Walk-in Care Day of Discovery

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About the Author

Alan Ayers is Assistant Vice President—Product Development for Concentra, based in Dallas, Texas. Concentra is the nation's leading provider of walk-in urgent and occupational health care services, with 324 clinic locations in 40 states.

A consulting veteran of Accenture and the former market research practice of PriceWaterhouseCoopers, Ayers has helped consumer product manufacturers and mass merchants become more profitable by applying analytical research to identify consumer behavior, by developing technology solutions to improve operational 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, Home Depot, McDonald's, Hilton, Verizon, and Bank of America.

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.

As a content advisor to the Urgent Care Association of America, Ayers is actively engaged in the development of thought capital for urgent care professionals as well as a frequent contributor to urgent care conferences and publications.

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.

Ayers also has earned the Project Management Professional (PMP) designation from Project Management Institute and is an FAA-licensed commercial pilot.

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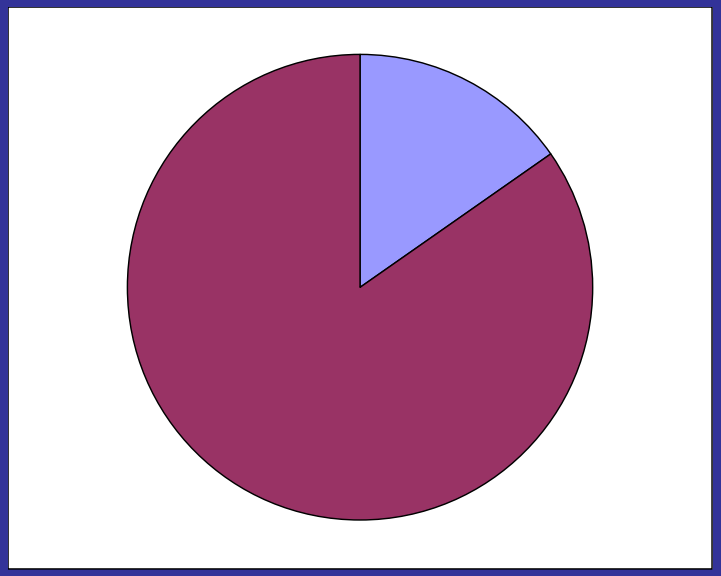
The State of Health Care in America Today



16% of Gross Domestic Product (20% by 2015).

$2.0 trillion/year; $6,700/person.

Rising at double-digit rates annually since the 1990s.

48 million Americans uninsured.

Rising deductibles, co-pays, and out-of-pocket expenses.

Small businesses continue to dump health insurance benefits.

America's Two Trillion Dollar Crisis

Systemic problems in health care delivery including inefficiency, overcapacity, labor shortages, and unchecked litigation result in higher costs and lower standards of care.

Higher insurance premiums and taxes make U.S. firms less competitive in the global marketplace, creating fewer jobs.

Personal health is declining with greater "lifestyle-induced" illness (including obesity), leading to lost productivity, shortened longevity, and reduced quality of life.

A problem for physicians.

- Viewed as commodities
- Shrinking reimbursements
- Uninsured/underinsured
- Restrictions on care
- Insurance paperwork
- High receivables
- Malpractice insurance premiums
- Defensive medicine
- Anti-trust environment
- Declining personal health
- Insufficient time per patient

CEO's Number One Concern

What cost is your company's biggest concern?

- Health Care 43%
- Litigation 20%
- Energy 19%
- Materials 11%
- Labor 4%
- Pensions 4%

Even though the economy has done well, many companies are still dropping health care benefits.

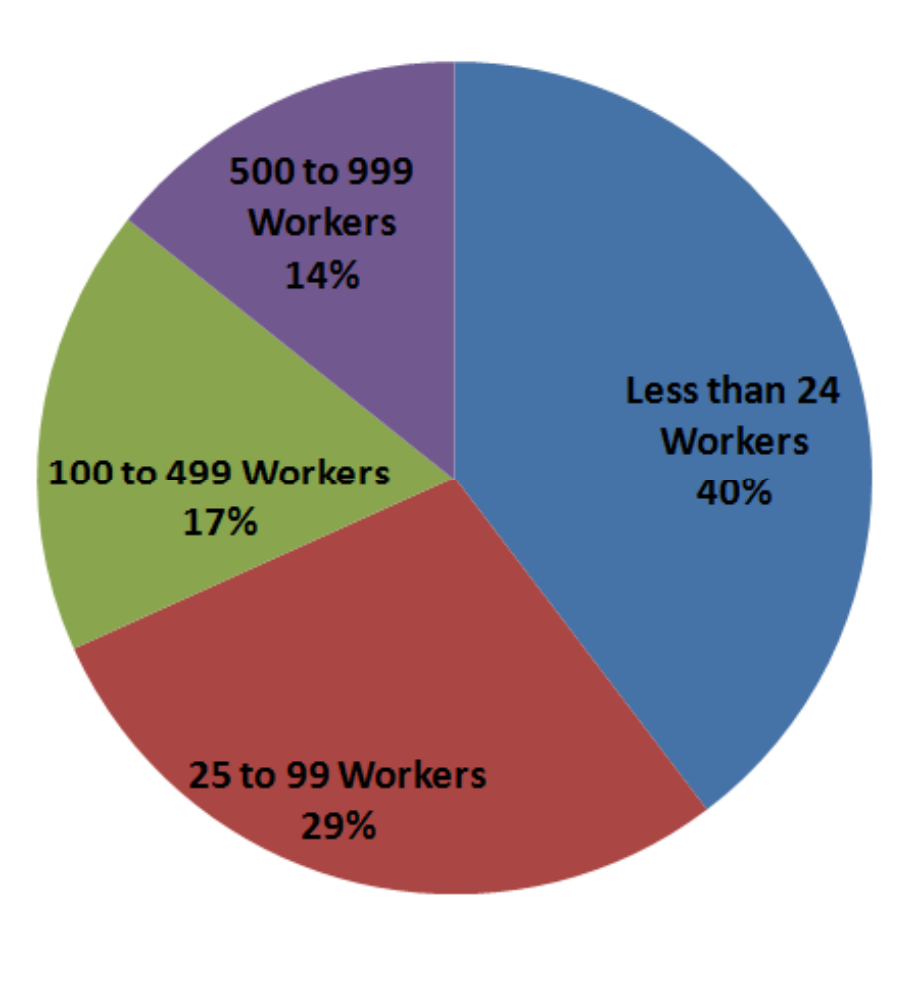
- 47 million Americans are without health insurance in 2007.
  - Number of uninsured increased by 2.2 million in 2006.
    - Year-over-year decreases in number of insured
    - In both private and government insurance plans
    - Rise is in spite of record prosperity in the United States
      - Poverty level at 40-year low of 12.3%
      - Median household income at 40-year high of $48,201

- Premium for family coverage has increased by 78% since 2001.
  - Twice the rate of salary growth.
  - Three times the rate of inflation.

- Average cost of family coverage is $12,000 per year.
  - Employee contribution averages $273/month (25% of premium).

- Migration to high-deductible policies with health savings accounts.
  - Catastrophic or major medical coverage only.
  - Consumers are becoming responsible for their own primary care.

Majority of uninsured work for small- to mid-sized companies, particularly in service industries.



Small- to mid-sized companies are the fastest growing segment of the "new economy." They're also the biggest creator of new jobs.

Immigrants are disproportionally represented:

<u>15.8% of all Americans</u>

Hispanic, Any Race
34.1%
African-American
20.5%
Asian
15.5%
White, Non-Hispanic
10.8%

Profile of the 48 Million Uninsured

- 82% are employed
  - 64% work full time
  - 18% work part-time
- 68% make greater than $25,000 per year
  - 35% make greater than $50,000 per year
  - 18% make greater than $75,000 per year
- 78% live in family households
- 81% are adults age 18-64
  - 63% are in prime working years age 25-64
- Market for affordable, accessible health care.

Access to primary care, not catastrophic illness, is the top health care concern of working class Americans.

- **Primary care offers early intervention/prevention of potentially catastrophic illness and saves money long-term.**
  - Point of triage and referral for the greater health care system.

- **Primary care is struggling.**
  - Patients are aging and are sicker than ever.
  - Insurance reimbursement insufficient to cover costs.
  - More work for less pay deters medical students.
  - Established family physicians are retiring or exploring other options.

- **Average family practice has over 2,000 established patients.**
  - Often 2-3 weeks to get an appointment.
  - Long waiting and short visit times.
  - Many practices not accepting new patients.
  - Few resources to invest in technology.

- **Urgent care, retail clinics, and the ER are used to fill the gap.**

By focusing on illness and injury, the institutional health system is failing consumers on many of their most basic health needs.

- 75% of patients have at least one condition without a clear diagnosis.
- 45% of the population has one or more chronic conditions.
- 65% of the population suffers from excess weight gain.
- 60% of consumers do not have a primary care physician.

The leading underlying causes of death and illness are largely preventable.

Top 10 Leading Causes of Death

- Heart disease
- Cancer
- Stroke
- Chronic lower respiratory disease
- Accidents (unintentional injuries)
- Diabetes
- Pneumonia/influenza
- Alzheimer's disease
- Kidney disease
- Septicemia

Top 9 Actual Causes of Death

- Tobacco
- Obesity and inactivity
- Alcohol
- Microbial agents
- Motor vehicle accidents
- Toxic agents (pollutants)
- Firearms
- Sexual behavior (and associated diseases)
- Illicit drug use

Health promotion and disease prevention must address the actual causes:

- Promotion of healthy lifestyles
- Clinical intervention of current medical conditions
- Identification of biomarkers of future health and disease
- Behavioral modification including case management and health coaching

Source: CDC

Public Health Enemy #1

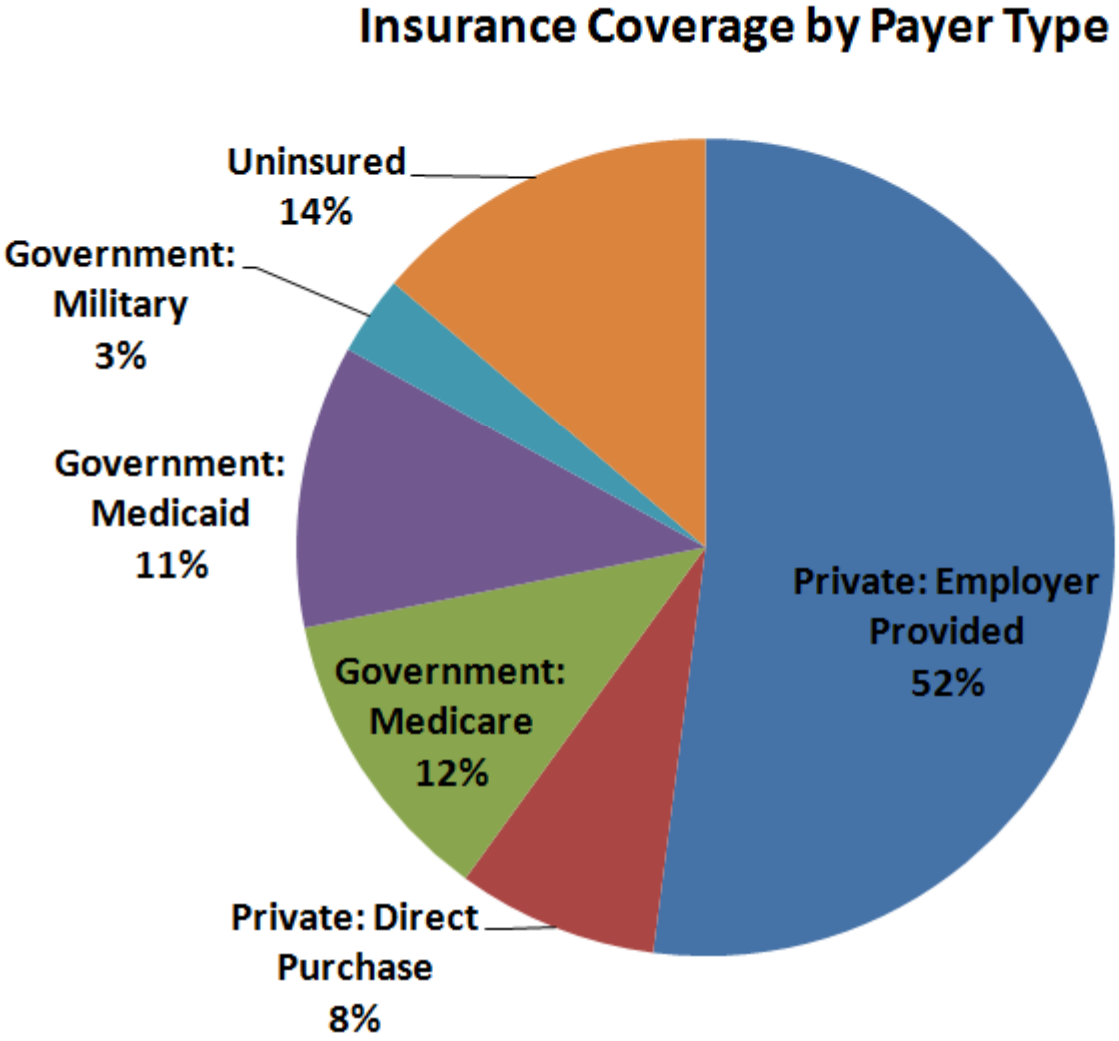
- 62% of Americans are overweight.
- 34% are obese.

Obesity contributes to 15 co-morbid conditions including:

- Cancer
- High Blood Pressure
- Diabetes
- Stroke
- Osteoporosis

Direct health care costs of $100 billion annually

The majority of health insurance coverage is still through employers.



Will employers begin to manage other health risks, including obesity, the same way they manage the risk of workplace injury?

- Actuarial risks of lifestyle habits are known.
- Cost of heath care is borne by employer.
- Financial incentive to reduce risk.
- Implementation of risk-reduction strategies starting in the workplace.

While government is effective in shaping agendas, it's business that often drives change.

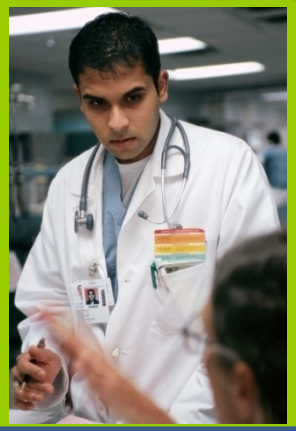
Illicit drug use costs business and society.

Government raised awareness of the drug problem.

Employer mandated drug testing:

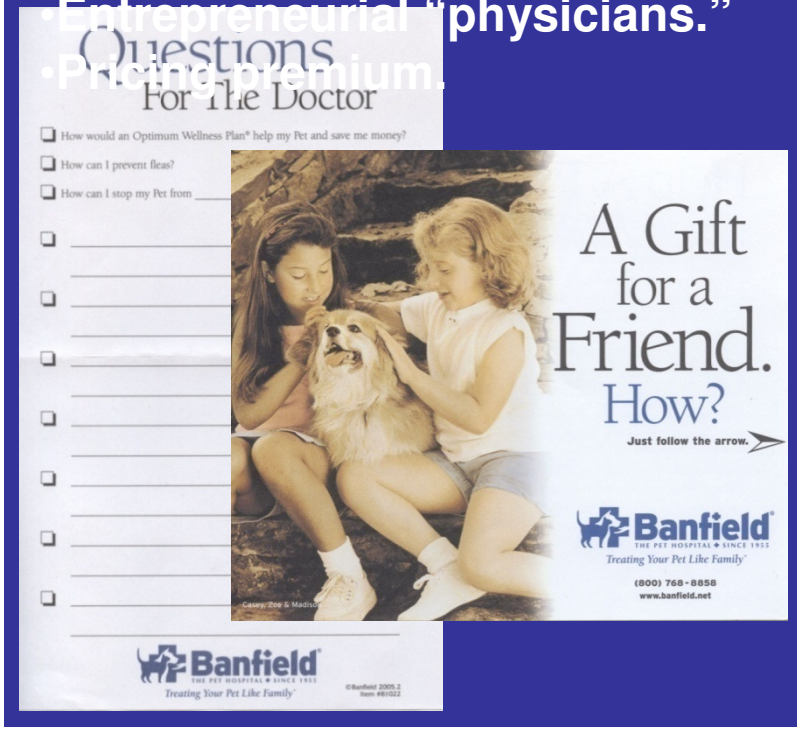
- **Held people accountable for their behavior**
- **Shifted the economic burden to users**
- **Delivered results for America's employers**

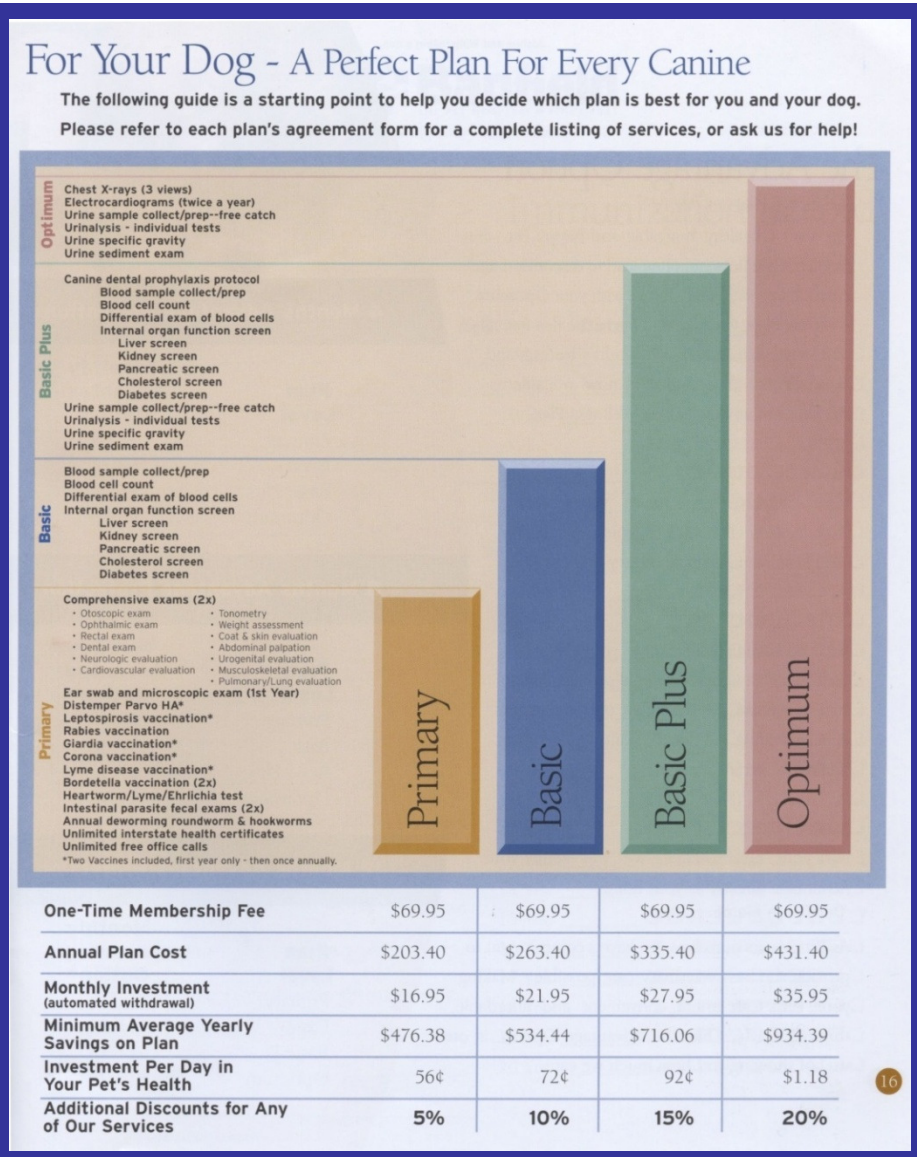
Health Care Matching Game



- **Who's the customer?**
- **Who's the patient?**
- **Who makes the most money?**
- **Who is the most trusted?**
- **Who is the fastest growing?**
- **Who has the highest customer satisfaction?**

- Focus on wellness and prevention.
- Available for sick and injured.
- Consumer centric delivery model.
- Entrepreneurial "physicians."
- Pricing premium.





