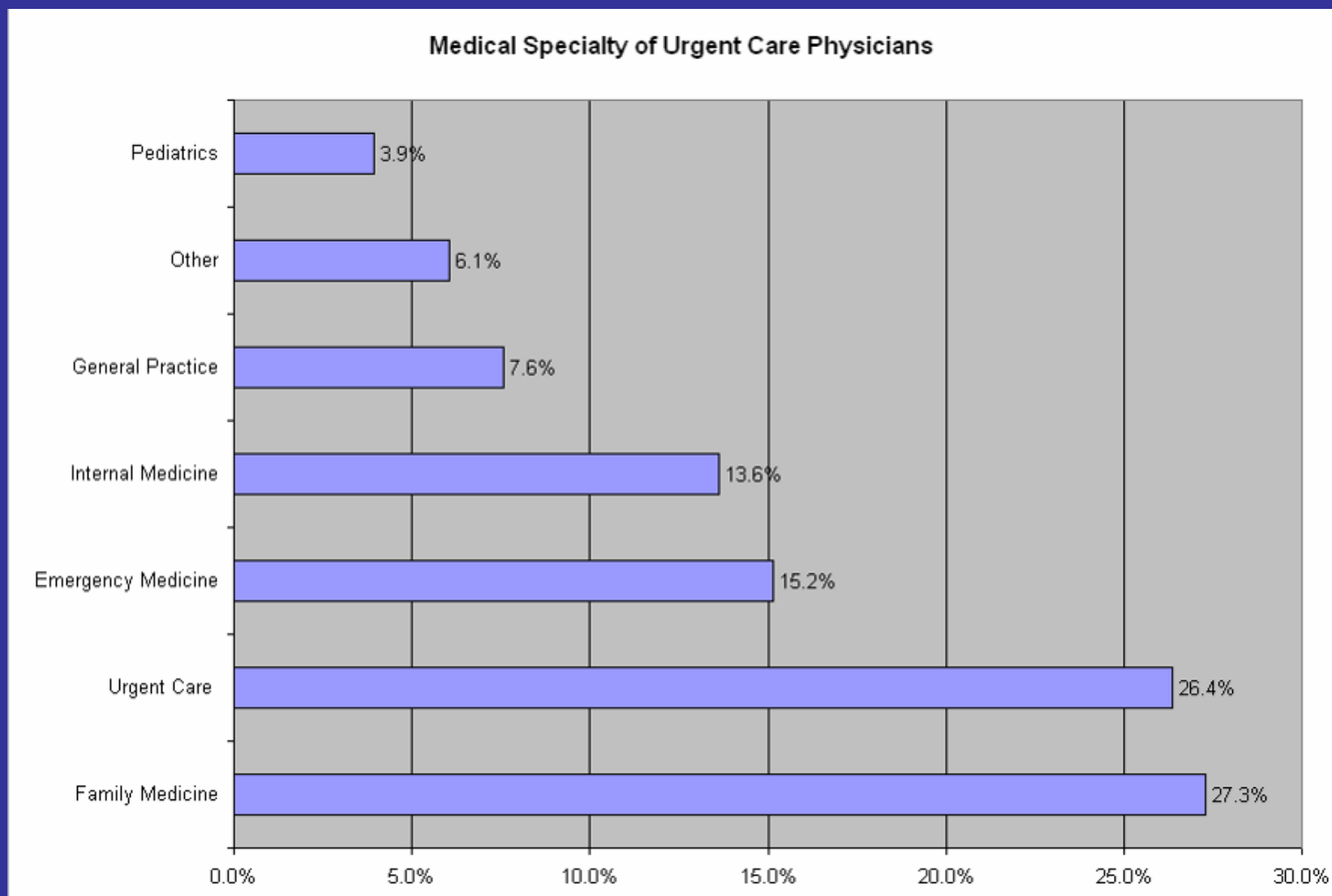
Board Certification of Urgent Care Practitioners

Family Practice, Internal Medicine, and Emergency Medicine account for 66% of urgent care practitioners, although 21% are not board certified in any medical specialty.