Optimum Wellness Card:

- ***"Helps your pet live up to 25% longer through affordable, preventive care."***
- ***Two Million Members.***

Getting into the mind of consumers:
Health care is no longer about being sick.

Curative Medicine

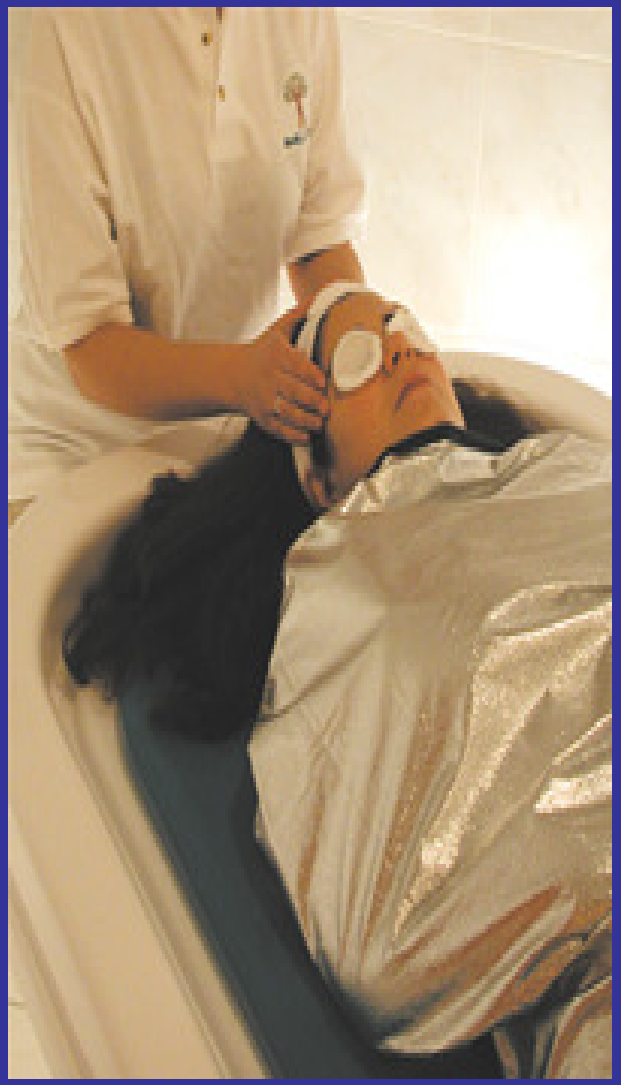
Physical
Medical Science
Doctor's Orders
Expert Opinion
Diet/Exercise
Preventing/Curing Illness
Correcting Bad Habits

Prevention and Personal Health

Physical/Emotional/Spiritual
Common Sense
Lifestyle Choices
Personal Responsibility
Managing Stress
Getting More Out of Life
Doing What Feels Good
Balance, Happiness

Doctors are only a small part of this new paradigm.

Complementary medicine, alternative medicine, and integrative medicine continue to emerge as key areas in the future of health care.



Desiring to look and feel better, consumers dig deep into their wallets and take their health into their own hands.

Creative Loafing Back Page, Tampa

Neon Signage, Detroit

Who uses complementary medicine?

- *Higher education (>50% are college graduates)*
- *Higher income (>50% earn more than $50,000/year)*
- *Middle age (30-59 years)*

Annual Visits:

•Chiropractic	192,000,000
•Massage Therapy	114,000,000
•Self-Help Groups	80,000,000
•Commercial Diet	27,000,000
•Imagery	22,000,000
•Megavitamins	22,000,000
•Herbal Medicine	10,000,000
•Acupuncture	5,000,000
•Biofeedback	4,000,000

Source: Rakal, Faass, 2006

Boutique/Concierge Medical Services

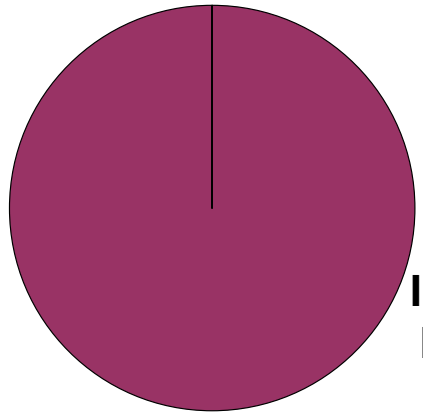
- Annual fee of $1,500 to $10,000 per year
- Dedicated, on-call provider
- Same or next-day appointments
- Focus on preventive medicine
- Personalized treatment plans
- Personal health records

VITAL SIGNS	Regular Doctors	MDVP Doctors (Boutique)
Average annual income	$153,200	$400,000
Patient load	2,500 to 4,000	Limited to 600
Average time spent with patient	10.6 minutes	30 minutes
Patients per week	112	30

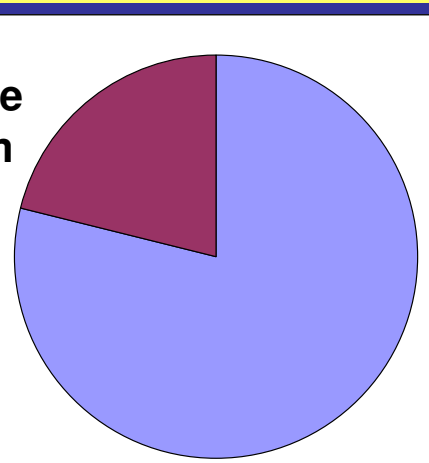
Sources: Medical Economics Magazine; American Academy Family Physicians; New England Journal of Medicine

Transition to Consumer Driven Health Care

Traditional Health Plans



Consumer Driven Health Plans



Third-party payers restrict patient choice by contracting authorized services, eligible providers, and standard pricing.

Providers are denied access to patients unless they promise insurers a low cost.

Providers make profits by increasing the number of procedures performed and lowering the cost per procedure.

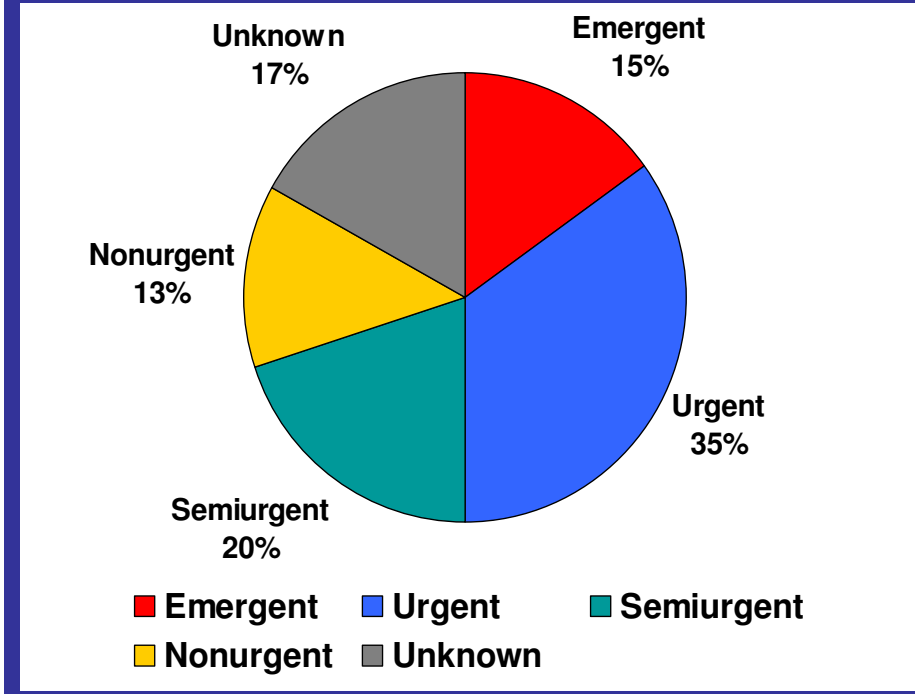
The result is lower quality health care.

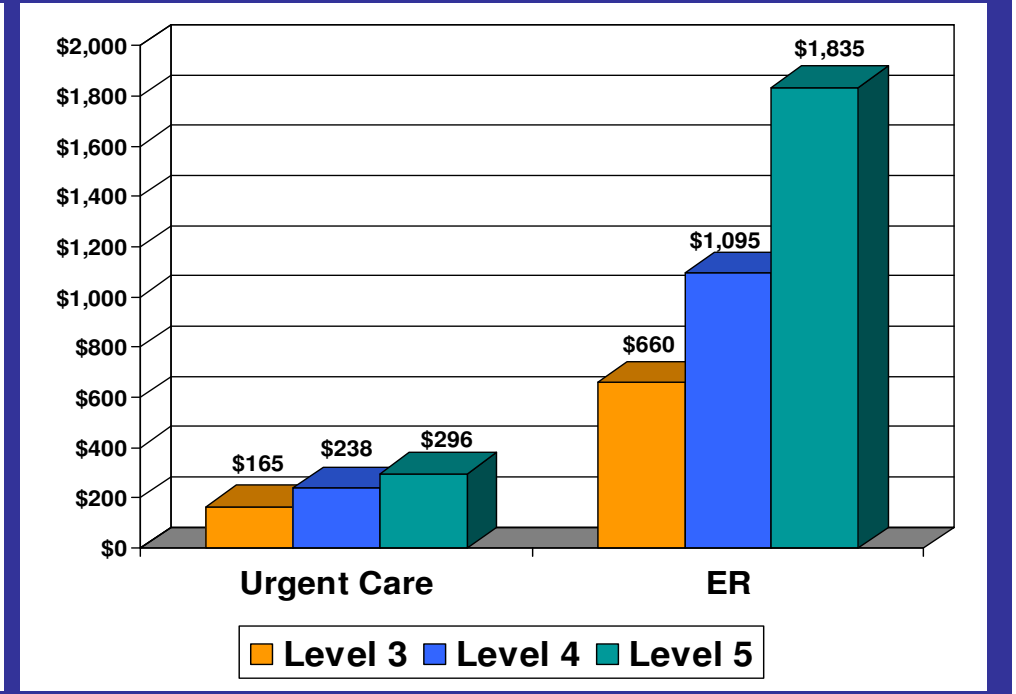
To maximize the value of their health savings accounts, consumers seek health care providers who provide the highest quality at the lowest price.

What does urgent care do for uninsured and underinsured patients?

- Assures affordable access to convenient basic medical care.
- Mitigates rising deductibles and offers network discounts on common out-of-pocket health care expenditures.
- Provides pricing transparency and parity with third-party payers for self-pay patients.
- Reduces the price shock of an unexpected injury or illness.

Urgent care saves employers money, even when employees chose it on their own.





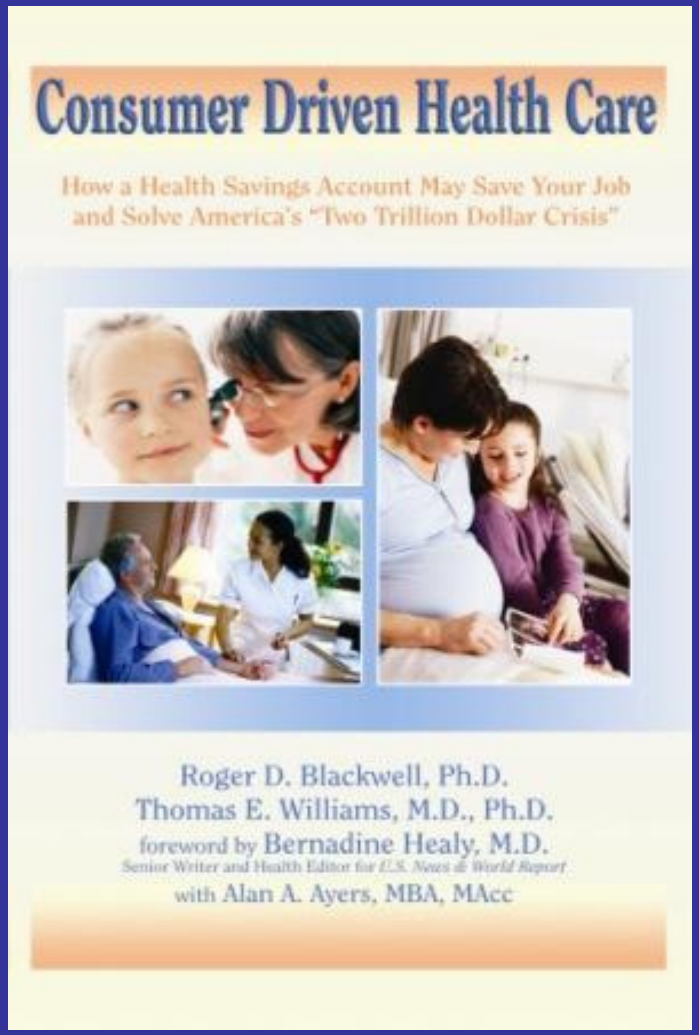
- Nearly 70% of ER cases can be treated in an urgent care setting.
- Urgent care costs 80% less than the ER.

Employers can save money just by raising awareness of urgent care.

- Uninsured often use the ER as a substitute for primary care.
  - Wait until conditions become acute and costs escalate.
  - Costs of unpaid bills are borne by insurance and all other payers.
- Urgent care reduces absenteeism and increases productivity.
  - Faster access than primary care for early intervention.
  - Reduces time spent waiting in ER for self and family members.
- Employers up the ante by providing reduced co-pays, co-insurance, or other financial incentive to use urgent care.

Consumer Driven Health Care

- New Delivery Models
- New Payment Systems
- New Funding Sources
- Greater Information Access
- Better Lifestyle Choices



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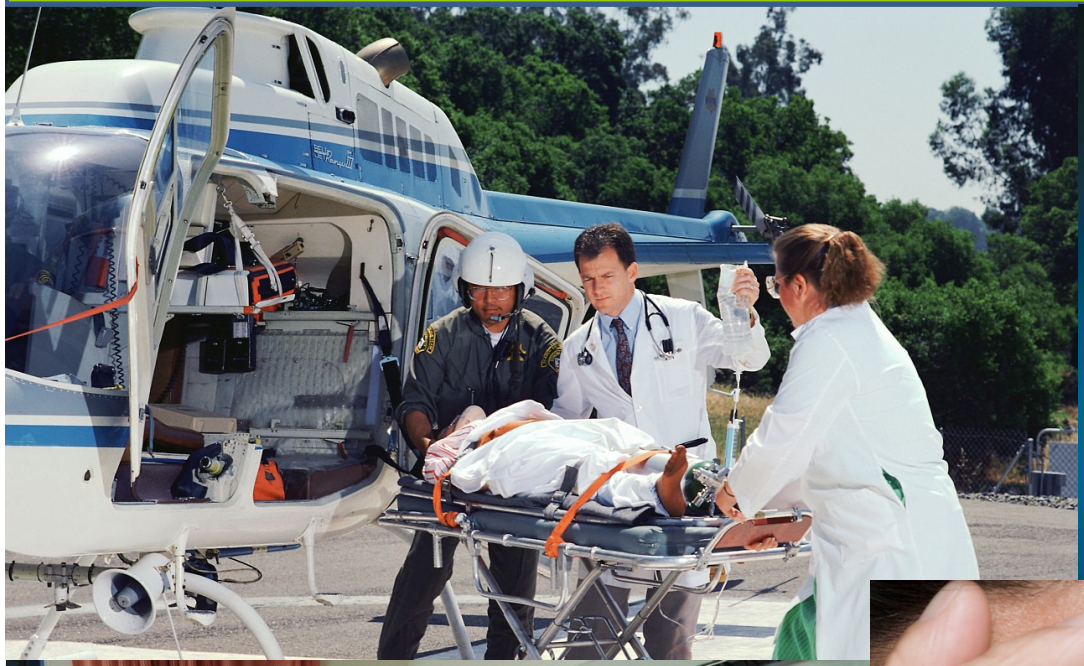
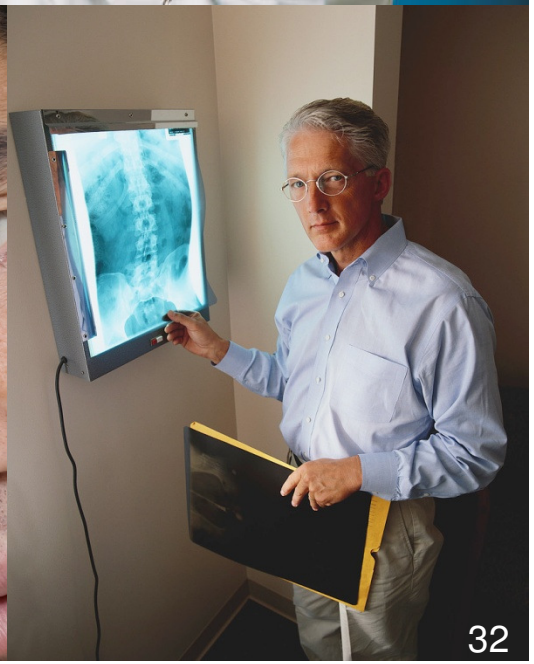
What is health care about?
Science? Technology? Outcomes?

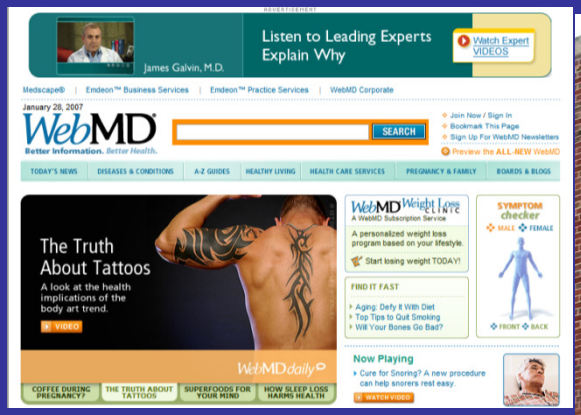




Health care is about…

Health care is about…

Medicine turned retail: Health care providers must now compete in a free and open marketplace.



How is urgent care responding?

In the past the focus was on function:

- Episodic
- Seasonal
- For acute illness or injury only
- Bill insurance or price unknown
- Sterile, clinical environments

In the future, the focus will be emotion:

- Welcoming, respectful, skillful care.
- Clinical excellence, focused on wellness.
- Innovation and expertise.
- Delivered in an environment of trust, support, and community.
- Inviting, non-clinical selling space that connotes quality.

Urgent Care Marketing Priorities

#1: Protect the Existing Revenue Base

•*Ensure that today's patients will return when future needs arise.*

#2: Generate New Marketshare

•*Become "top of mind" when consumers seek medical care for a new illness or injury.*

•*Provide a reason for consumers dissatisfied with their current medical provider to make a change.*

Doing #1 well contributes to #2:

Happy patients tell their friends and family. Word of mouth is the most effective and least expensive way to attract new patients.

When you eat at a restaurant, how do you judge quality?

Taste?

Speed?

Choices?

Location?

Ambiance?

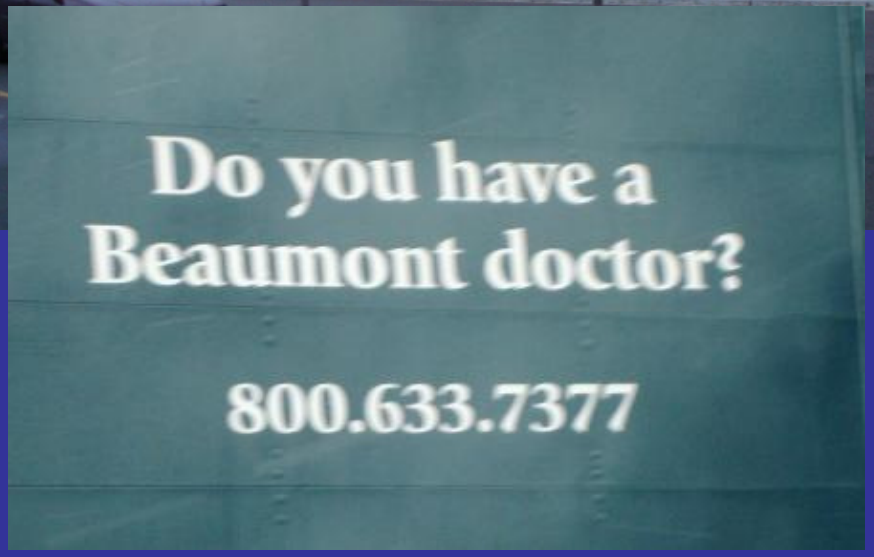
Friendliness?

Price?

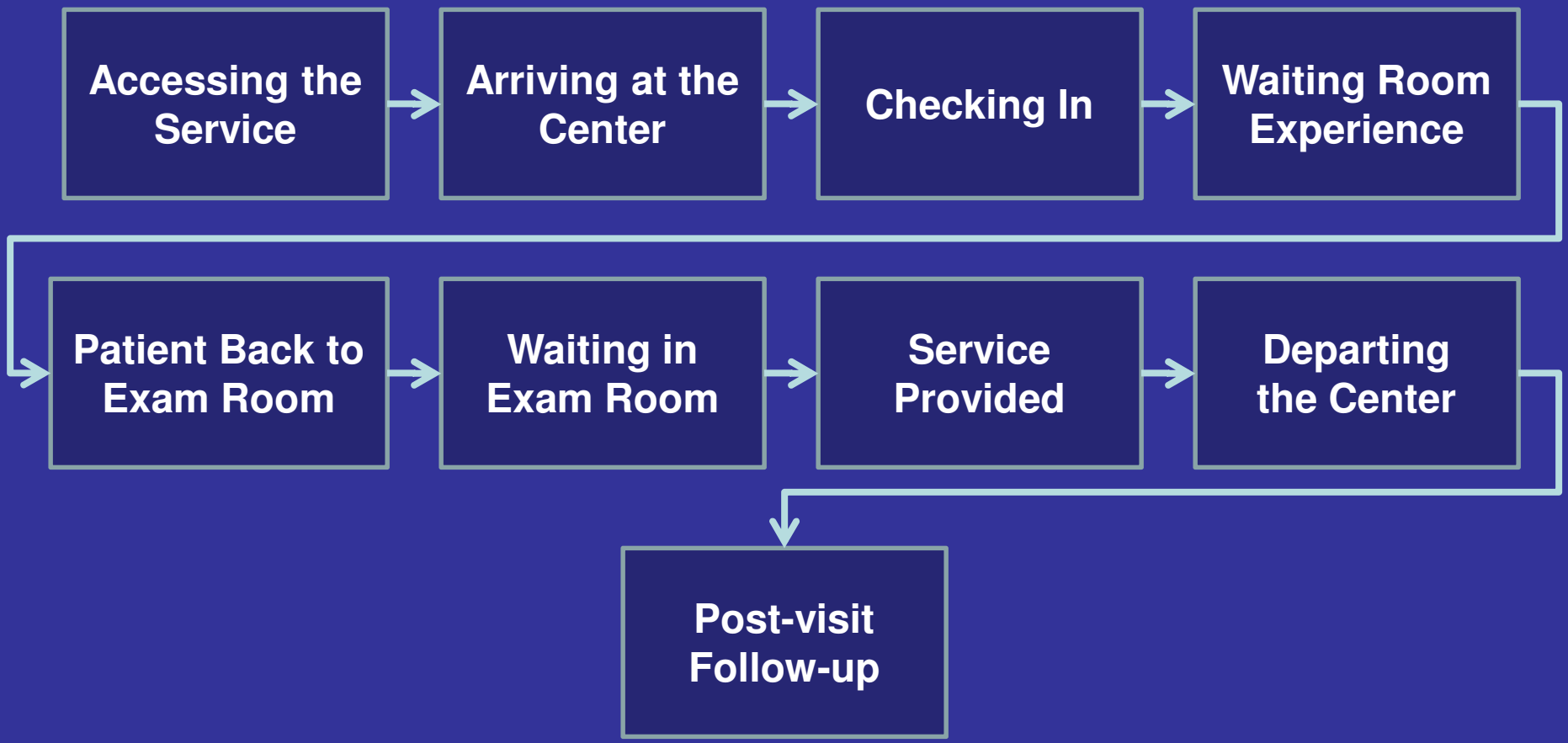
Hours?

Direct Evidence

Patient turned investigator looks for evidence of quality in every element of the experience.



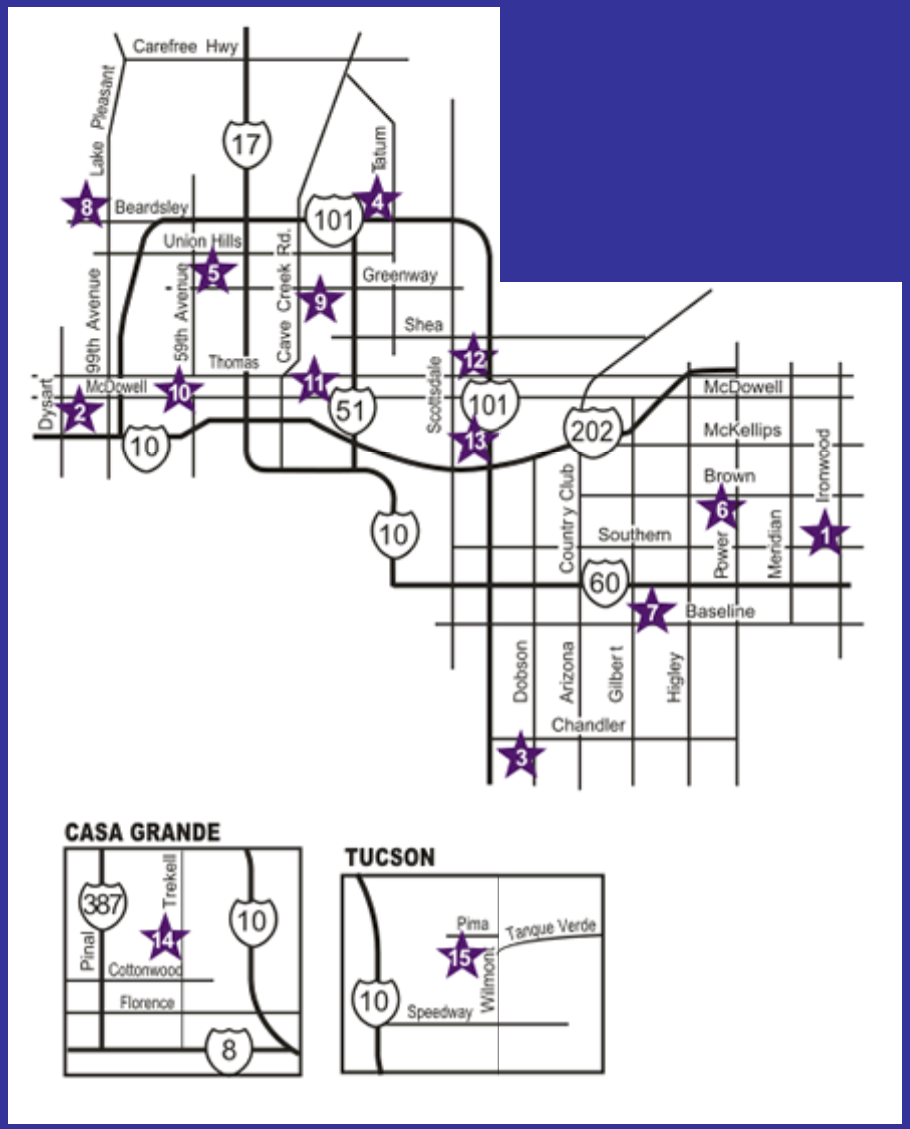
Service Encounter: The period of time during which a customer directly interacts with a service organization.



The Servicescape: Where customer service occurs.
Retail is Detail.

Urgent Care Customer Expectations:
Justice is a hassle-free experience.

Urgent Care Customer Expectations: Locations near home, work, or school.



NextCare, Phoenix, Arizona

Extended evening and weekend hours.

CareNow, Dallas, Texas

Accessible, well-lit parking.

Doctor's Walk-In Clinic
Tampa, Florida

Clean, modern facilities.

Patient First, Newport News, Virginia

Easy to understand forms and fast registration. Clear communication of prices, insurance, payment policies, and wait times.

Doctor's Walk-In Clinic, Tampa, Florida

Comfortable waiting area equipped with refreshments, restroom, television, current magazines, and seating/activities for children.

MedExpress, Morgantown, West Virginia

Professional, competent medical care.

Patient First, Virginia Beach, Virginia

Accommodation for children and families.

Solantic, Coconut Creek, Florida

Valley Children's MedCenter, California

Detroit Medical Center
PrimeCare Medical Center
Southfield, Michigan

Highly visible from street—even after hours.
Pricing and services posted.
Consumer expectations clearly set.

Urgent Care Business Models

Urgent care has long overcome its reputation of "doc in a box."

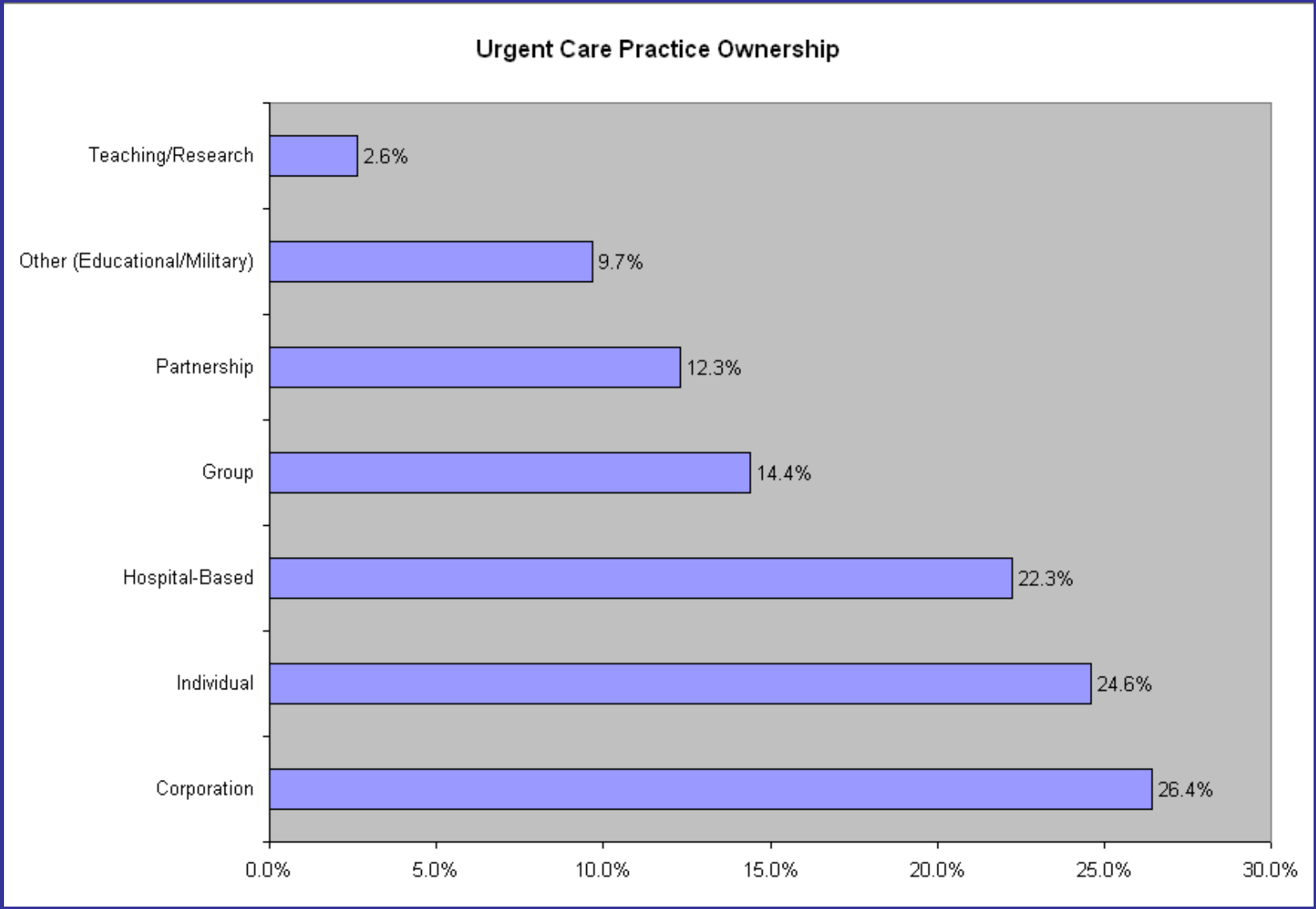
- Triage for Emergency Room and Overflow for Primary Care.
- Inconsistent quality.
- Limited scope of services.
- Unbranded or branded by physician.
- Provider of last resort.

- Convergence of Urgent, Primary, and Occupational Care.
- Customer focus with national quality standards.
- Expanding scope of services—in response to consumer needs.
- Branded health care destination.
- First place to go—known and trusted.