N: 694 More than one answer could be selected.

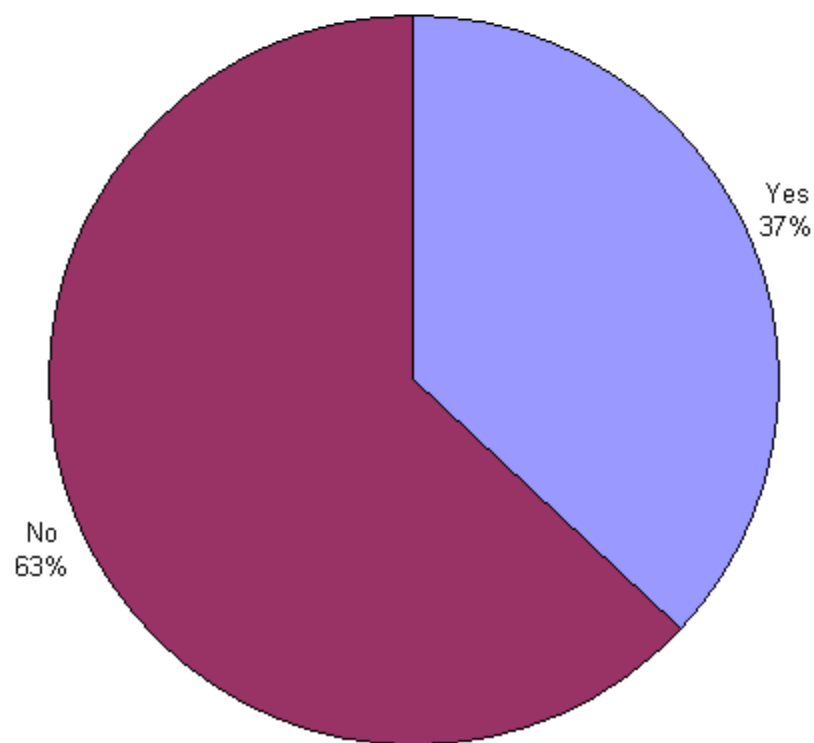
Medical Specialty of Urgent Care Practitioners



N: 422 More than one answer could be selected.