Urgent care practices in the United States tend to be:

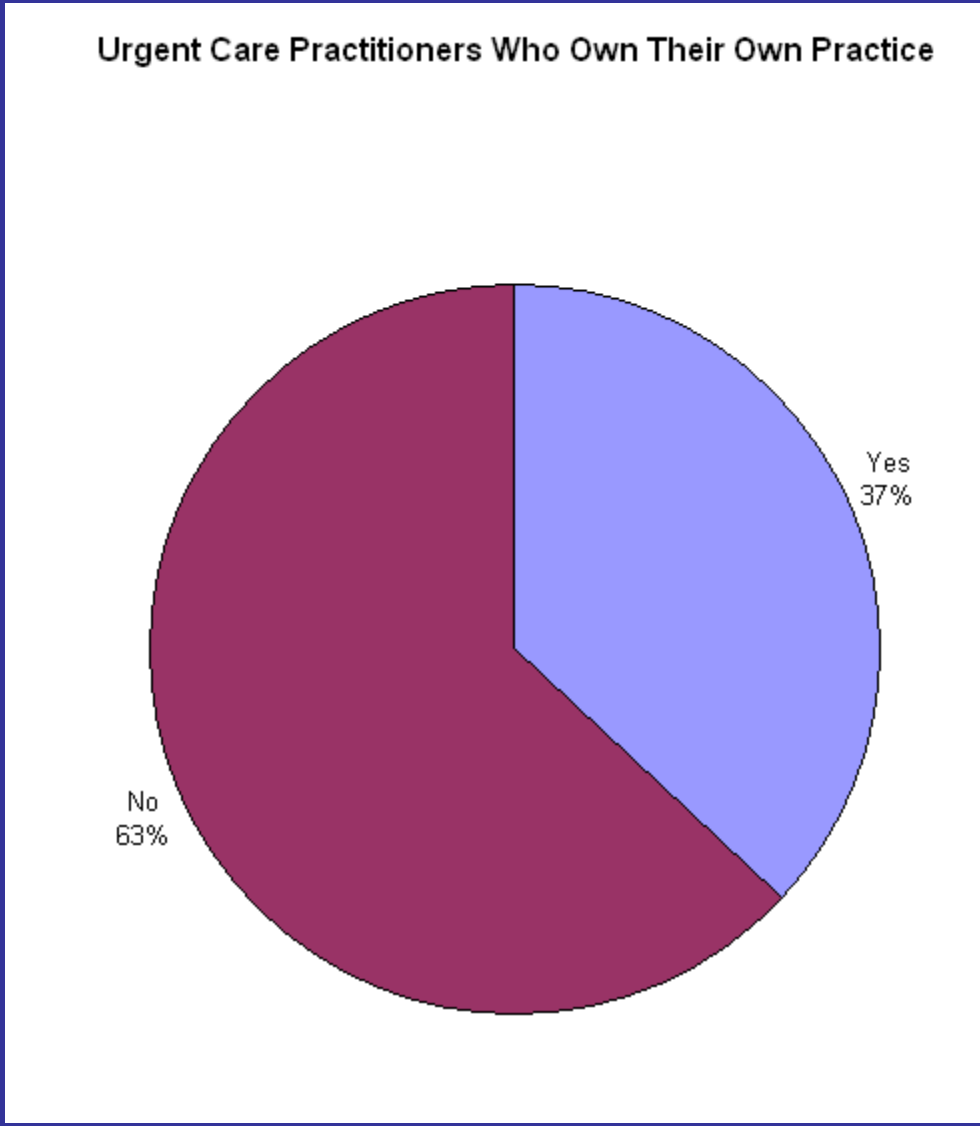
- Owned by individual physicians (25%) or a hospital-affiliation (22%).
- Single location operations (73%)
- Less than 10 employees (46%)
  - Median of 8 employees, 2 physicians per center
- Utilize nurse practitioners or physician extenders (53%)
  - More common in larger centers
- Cater to all ages
  - 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: Ownership Structure



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Entrepreneurial Physician

Crimson Urgent Care, Metairie, Louisiana

- One to three physician owners who work in the practice.
- Brand is physician owner.
- Historically an Emergency Medicine background.

Motivated by:
- Emergency Room demands.
- Desire to own a practice.

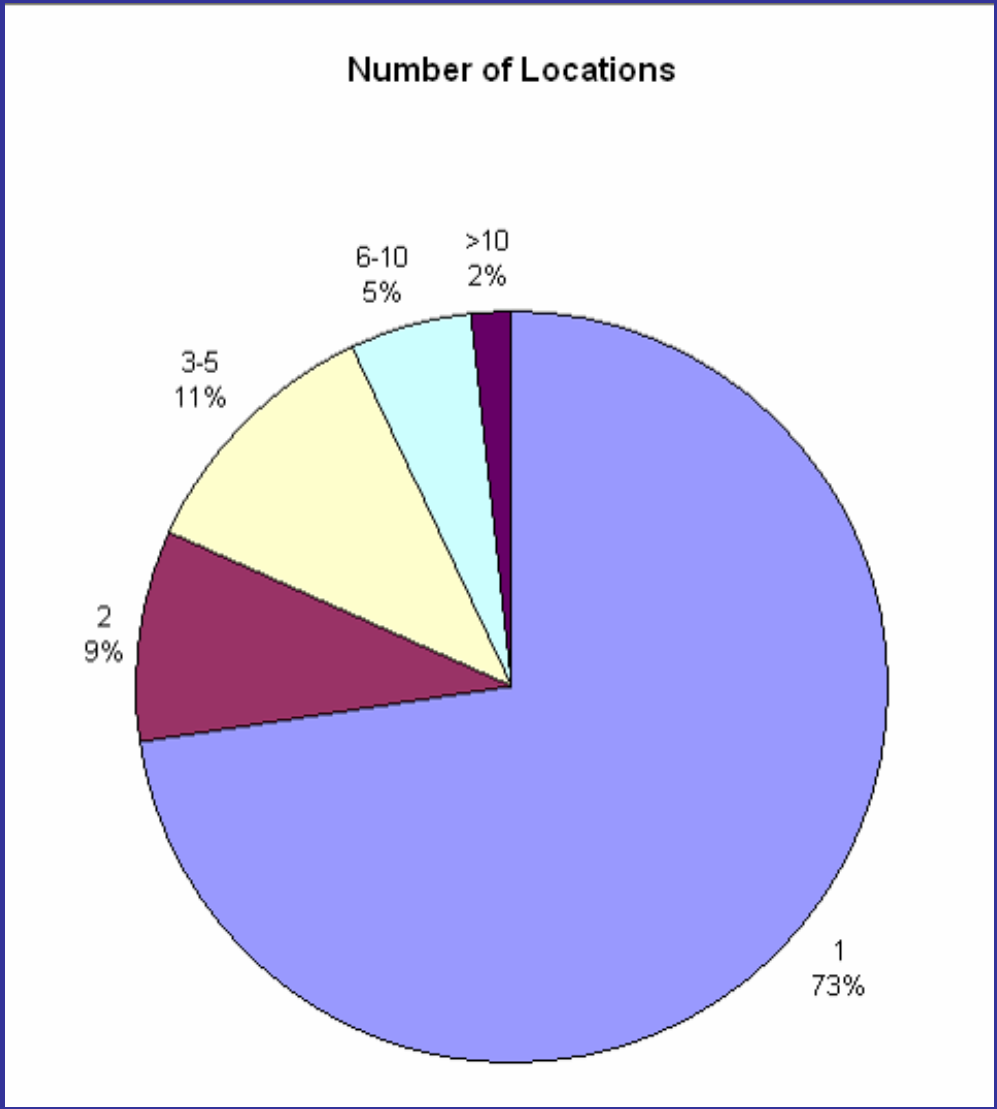
- Business manager or outsource billing and other business functions.
- Practice liabilities personally guaranteed by physician owners.

Independent Urgent Care Owners Struggle

- Rising operating costs and falling insurance reimbursements
- 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) can affect profitability for the year
- Malpractice premiums and employee benefits costs rising
- Negative consumer perceptions, inconsistent quality

Scioto Urgent Care, Dublin, Ohio

Urgent Care Practice: Number of Locations



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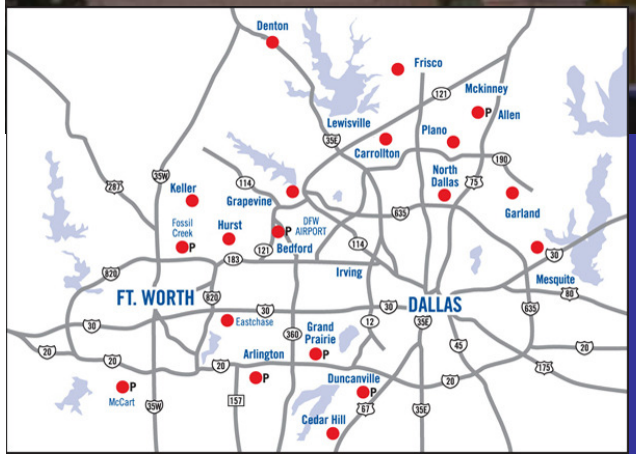
UMC Care Centers,
Las Vegas, Nevada

Greenfield Medical, Southfield, Michigan

Local/Regional Network



CareNow, Grapevine, Texas

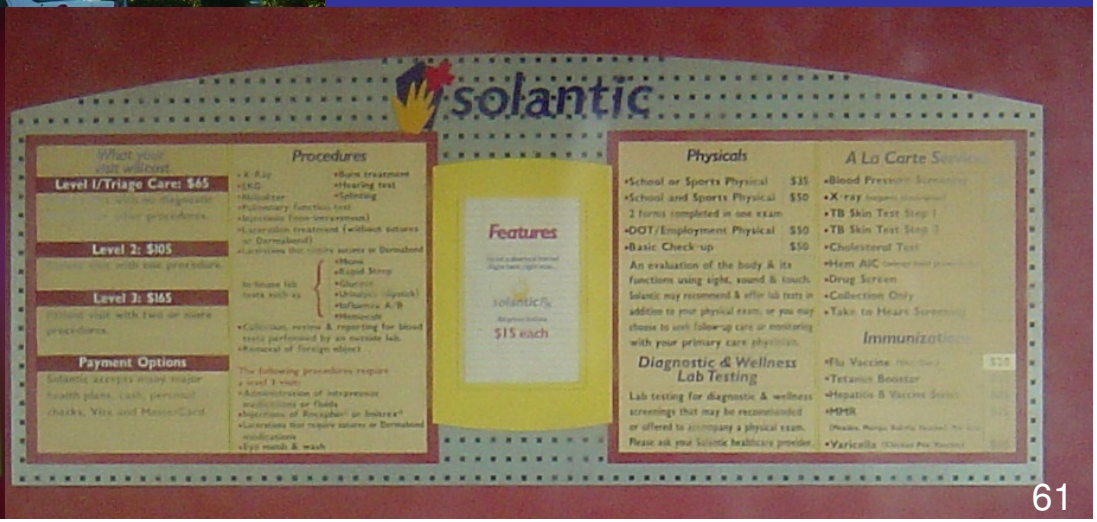
- Entrepreneurial urgent care expanded to three to 30 locations.
- First attempts at urgent care branding.
- Centralized billing/business functions.
- Regional or national growth aspirations.
- Organic growth of one center every two years.
- Slow growth due to start-up costs (operating losses) and difficulty raising capital—low margins and control issues.

Solantic: Venture Funded Network

Solantic Walk-in Urgent Care
Coconut Creek, Florida

Patient-Focused Offering:

- Full service urgent care with lab and x-ray
- Kids waiting area with Disney Channel
- Menu-board pricing
- A la carte lab testing
- Call-ahead scheduling
- Pre-paid discount card
- Employer services



Hospital Affiliation

Intermountain Health Care, Saint George, Utah

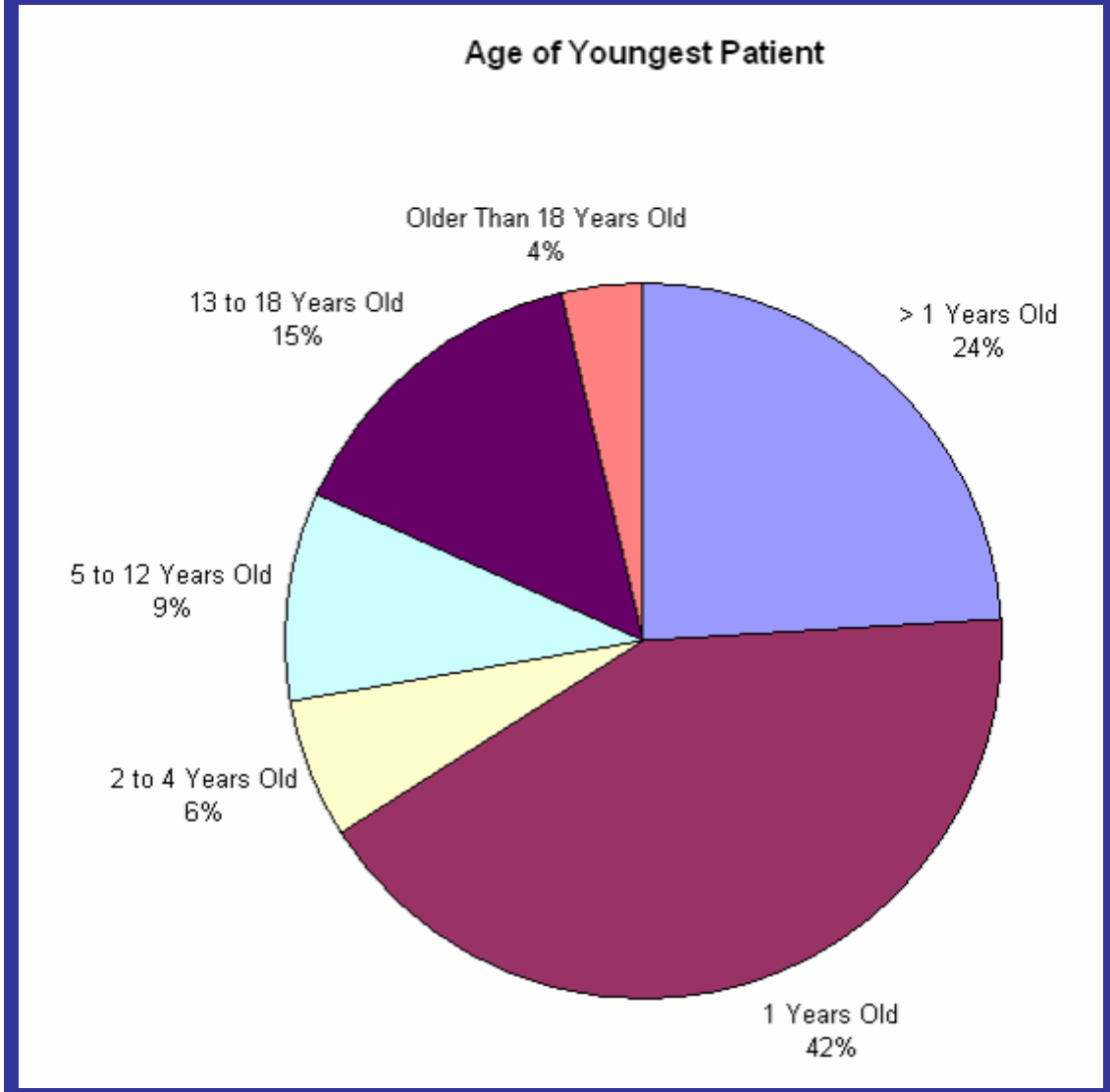
- Entry point to the health care system.
- Fully owned or physician joint venture.
- Free-standing or tenant in health center.
- Reduce Emergency Room utilization.
- Create practice opportunity for physicians.
- Build brand and extend catchment area.
- Capture downstream referrals.