Urgent Care Practice: Ownership

Urgent Care Practitioners Who Own Their Own Practice



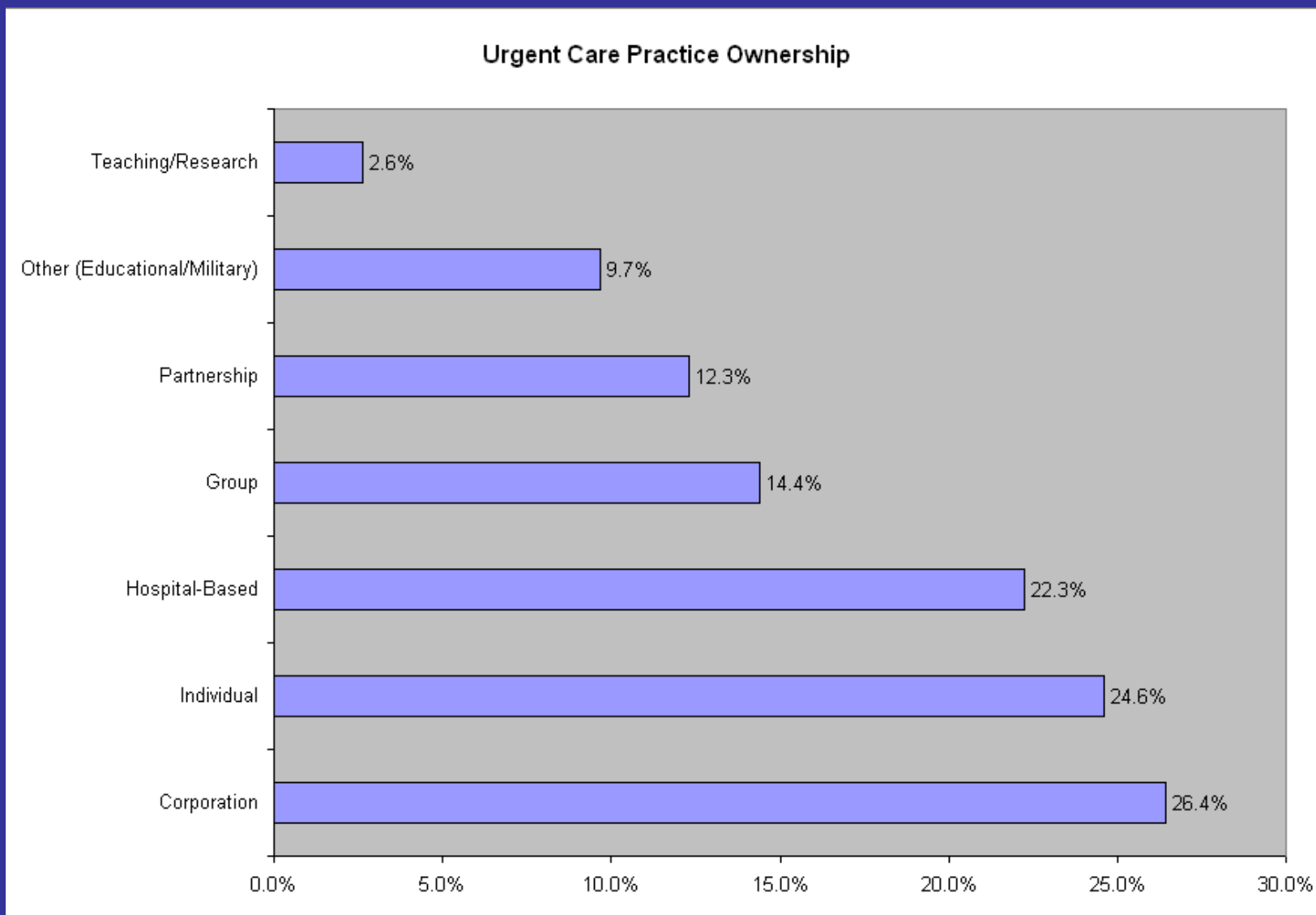
N: 247

Section 3: Urgent Care Practices

Urgent care practices in the United States tend to be:

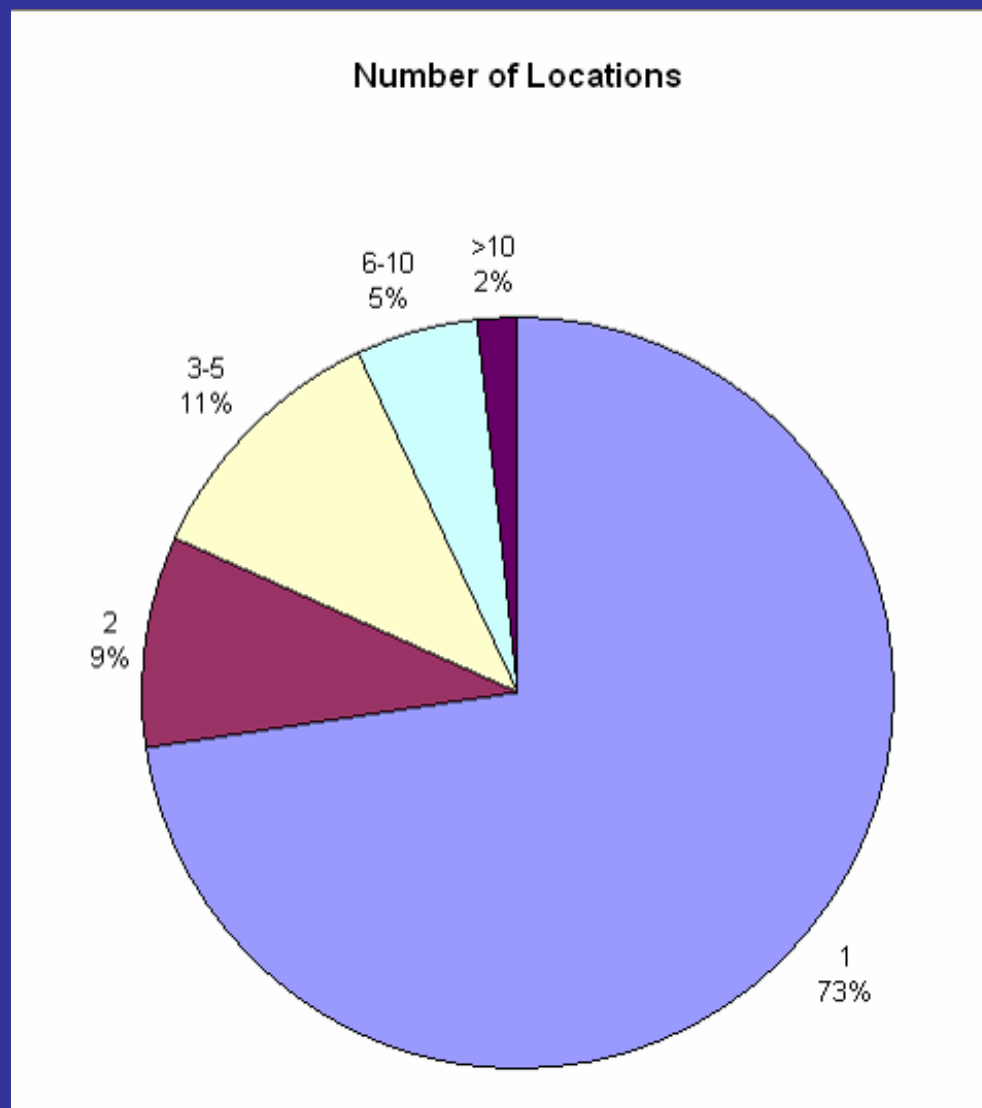
- Owned by individual physicians (25%) or a hospital-affiliation (22%).
- Single location operations (73%)
- Less than 10 employees (46%)
 - Median of 8 employees, 2 physicians per center
- Utilize nurse practitioners or physician extenders (53%)
 - More common in larger centers
- Cater to all ages
 - 81% treat some patients under 12 years old
- Focused on core urgent care services
 - Defined as non-acute episodic illness or injury
 - Less than 1/3 offer additional ancillary services