Pediatric Urgent Care

Nationwide Children's Hospital, Columbus, Ohio

- **Weekend and after-hours coverage for primary care. Limited operating hours.**
- **Staffed by private practice or Emergency Room pediatricians.**
- **Tight relationship (information sharing) with primary care.**
- **"Halo" effect of pediatric medicine.**

Urgent Care Practice: Ages of Patients Served



Florida Hospital CentraCare
Orlando, Florida

N: 310

Hispanic Focused Urgent Care

Clinica Mi Pueblo
Bubank, California

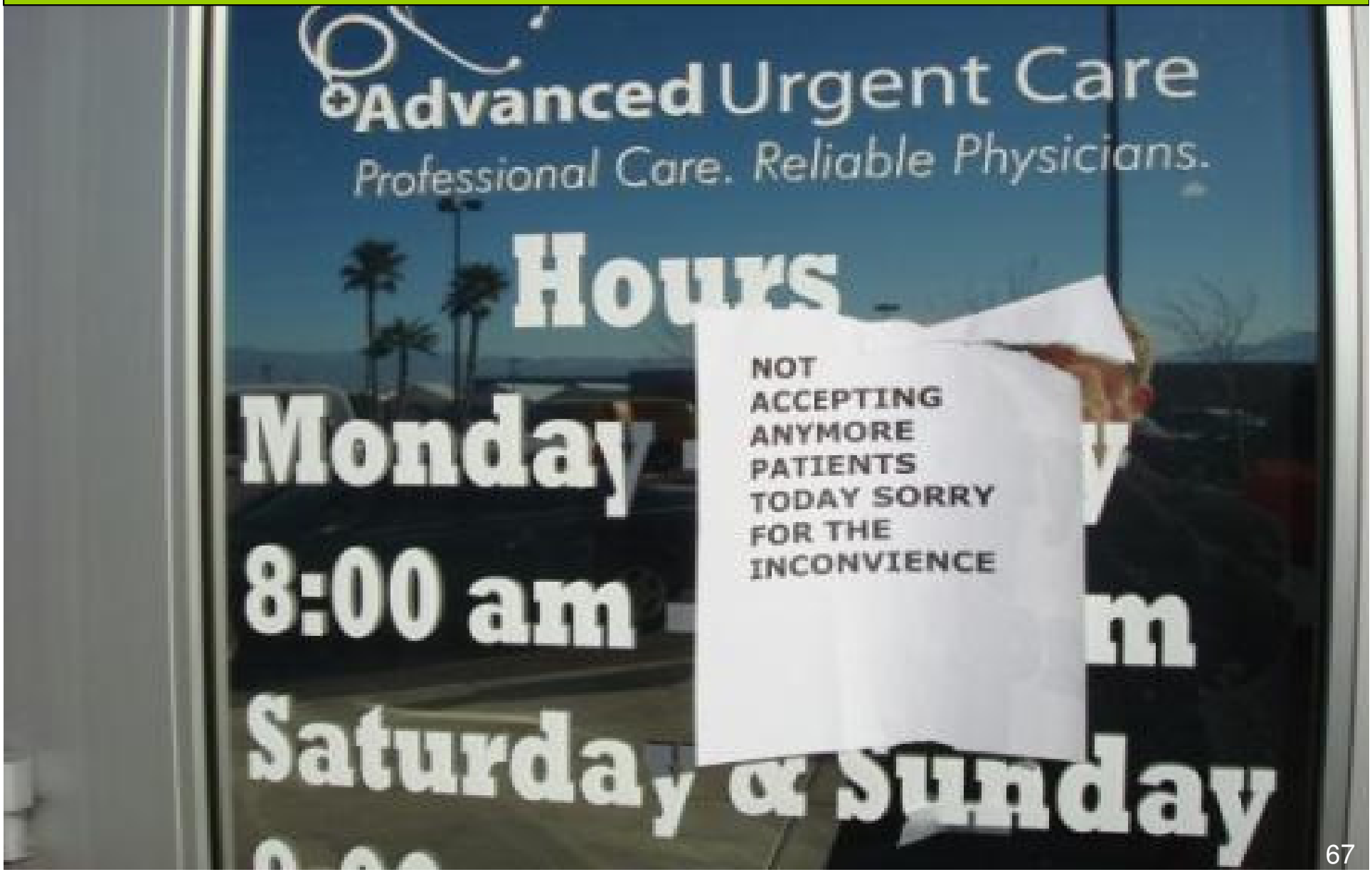
- Major cities with large Hispanic population.
- Transparency in pricing and service delivery.
- Culturally relevant and patient centric.
- Focus on uninsured.
- Primarily cash business.
- Impact on occ med?

Walk-in / Extended Hours Family Practice Multi-Specialty Group

MedHelp Family Practice, Birmingham, AL

Fremont Medical Centers, Las Vegas, NV

In some markets, urgent care can't keep up with demand.



Emergency Room Fast Tracks and Service Guarantees

Centennial Medical Center
Frisco, Texas

Oakwood Healthcare System
Detroit, Michigan

Freestanding Emergency Room

First Choice Emergency Room
Plano, Texas

- Board certified Emergency Medicine physicians.
- Emergency Room co-pay and facility fee.
- More advanced lab and imaging capabilities.
- Affluent areas with extended ER and UC wait times.

Retail Health Clinic

RediClinic inside of Wal-Mart
Glen Allen, Virginia

Walgreens Health Services: Trusted "Push" Strategy
(Comparable to integrated CVS/Caremark/Accordant/MinuteClinic model)

- Convenience leader with 5,600 stores and 10-year potential of 10,000 to 15,000 locations. Known and trusted 100-year old brand in health care.

- Pharmacy benefit management program negotiates directly with employers and third party administrators. Value proposition is cost containment and customer service for retail and mail order pharmacy.

- Deep experience in disease state (medication) management (specialty and long-term care pharmacy) with focus on improving individual patient outcomes.

- PBM and retail pharmacy already use a single patient information database.
  - *"As we develop new operating systems for the businesses within Walgreens Health Services and integrate them with our retail system, we move closer to our goal of a universal patient-treatment record within Walgreens -- a very powerful tool for providing healthcare across the continuum."*

- Addition of 370 employer-on site locations (Whole Health and iTrax) capture employees into Walgreen's "system" and integrate personal health risk assessment and management programs. Market opportunity of 7,600 locations.
  - *"Whole Health also will help expand services at the Take Care clinics, she said. "They currently operate on more of a urgent care, limited menu of services model, and they're looking to us to expand those into wellness, prevention, disease management and primary care."*

- 400 Take Care clinics by end of 2008 will offer walk-in Level 3 care for episodic conditions. One new clinic opening daily. With electronic medical record, clinic will easily integrate with a complete employer offering focusing on employee wellness and disease containment.

- Benefits can be extended to the entire "Wall of Health Care" including optical clinics, durable medical equipment, hearing aids, etc. located in selected stores.

- Facility costs are fixed and off-set by traffic- and margin-generating OTC, cosmetics, convenience foods, and cigarettes (items all exempt from recession).

Wal-Mart: Entry Point to Tertiary Health Care System

•Wal-Mart Stores, Inc. serves 127 million customers weekly generating $374 billion in annual revenue. Wal-Mart is the low cost leader in the consumer market. Spending and lifestyle behavior of Wal-Mart's target demographic is well understood. The company has 1.3 million employees in the United States. 1 million covered lives are in Wal-Mart's health plans.

•Wal-Mart's pharmacy is a retail model based on scale purchasing and distribution efficiencies. In payer networks for retail pharmacy but unlike Walgreens and CVS, Wal-Mart has little expertise in specialty or long-term care (management of individual patient conditions). Wal-Mart is not a PBM.

•Wal-Mart's original in-store clinic model was a landlord-tenant relationship. "Land grab" occurred with multiple entrepreneurial start-ups leasing space in Wal-Mart stores.

•First generation of retail clinic operators have declared bankruptcy. Lesson learned is that a start-up clinic cannot be profitable on its own—there must be some downstream benefit or payer integration.

•Wal-Mart's new strategy enlists health systems. Much slower growth projected. 400 clinics by 2010.

- *Wal-Mart's first co-branded in-store clinics with local hospitals will open under "The Clinic at Wal-Mart" brand in Atlanta, Little Rock and Dallas, with the first clinic expected to open in April 2008. These clinics will be connected to their communities via local hospital systems that Wal-Mart customers already know and respect. Wal-Mart expects "The Clinic at Wal-Mart" brand to become synonymous with quality healthcare at affordable prices, provided by trusted, local providers.*

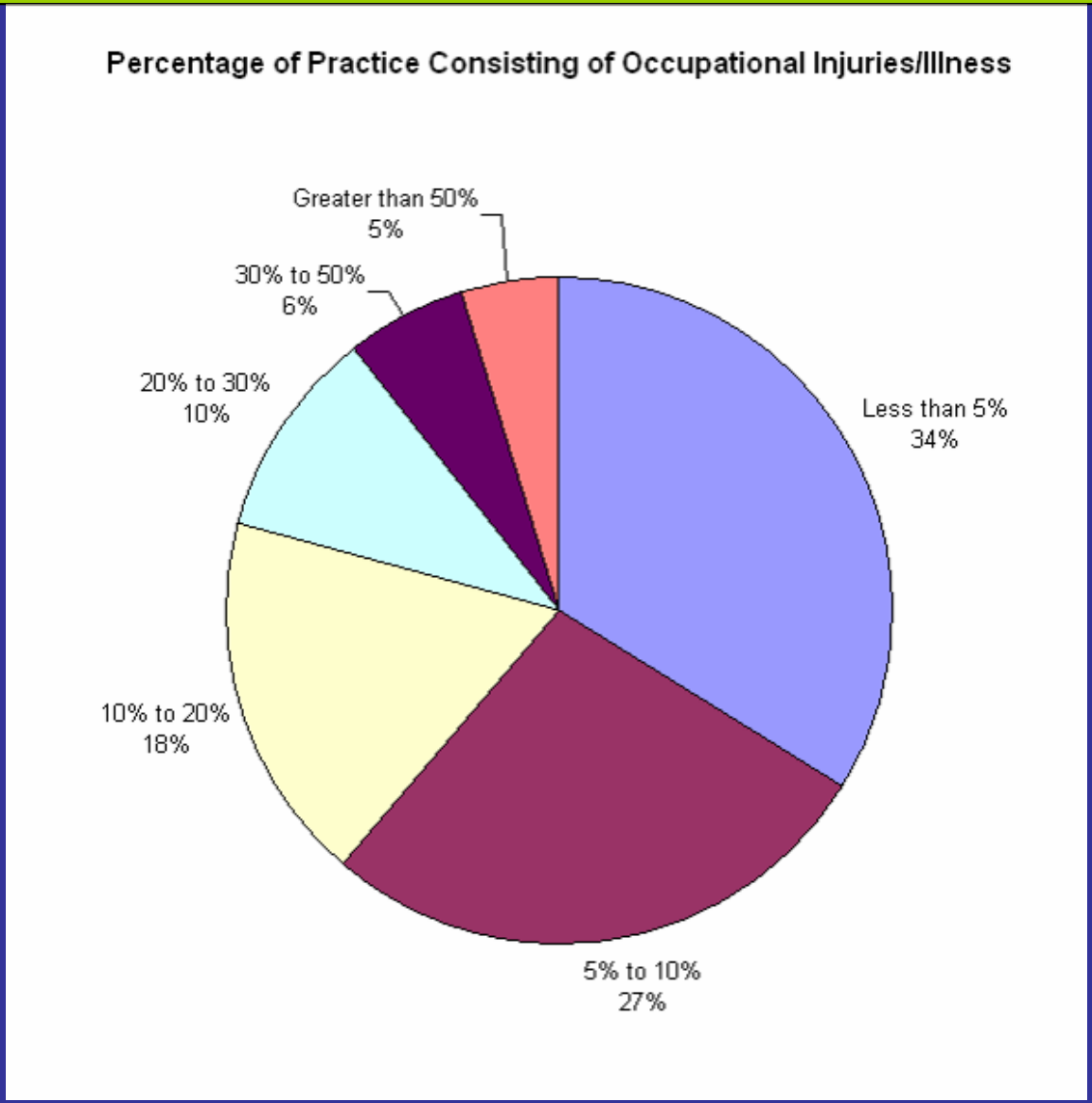
•Hospitals negotiate multi-service contracts with insurance locally and their ambulatory facilities do not have to be profitable at the point of service:

- Contribution revenue in terms of referrals.
- Clinic provides ancillary services for more profitable lines.
- Volume offset of low-level ER visits. Integration with primary care networks (weekend/after-hours/overflow and ancillary services).
- Marketing and branding opportunity.

•Hospital brand provides "halo effect" for quality of services delivered in Wal-Mart stores and retail location provides a triage and entry point (either "push" or "pull") to the greater health care system.

Occupational Medicine Connection

21% of urgent care centers report that Occupational Medicine is 20% or more of their business.



N: 449

25% of urgent care centers offer Physical Therapy.

Advanced Urgent Care and
Physical Therapy
Henderson, Nevada

Blended Mix of Services

Concentra Urgent Care, Sterling Heights, Michigan

Standard Occ Med Services

- Pre-employment services
- Directional care
- Injury treatment
- Physical therapy
- Compliance testing
- Regulated testing
- Physician review
- Care management
- Pharmacy benefit management
- Injury prevention

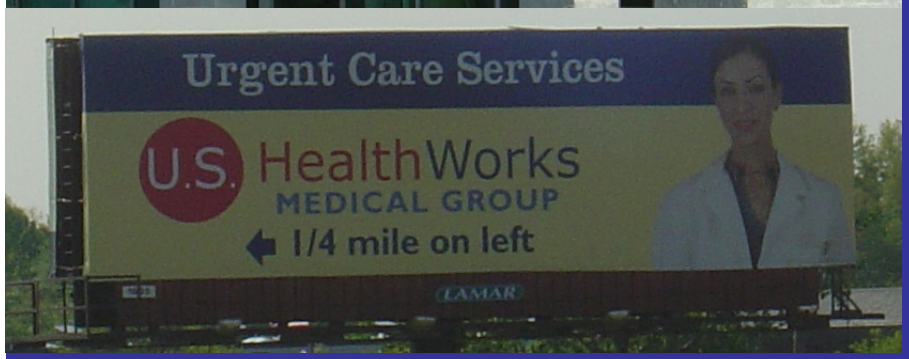
New Urgent Care Services

Illness treatments, such as
- Allergies
- Ear infections
- Sinus infections
- Colds
- Flu

Injury treatments, such as
- Sprains
- Broken bones
- Cuts and scrapes
- Back injuries

Health Screenings
Skin Conditions
Vaccinations

Urgent Care Benefits to Occupational Medicine



U.S. Health Works, Columbus, Ohio

- Offset lost revenue due to adverse employment, injury and reimbursement trends.
- Increase utilization of fixed costs by adding additional volume.
- Increase appeal to corporate accounts with a broader scope of offerings and greater number of locations.
- Enter new markets with established patient and provider base.
- Expand cost containment and medical outcomes to employee benefits programs.
- Cross-sell to employee base already using the clinics.

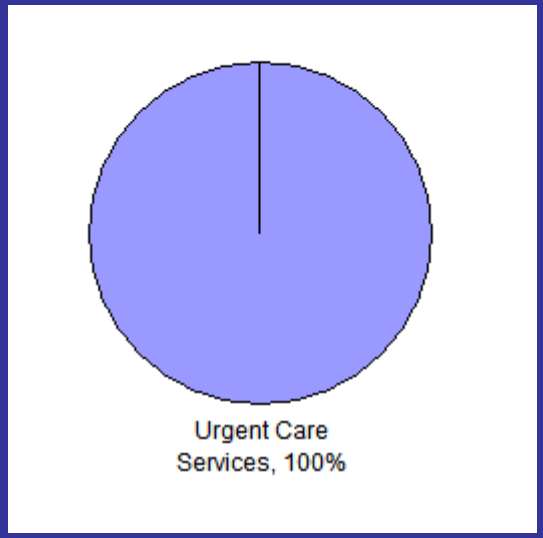
Occupational Medicine Benefits to Urgent Care

- Reduces risk and increases margin for urgent care.
- Complimentary seasonality and daily volume peaks.
- Strengthen relationships with practitioners and downstream service providers.
- Create additional traffic to promote core urgent care business.

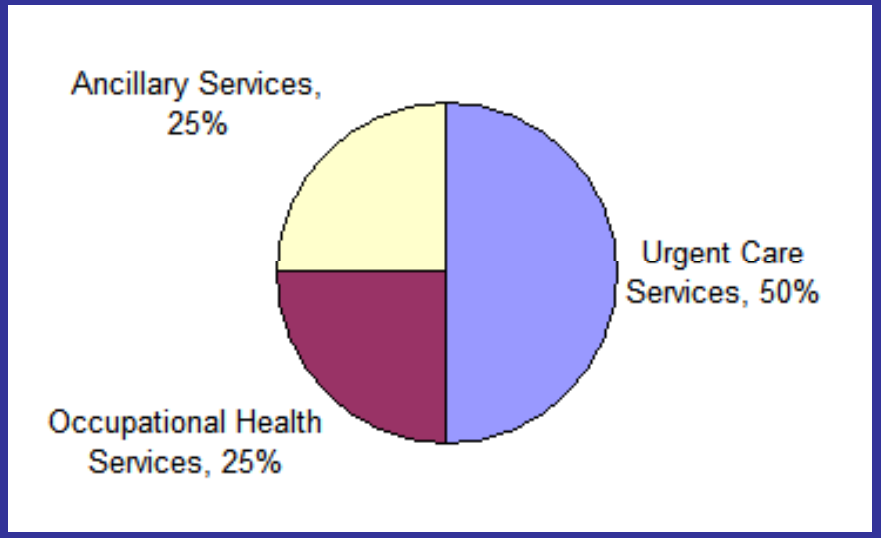
Physicians Immediate Care
Chicago, Illinois

Diversifying the product and service mix reduces risk and increases profit.

Independent Urgent Care Center:



Single Service Line
Margin: 3 to 5%



Product and Service Mix
Margin: 12 to 17%

The Future of Urgent Care

Current positioning as "alternative to the Emergency Room" creates strategic risks for urgent care.

- Current value proposition is limited in scope: *alternative to the emergency room*.
  - Defined as sub-acute or acutely rising conditions on an episodic basis only.
    - Many urgent cares ignore the convergence of primary, occupational and urgent care.
    - Patient utilization is for family practice, not emergency medicine.
  - "Alternative to the ER" pre-supposes universal utilization of hospital ED for Levels 3 and 4:
    - First clinic: alternative to the emergency room. Strong consumer pull occurs.
    - Second clinic: more alternatives to the emergency room. Rising tide raises all.
    - Third clinic: even more alternatives to the emergency room. Market saturation/ cannibalization occurs.
  - Hospital ED utilization for low acuity cases is driven in large part by Medicaid and uninsured. ER fixed costs and write-offs are allocated across all paying patients. ER incremental cost of a low-level patient (provided there is capacity) is minimal. "Alternative to the ER" makes many assumptions about ER capacity and utilization that aren't true in all markets.

- In an insurance paid model, urgent care's value proposition is *savings versus the ER*.
  - Majority of cases are Level 3 yet urgent care is a Level 4 facility—urgent care overhead is higher for Level 3 cases than primary care and retail clinics.
  - In a coordinated care system, will payers pay higher rates for consumer convenience?
    - Value proposition for Level 3 providers becomes "alternative to the urgent care."
    - Nurse Practitioners are playing a greater role in primary care.

- Future successes of urgent care is dependent on its ability to:
  - Leverage consumer preferences for convenience and service.
  - Expand range of services beyond episodic to include primary care and ancillary lines.
  - Increase margins by reducing dependence on insurance as the major source of revenue.
  - Increase the acuity of cases treated beyond that of Nurse Practitioner clinics.