Urgent Care Practice: Ownership Structure



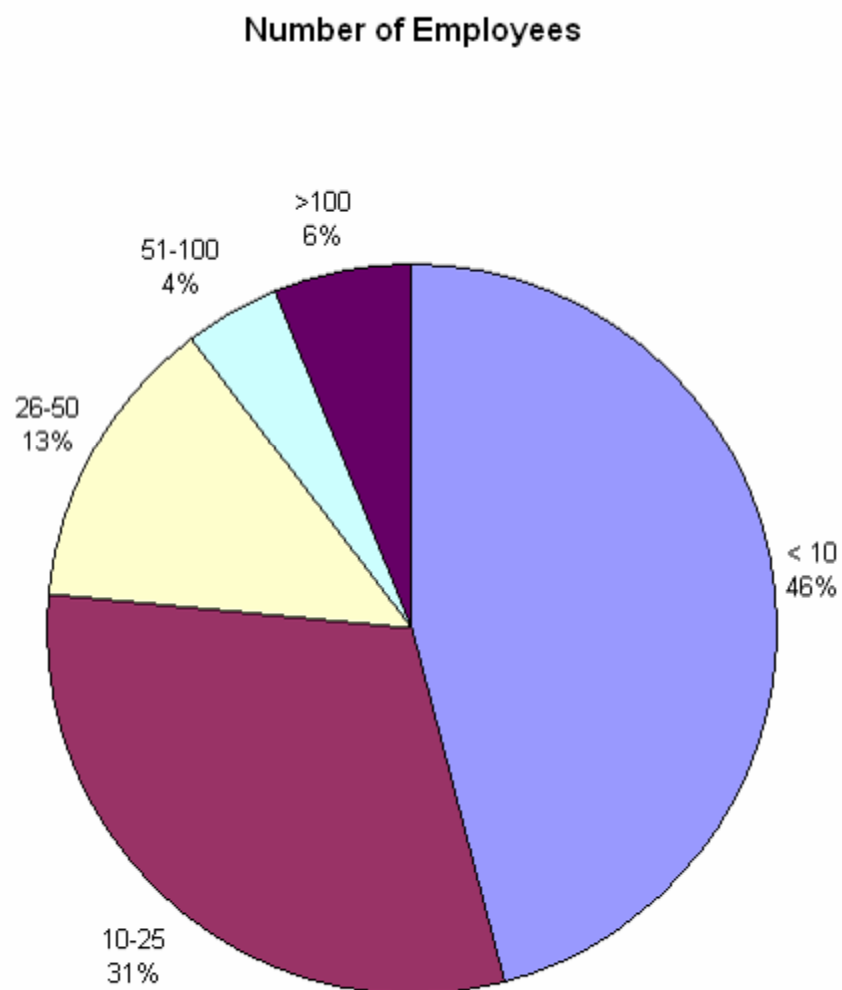
N: 382 More than one answer could be selected.

Urgent Care Practice: Number of Locations



N: 177

Urgent Care Practice: Number of Employees



N: 144

Urgent Care Practice: Staffing Averages

All Centers:

Number of Employees per Center:	Mean: 13	Median: 8
Number of Physicians per Center:	Mean: 3	Median: 2

N: 239

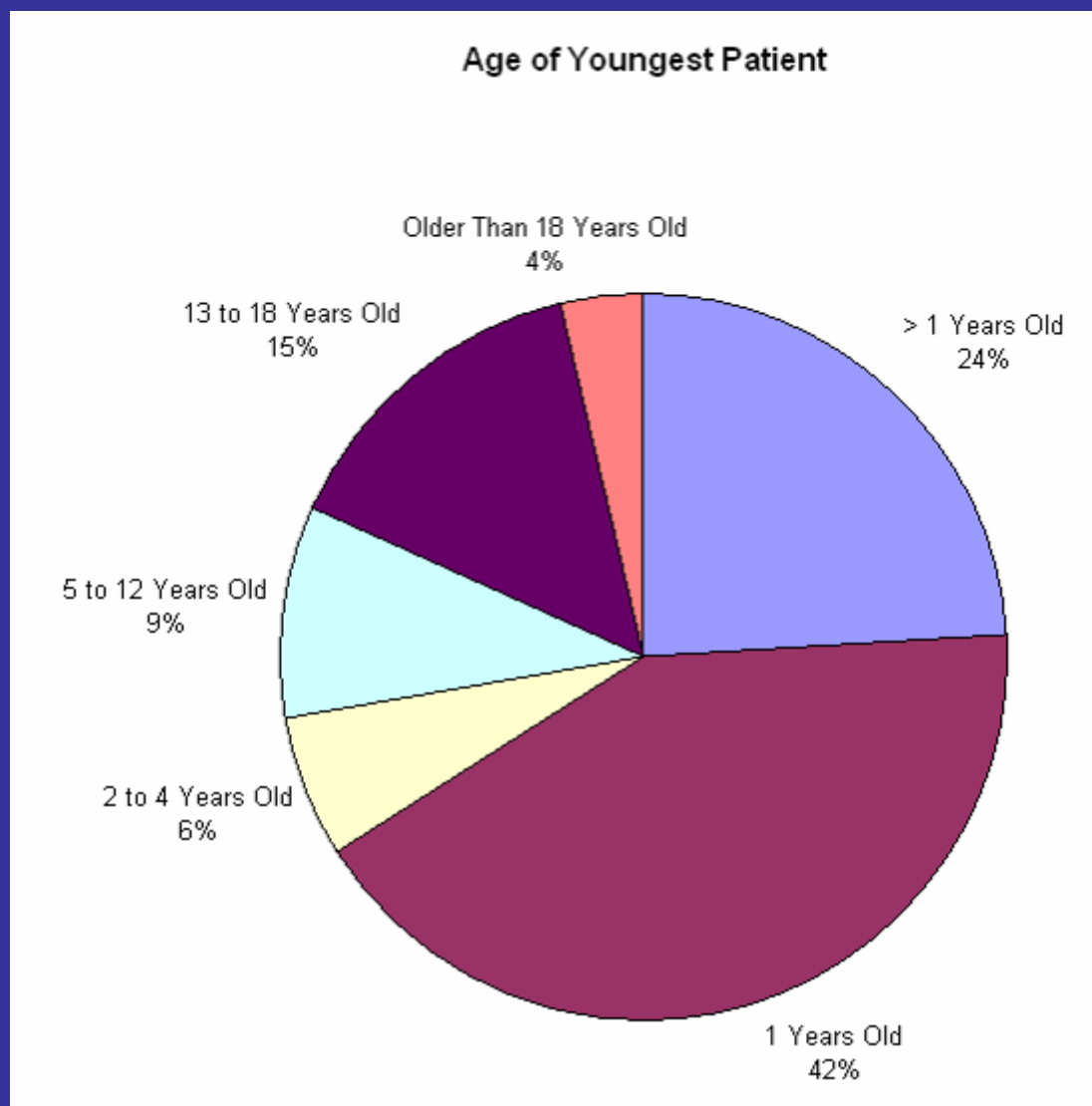
Centers Utilizing Nurse Practitioners and Physician Assistants:

Number of Employees per Center:	Mean: 18	Median: 12
Number of Physicians per Center:	Mean: 2.5	Median: 2.5
Mid-Level Practitioners per Center:	Mean: 2.5	Median: 1.5

N: 130

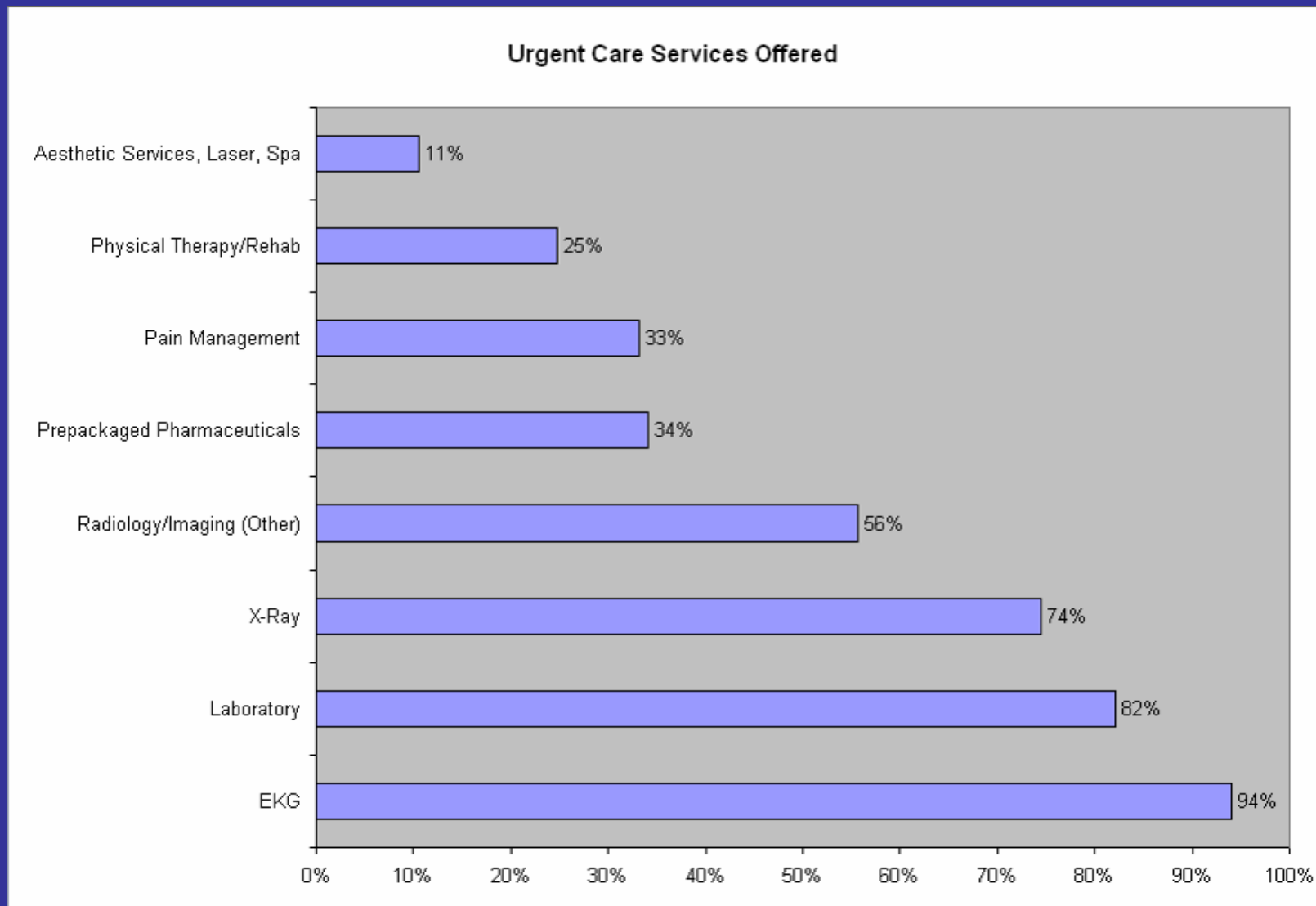
Percentage of Centers Utilizing Mid-Level Practitioners: 54.3%