Branded Health Care Destination
Access Point to the Greater Health Care System

- **Comprehensive personal health solutions covering a spectrum of patient experiences:**
  - Pre-Employment Testing
  - Wellness Screenings and Education
  - Prevention and Intervention
  - Diagnosis and Treatment (Injury/Illness)
  - Physical Therapy
  - Lifestyle Products and Services
- **Ready referral access to the greater health care system**
- **Sales platform and growth engine:**
  - Link to the Customer
  - Visible Quality Symbol
  - Long-term Relationships
  - Known and Trusted

Urgent and Family Care at the Narrows
Birmingham, Alabama

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, cont'd.

- Expand margins by reducing reliance on insurance payments
  - Appeal to self-pay patients (especially w/consumer-directed health plans)
  - Cross-sell higher-margin ancillary services
  - Contract directly with employers (i.e. workers comp, drug testing, sick visits)
  - Develop new and innovative payment models (prepaid services, discount cards)

- Expand volume by transitioning 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 mirror that of Occupational Medicine in the 1980s and 90s
  - Few economies of scale—having a strong operating and sales model, a recognized brand, national contracts and employer relationships are keys to success
  - Limited opportunity to cherry pick the largest networks in strategic markets

Introduction to Consumer Driven Health Care

Overview of Walk-in Care Operating Models

Hospital Participation in Walk-in Care

Operational Best Practices, Financial Planning, and Benchmarking

Provider Issues in Walk-in Care

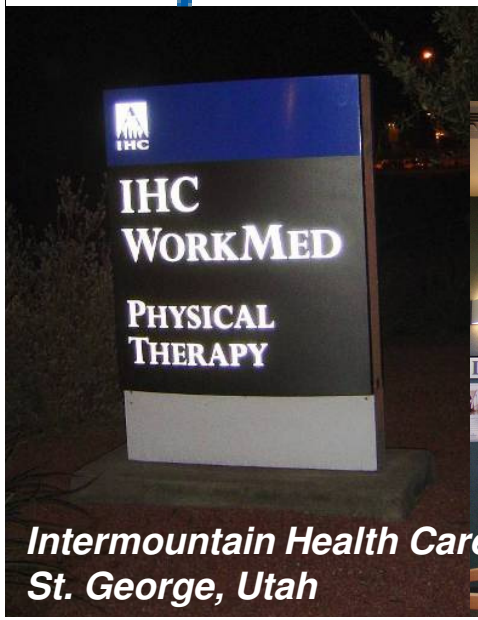
To assure a steady stream of referrals, to engage physicians, and to reinforce their brand among key market segments, hospitals are acquiring primary care practices and building their own ambulatory facilities. The challenge is whether revenue is realized at the ambulatory center or in downstream labs,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

Brookwood Medical Center
Primary Care at The Narrows
Birmingham, Alabama

Brookwood
Primary Care Network

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

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

Hospital Opportunities and Challenges in Urgent Care

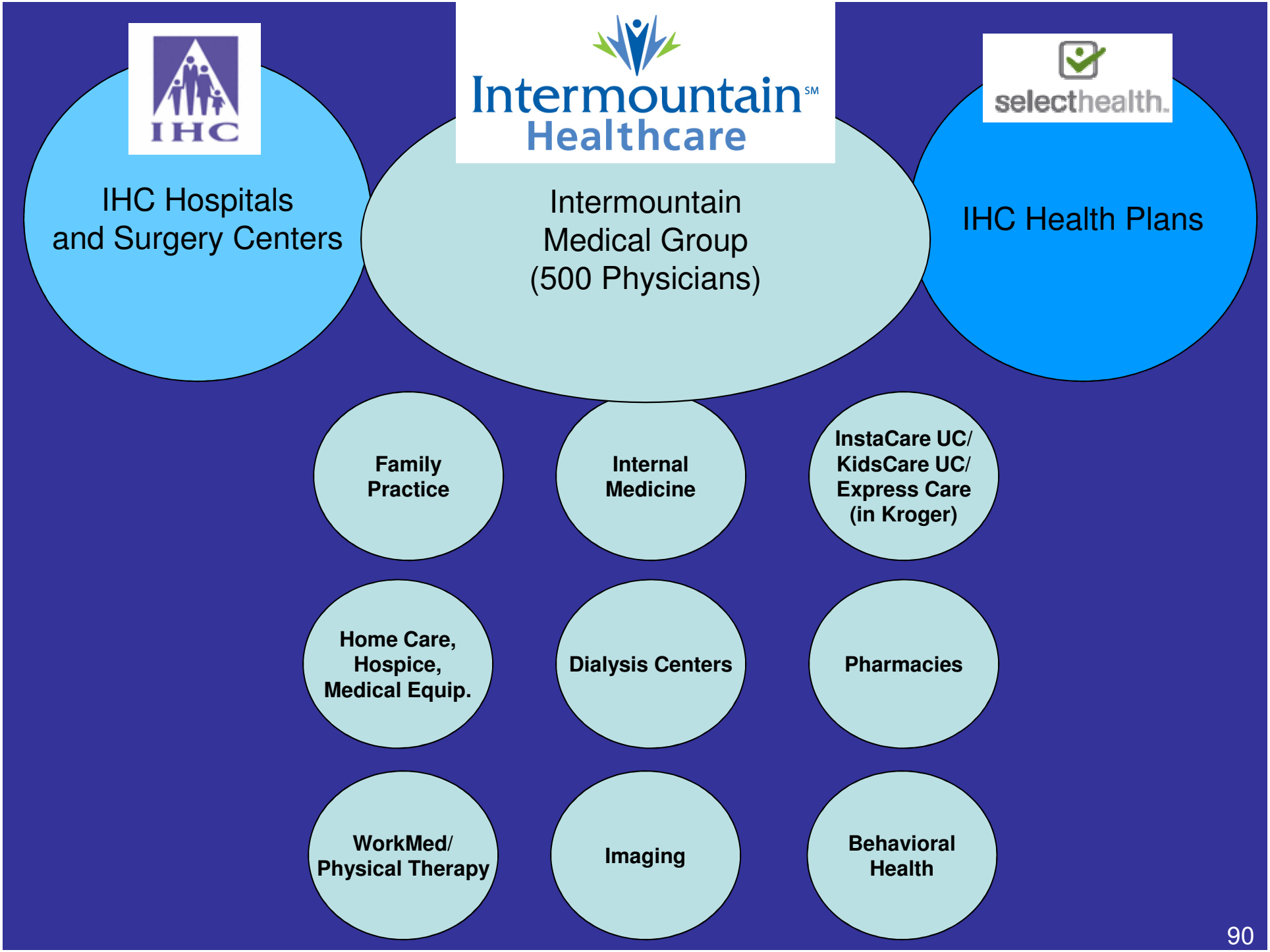
- "Halo" effect of branding
  - --Credibility with consumers and payers
  - --Leverage advertising budgets and foot traffic
  - --May alienate other physicians
- Bureaucracy and cost-structure
  - --Access to capital and thought leadership
  - --Less flexibility than an entrepreneurial business
- Buy-in of primary care and ER groups
  - --Moonlighting or equity participation opportunity
  - --Difficult to limit scope of urgent care
  - --Urgent care "cherry picks" insurance patients
- Financial limitations
  - --Clout with payers
  - --Reporting requirements
  - --Charity care, Medicare, Medicaid
  - --Collections policies
  - --501(c)(3) tax-exempt requirements

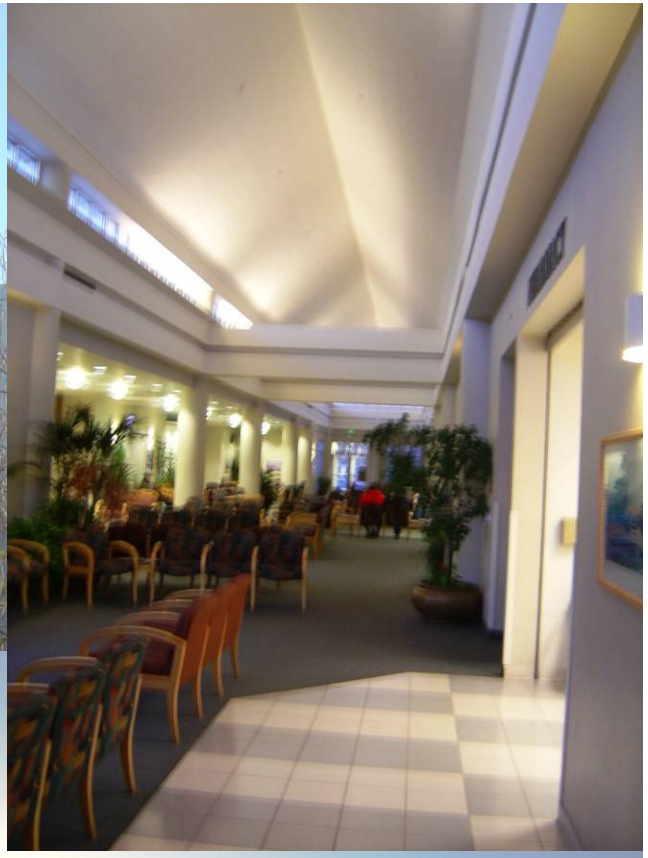
Hospital Urgent Care Participation Models

- Development/management contract
  --100% hospital owned
  --Service contract only
  --View as referral source

- Affiliate relationship/separate ownership
  --Independent/Freestanding
    --Branding/catchment strategy
  --Shared space
    --ER/Primary Care referrals
    --Weekend/after-hours coverage
    --Leverage fixed costs
  --Freestanding
    --Higher capacity, greater visibility

Joint venture
  --Separate LLC
  --Ownership/control percentages
  --Management agreement
  --Buy-out options


IHC
Intermountain SM Healthcare
selecthealth.
IHC Hospitals and Surgery Centers
Intermountain Medical Group (500 Physicians)
IHC Health Plans
Family Practice
Internal Medicine
InstaCare UC/ KidsCare UC/ Express Care (in Kroger)
Home Care, Hospice, Medical Equip.
Dialysis Centers
Pharmacies
WorkMed/ Physical Therapy
Imaging
Behavioral Health



IHC Health Center

- InstaCare
- Internal Medicine
- Family Practice
- Imaging
- Pharmacy

IHC WorkMed and Physical Therapy

- Basis of employer direct strategy, generates referrals to specialists
- Free standing facility pictured is in commercial/industrial area
- WorkMed services are also provided at InstaCare
- Industrial Injury and Illness Care, Physical Therapy
- Fit-for-Duty Exams and Regulation Physicals
- Substance Abuse Testing, MRO Services, Online Result Reporting
- Immunizations, Hearing Conservation, Respiratory Protection
- Job-Site Services

Intermountain ExpressCare

$35 Nurse Practitioner Visits in Smith's (Kroger affiliate) stores.

Intermountain ExpressCare

home

locations

about us

Flu Shots Available

Protect yourself against seasonal flu! Our clinics are now offering flu shots & FluMist.

Prices: $25 for shots; $40 for the nasal spray vaccine. Stop by anytime during regular hours to receive an immunization.

Services

Illnesses

- Severe sore throat
- Ear infection
- Cough/bronchitis
- Seasonal allergy
- Sinus infection
- Urinary tract infection – *female*
- Mononucleosis
- Pregnancy confirmation testing

Cost

Standard Exam Fee: $35
Immunization costs will vary.
Services for ages 2 & older.

Insurance Information

Hours of Operation

Monday – Friday: 10am-8pm
Saturday & Sunday: 10am-4pm

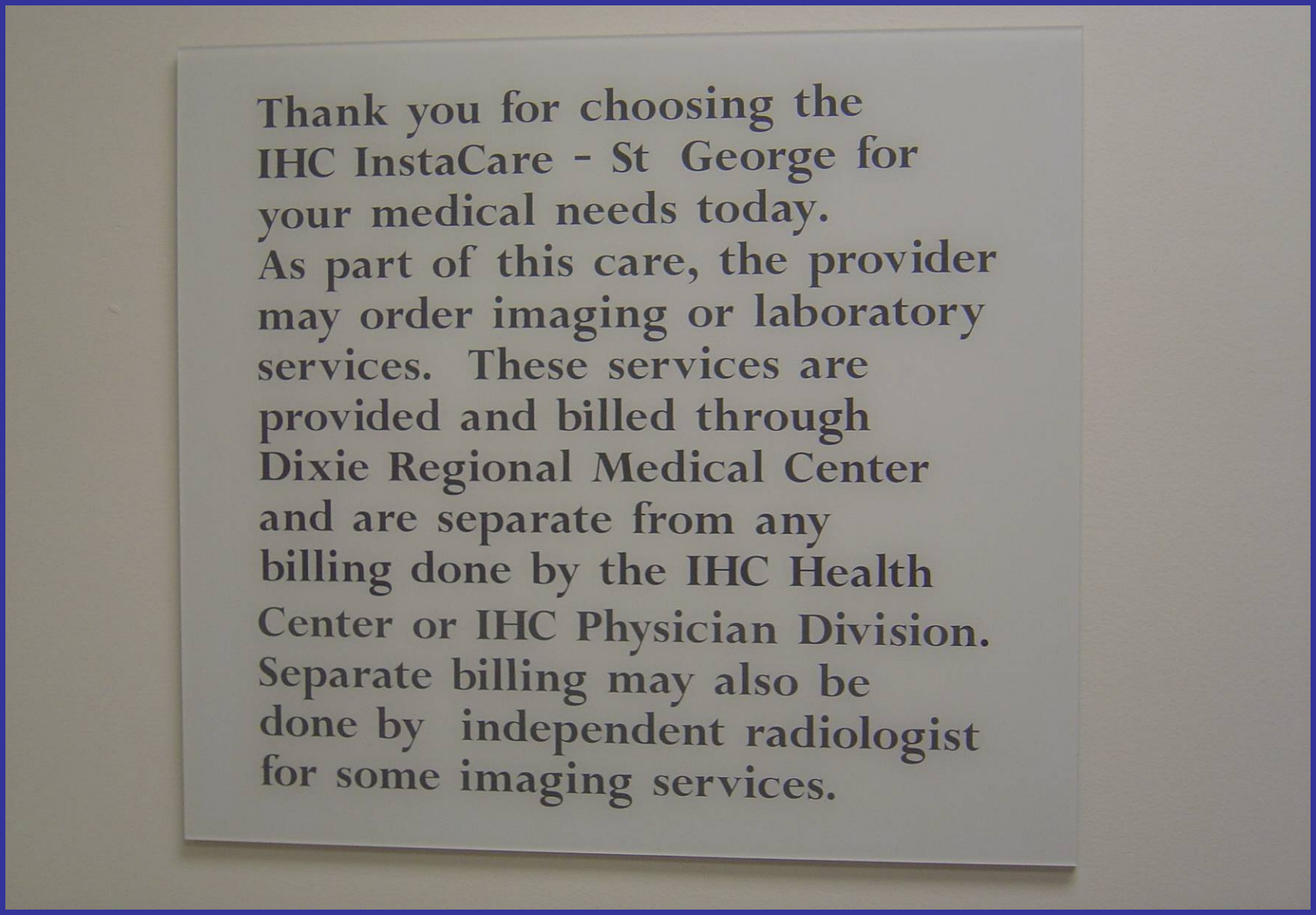
Locations

Select location you wish to visit

ANNOUNCING OUR NEWEST LOCATION

FARMINGTON
>> Learn More

IHC InstaCare Policies: Billing for Affiliated Providers



Posted in the exam room.