Urgent Care Practice: Ages of Patients Served



N: 310

Urgent Care Practice: Ancillary Service Offerings

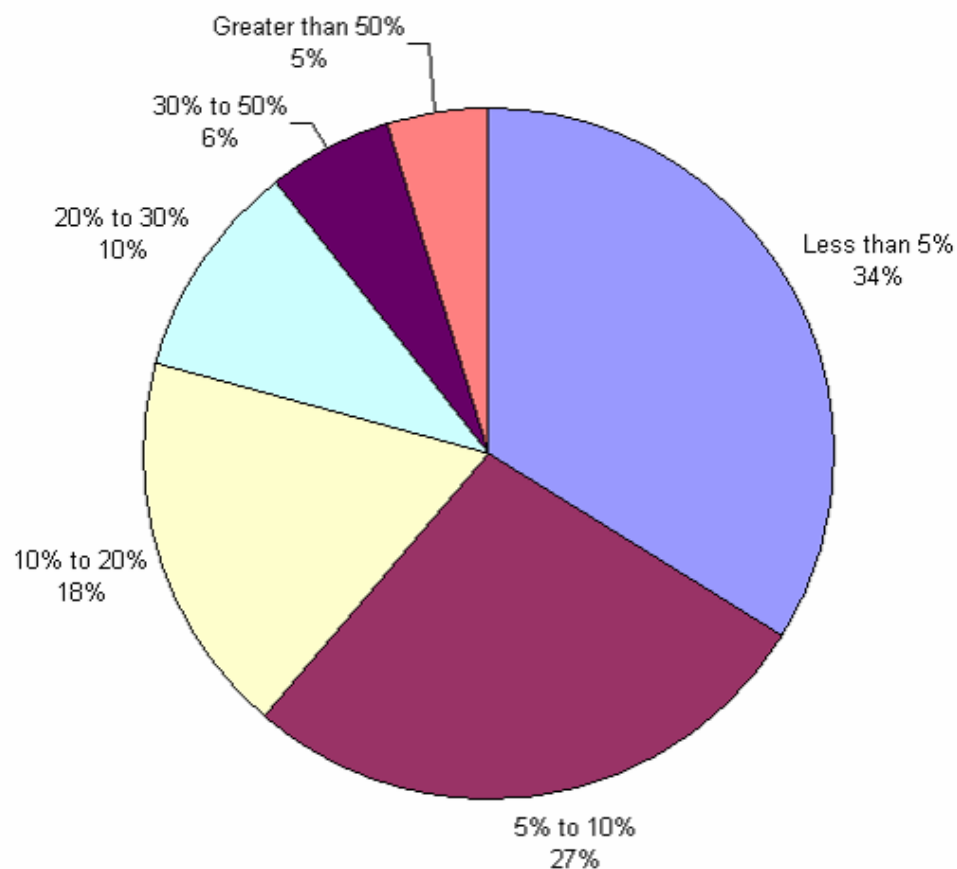


N: 419 More than one answer could be selected.

Urgent Care Practice: Percentage of Occupational Medicine

Most urgent care practices offer some occupational medicine services—typically defined as drug testing, physicals, or initial report of injury. However, 21% of urgent care centers surveyed report that occ med is a substantial (>20%) part of their business. Services range from physical therapy to expert testimony.

Percentage of Practice Consisting of Occupational Injuries/Illness



N: 449

About the Author

Alan Ayers is President of Alan Ayers Business Consulting, which provides process improvement, systems integration, strategic marketing, product line development, and regional expansion in the ambulatory and urgent care space.

A consulting veteran of Accenture and the former retail practice of PriceWaterhouseCoopers, Ayers has helped consumer products manufacturers and mass merchants become more profitable by applying analytical research to identify consumer behavior, by developing technology solutions to improve supply chain efficiency, and by fostering brands that create an emotional connection resulting in long-term loyalty. Ayers is a contributor to *Consumer Behavior, 10th Edition (2005)* and prior consulting engagements include Wal-Mart Stores, Home Depot, McDonald's, Hilton Hotels, Verizon Wireless, Bank of America, and the Philip Morris Companies.

Alan Ayers' interest in health care began when he co-authored *Consumer Driven Health Care (2005)*, which describes the transformation occurring as consumers become responsible for a greater proportion of their own routine health care expenditures. Ayers is formerly Chief Operating Officer of America's Urgent Care, which operates eight walk-in clinics in Central Ohio and Central Florida, and Ambulatory Care Affiliates, which provides staffing, marketing, billing, and technology solutions. Five of the Columbus-area locations exist through a joint venture with OhioHealth Corporation. America's Urgent Care generates over \$12 million in net revenues from 98,000 patient encounters annually.

Ayers has served as an Ambassador to the American Academy of Urgent Care Medicine, coordinating its annual conference and leading its member and vendor recruitment initiatives. He is also a frequent contributor to the *Journal of Urgent Care Medicine*.

Ayers earned a Bachelors of Art with Distinction from the University of North Carolina at Chapel Hill, where he was initiated to the Phi Beta Kappa honorary, a Masters of Business Administration from the University of Mississippi where he was recognized as a John N. Palmer Fellow, and a Masters of Accounting from The Ohio State University, where he graduated first in his class. He also has earned the Project Management Professional (PMP) designation from Project Management Institute.

Ayers resides in Dublin, Ohio and is an FAA-licensed commercial pilot.

Alan Ayers Business Consulting

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Medical Discount Card...

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- Pricing and cost modeling (w/billing implementation)
- Packaged and customized marketing solutions
- Employer and Broker/Agent sales programs

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