Introduction to Consumer Driven Health Care

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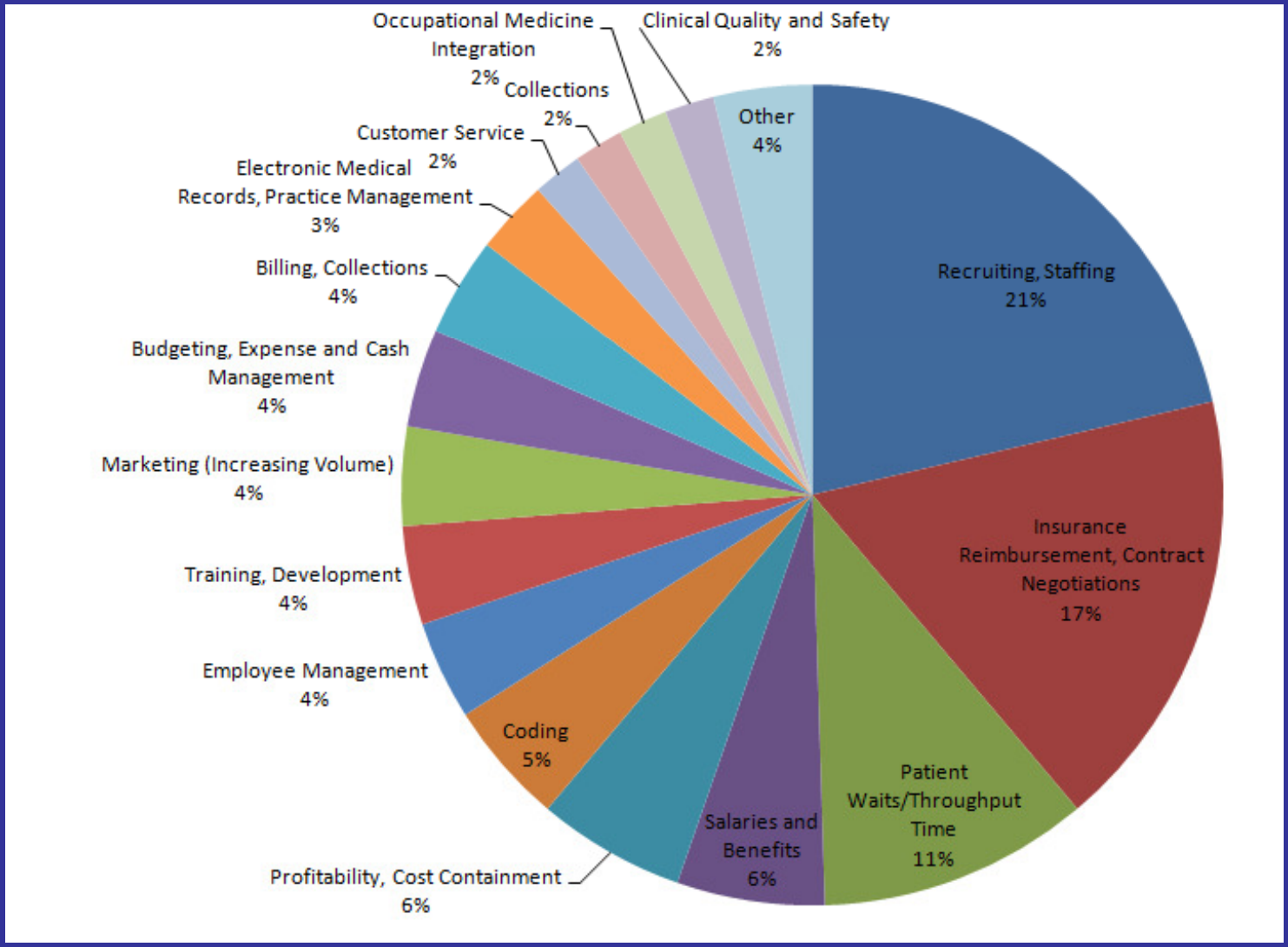
Provider Issues in Walk-in Care

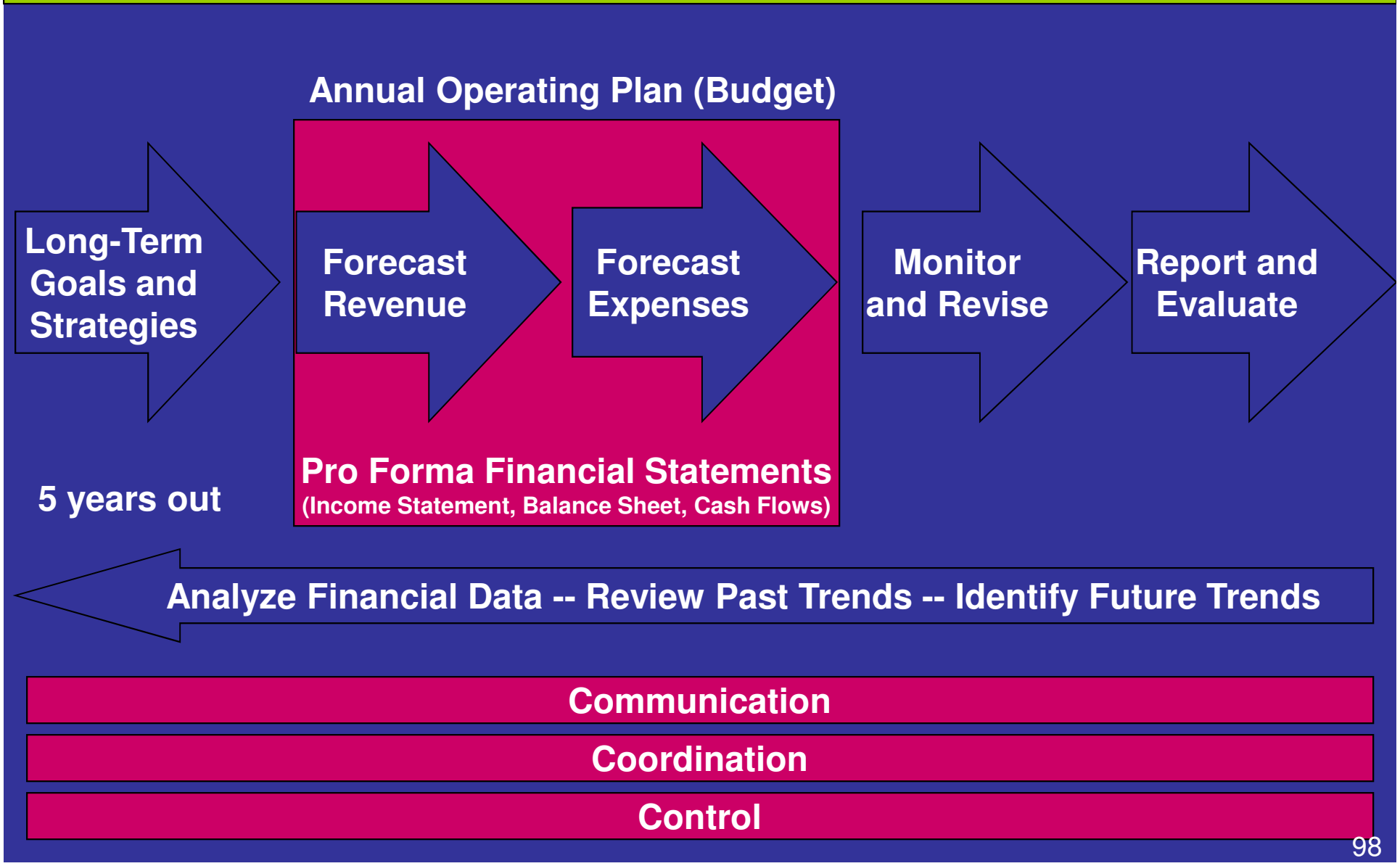
"What are the top two or three managerial issues you are struggling with in your centers?"

Top 20 Responses (n=280)



Urgent Care Financial Planning

A budget is a written plan for an organization, for a set period of time, expressed in dollars.



Understanding the short- and long-term financial impact of every decision can help you avoid common mistakes.

- Spending too much money on the facility buildout, furnishings, or equipment.
- Staffing too heavily for initial volume.
- Underestimating time to become credentialed with health plans.
- Underestimating reimbursement and collections rates.
- Overestimating initial volume.
- Defining product offerings or customer segments too narrowly.
- Setting aside insufficient funds to sustain operating losses during the "ramp up" period.

Start your budget with revenues first, and then build a cost model that is supported by cash flows.

Revenues (Cash In) - **Expenses (Cash Out)** = **Operating Income**

Urgent care operators have less control over revenue than expenses:

- Revenue must be sufficient to cover overhead and provide the desired return.
- Demand is often beyond clinic operator's control (i.e. strong flu season).
- Pricing is often set by competitors and third party payers.
- Revenue depends on the independent actions of medical professionals.

Urgent care struggles with margin compression due to declining insurance reimbursement and rising operating costs.

To increase profits, an urgent care operator can:

- Increase volume and reduce costs.
- Diversify the revenue stream with higher margin ancillary services.
- Reduce billing costs and increase average reimbursement by contracting directly with employers or consumers.
- Utilize physician extenders (NP's/PA's) and staff according to demand.
- Add value to basic medical visits to justify price premium over lower cost providers.

Diversifying the product and service offering not only enhances revenue and margin, but it also flattens seasonality, smoothes traffic flow, and reduces risk.

Calculation of Net Revenues

Urgent Care Fees
(Number of Patients Times Average Charge)

Minus: Patient Refunds
(Percent of Urgent Care Fees)

Minus: Contractual Allowance
(Percent of Urgent Care Fees)

Minus: Bad Debt Expense
(Percent of Urgent Care Fees)

Equals: Urgent Care Revenues

Plus: Other Income
(Not Related to Core Urgent Care Business)

Equals: Net Revenues

Revenue Forecasting

Using the income statement as a template:

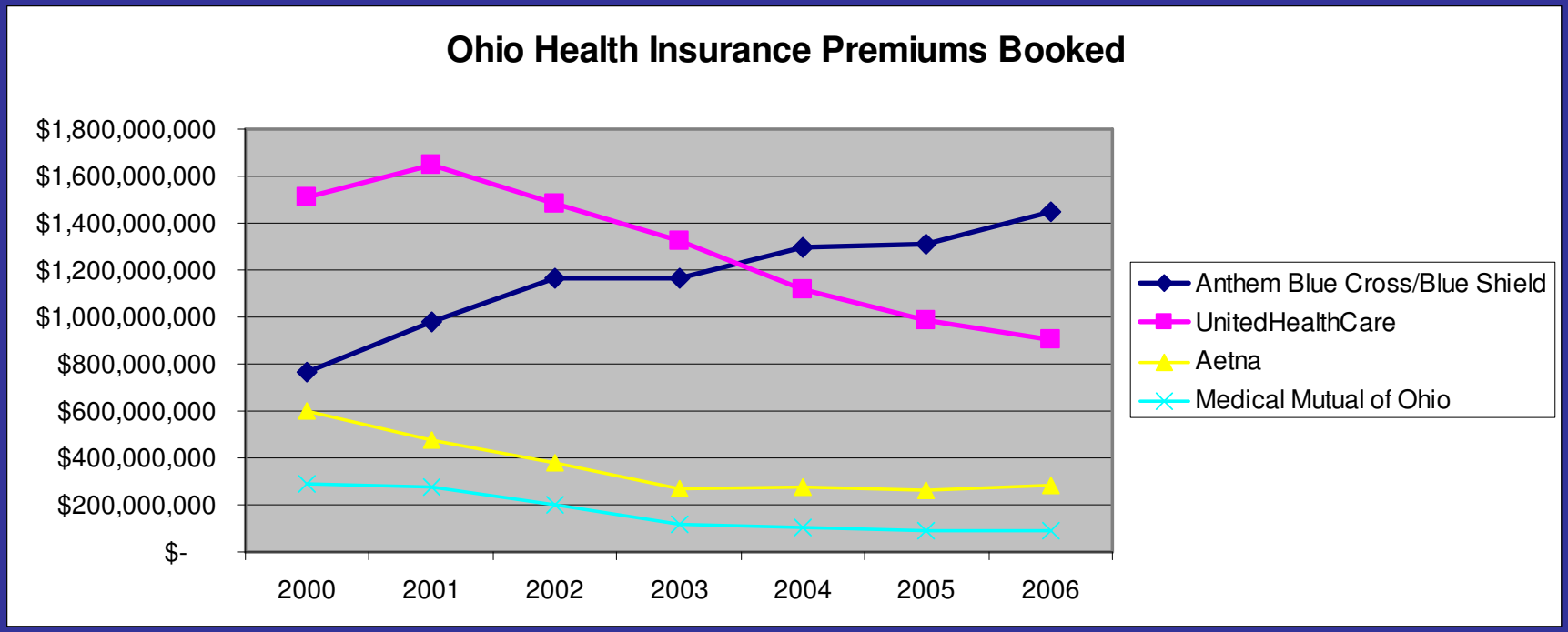
- Evaluate site volume trends and project site volume growth.
- Evaluate historical averages for patient charges, refunds, contractual allowances, and write-offs.
- Include any “known” variables including new contract terms and changes to collections policies.
- Adjust model for changes in payer and patient mix.
- Add incremental revenue from new initiatives.

Revenue Drivers

- Site Location and Capacity
- Products and Services Offered
- Fee Schedule
- Number of Physicians/Providers
- Hours/Days of Operation
- Payer Mix
- Patient Mix

Payer mix refers to the contribution of each insurance contract to total volume.

- Some insurance contracts pay at higher levels (and more quickly) than others.
- Most private payers base reimbursement on a percentage of Medicare.
- Payer mix may vary by community, service line, and time of year.
- Insurance reimbursement and contract terms change over time.
- Payer mix changes over time.



Source: State of Ohio, Department of Insurance

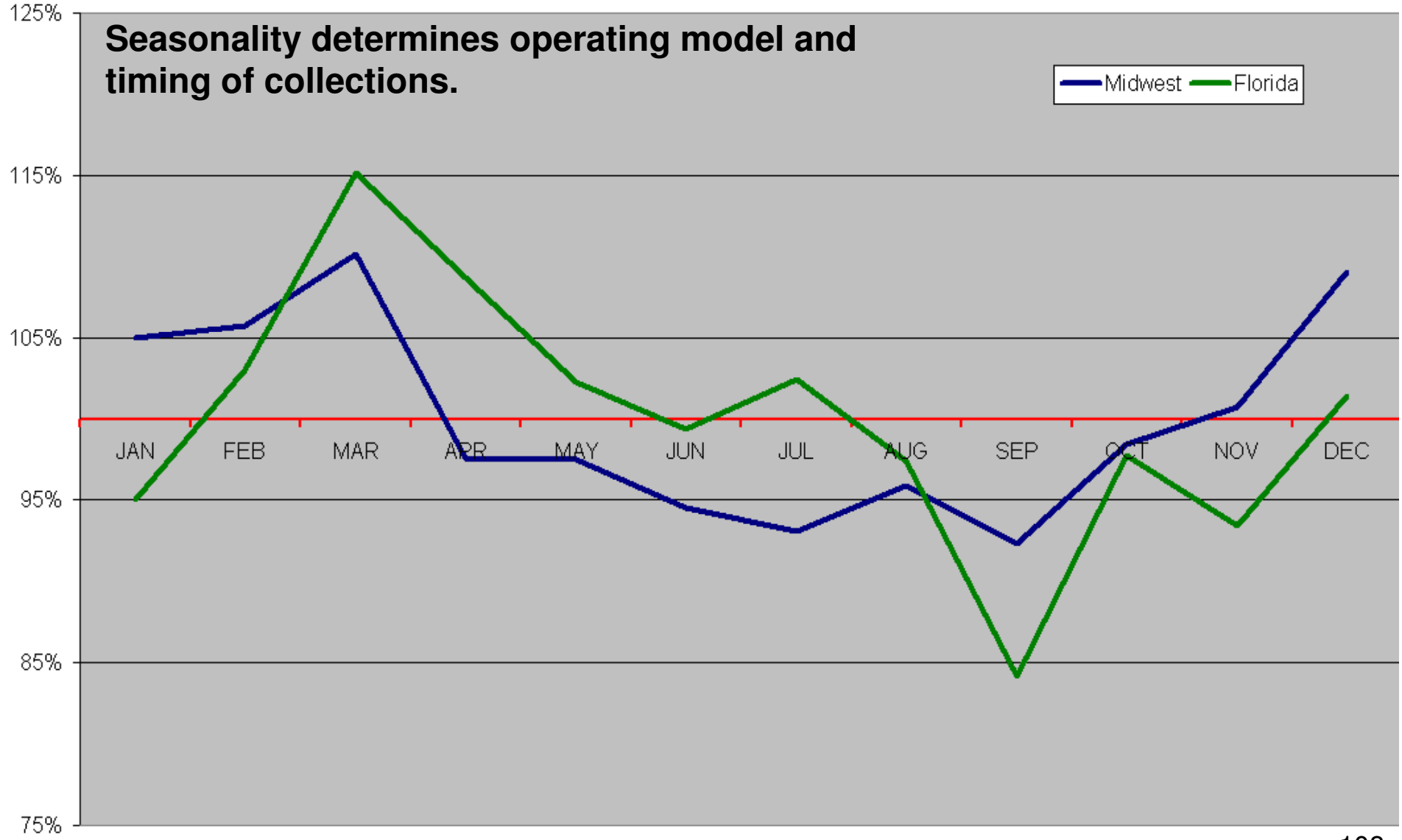
Setting the Fee Schedule and Evaluating Contracts

- Fees generally set at 150 to 200% of Medicare
  - Reimbursement is lesser of contract or billed charges
  - Set fees no less than highest paying contract for each CPT code
- Evaluate each payer's reimbursement by CPT code
  - 80/20 rule drives most commonly used codes in the practice
  - *A contract that pays an <u>average</u> 20% premium to Medicare may be unfavorable if reimbursement on the top two or three codes is low.*
- Assure pricing is fair for self-pay patients
  - Patients in some markets will pay full-price
  - Cash discounts bring pricing parity
  - Cash price should be in-line with competitors
  - Patients care about total cost, not value of discount
- Evaluation and management coding audit
  - Coding is always according to the documentation
  - Coding is independent of billing
  - Under-coding leaves money on the table

Not only do the ways patients pay change, but personal characteristics and use patterns of patients also change.

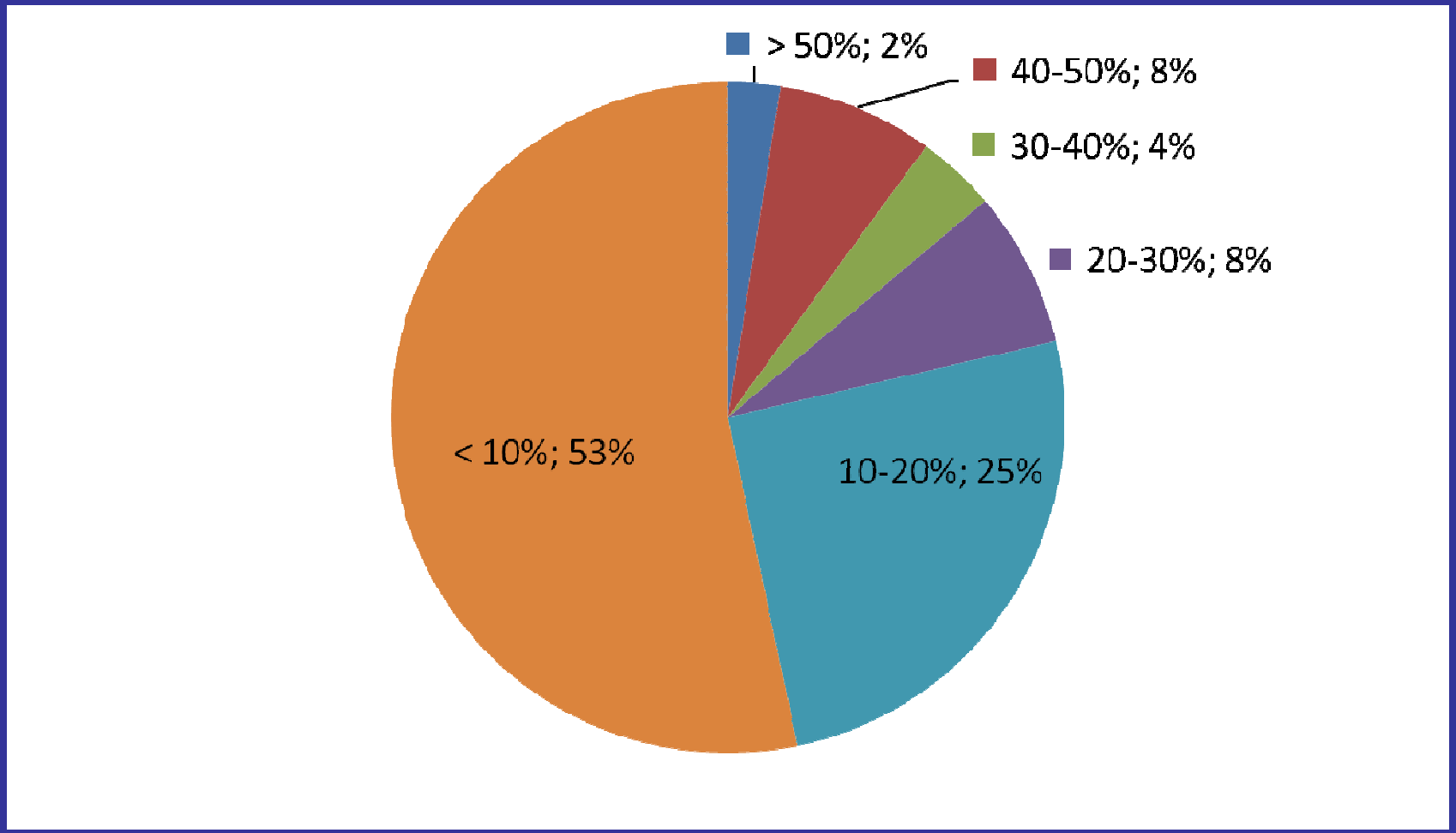
- New vs. Established
- Employment/Benefit Trends
- Aging Population
- Acuity of Visit
- Services Rendered
- Physician Coding
- Seasonal Trends

Urgent Care Seasonality

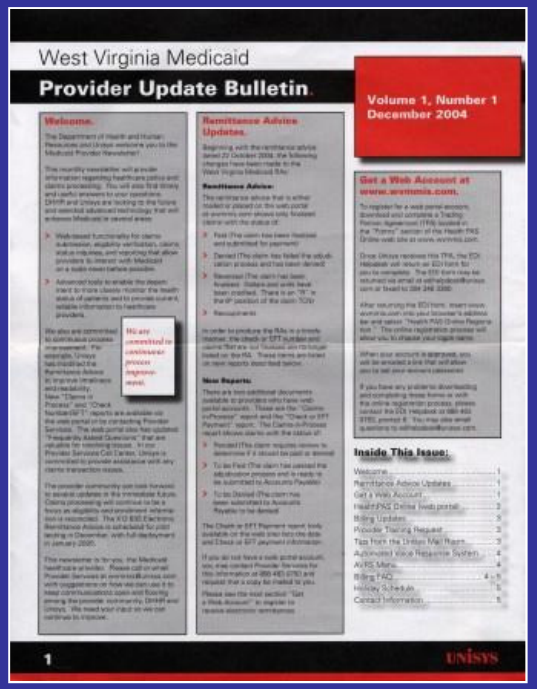


Medicaid Participation in Urgent Care

Medicaid as a Percent of Total Charges
Percentage of Urgent Care Centers Responding
Source: Urgent Care Association of America, 2007.



Medicaid Billing Complexity


West Virginia Medicaid

Provider Update Bulletin.

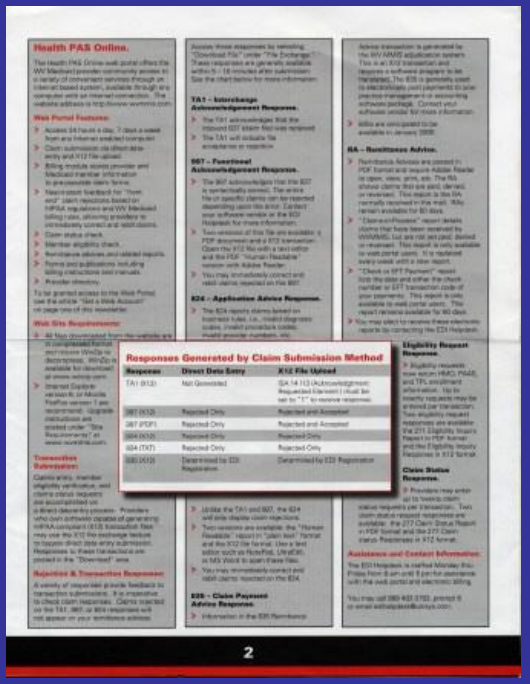
Volume 1, Number 1
December 2004

Welcome.

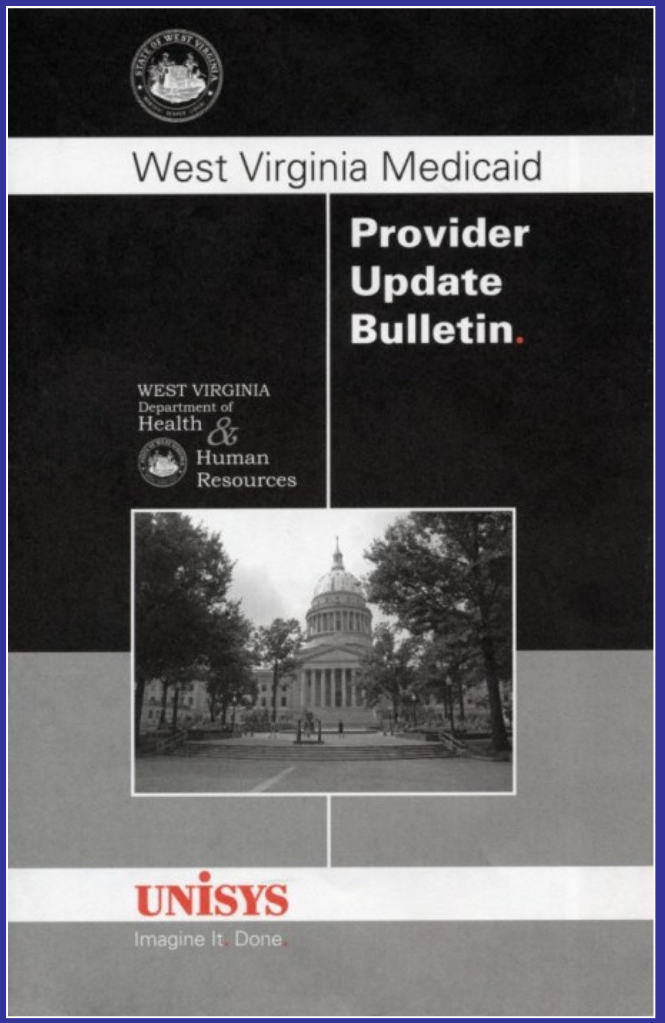
Remittance Advice Updates.

Get a Web Account at www.wvmmis.com.

Inside This Issue:


Health PAS Online.

Responses Generated by Claim Submission Method

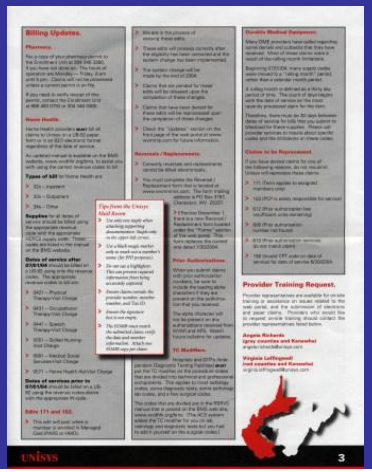

West Virginia Medicaid

Provider Update Bulletin.

WEST VIRGINIA Department of Health & Human Resources

UNISYS

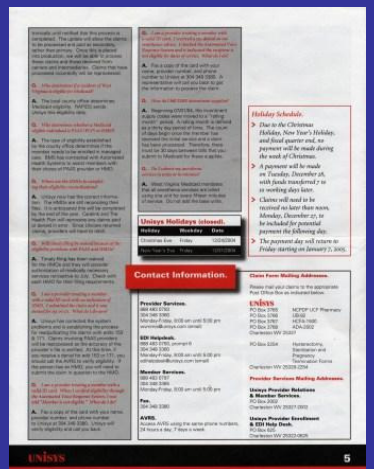
Imagine It. Done.


Billing Updates.

Provider Training Request.


AVRS Menu.

Billing FAQ.


Holiday Schedule.

Contact Information.

Medicaid Business Challenges

- Majority of Medicaid enrollees are children and mothers (~75%) . Blind, aged, and disabled make up the balance. Are you prepared to treat these patients in your center?

- Medicaid restricts advertising that would cause Medicaid populations to use you for Medicaid versus another Medicaid provider.

- Medicaid often brings extra requirements including after-hours/on-call, admitting privileges, and interpreter services.

- Review of provider directories reveals few urgent care centers that accept Medicaid (exception is pediatric hospital-affiliated).

- Medicaid reimbursement is low. Typically 60 to 70% of Medicare.

Urgent Care Associates, Tucson, Arizona

Calculation of Net Income

Net Operating Revenues

Minus: Operating Expenses

- Salaries, Wages, and Benefits
- Billing and Management Fees
- Rent and Maintenance
- Medical and Office Supplies
- Administrative Overhead
- Professional Services
- Depreciation

Equals: Operating Income

Plus/Minus: Non-Operating Income and Expenses

Equals: Net Income

Expense Forecasting

Using the income statement as a template:

•Break costs down into the finest level of detail for meaningful decision making (different than the financial statement—administrative costs may include telephone, postage, coffee, and other controllable expenses).

•Determine whether costs are best estimated as a percentage of charges, on a per patient basis, or as a function of operations and then adjust expenses according to assumptions in revenue model.

•Percentage of Charges:	Billing Fees
•Per Patient Basis:	Medical Supplies
•Function of Operations:	Hourly Staffing Costs
•Other Basis:	Payroll Taxes as Percent of Salary

Expense Forecasting, cont'd.

•Evaluate historical averages for inflation, keeping in mind that some expenses (employee benefits) tend to increase at a much faster rate than others (office supplies).

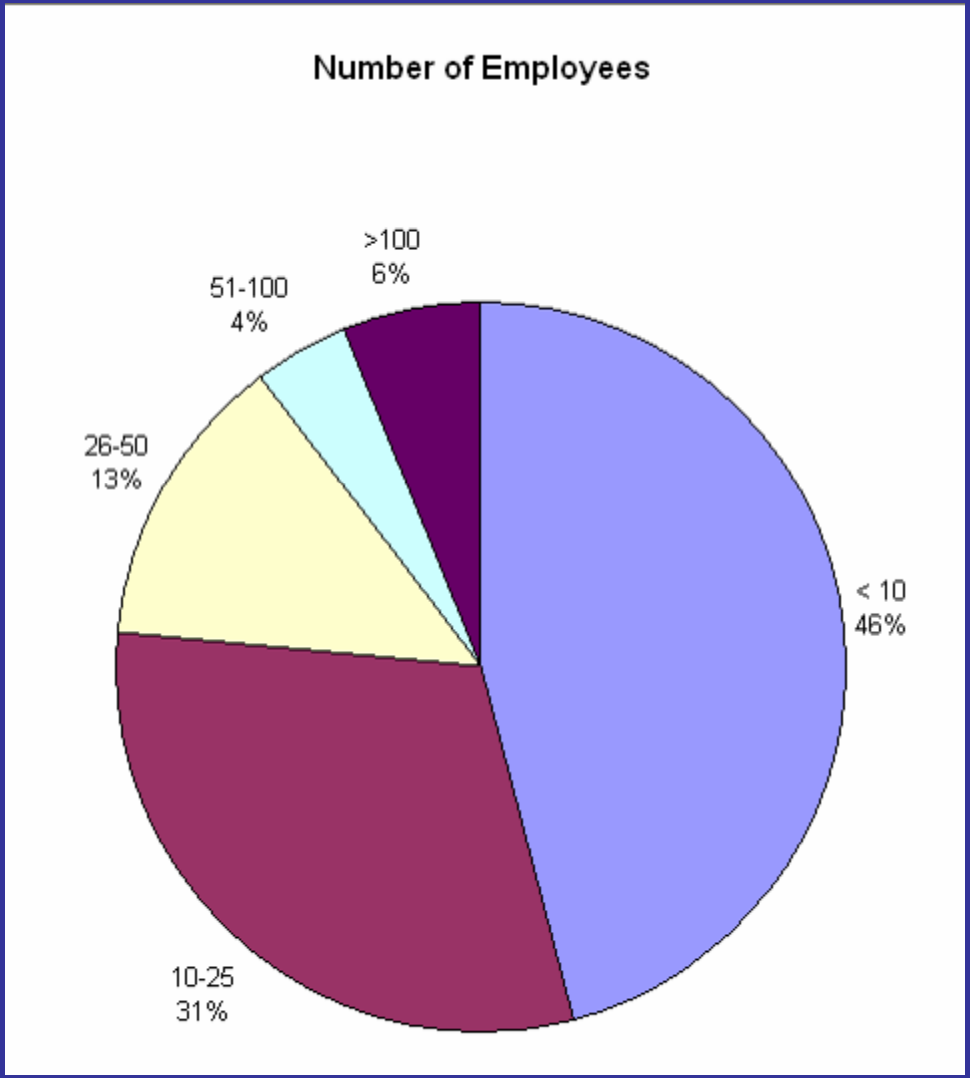
•Five year projected inflation for:

Salaries and Wages	5.0%
Employee Benefits	9.0%
Medical Supplies	5.0%
Purchased Services	4.0%
Marketing	4.0%
Rent	3.0%
Insurance	7.0%
Utilities	3.0%

Expense Forecasting, cont'd.

- Include any "known or committed" changes including scheduled rent increases, new supply contracts, or promised pay raises.
- Add capital purchases and staffing model changes.
- Add incremental costs of new initiatives.
- Identify opportunities to reduce or eliminate costs.

Urgent Care Practice: Number of Employees



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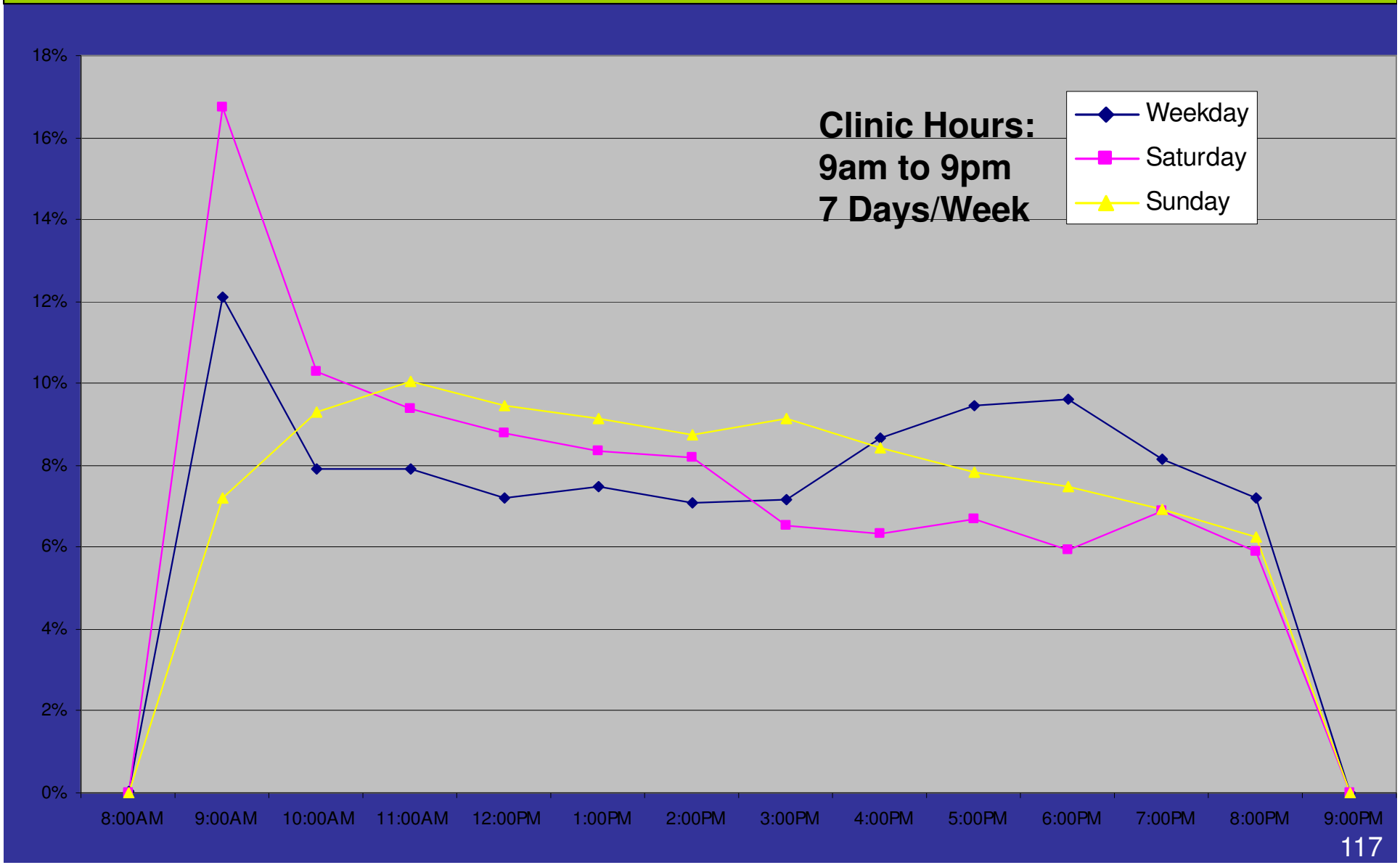
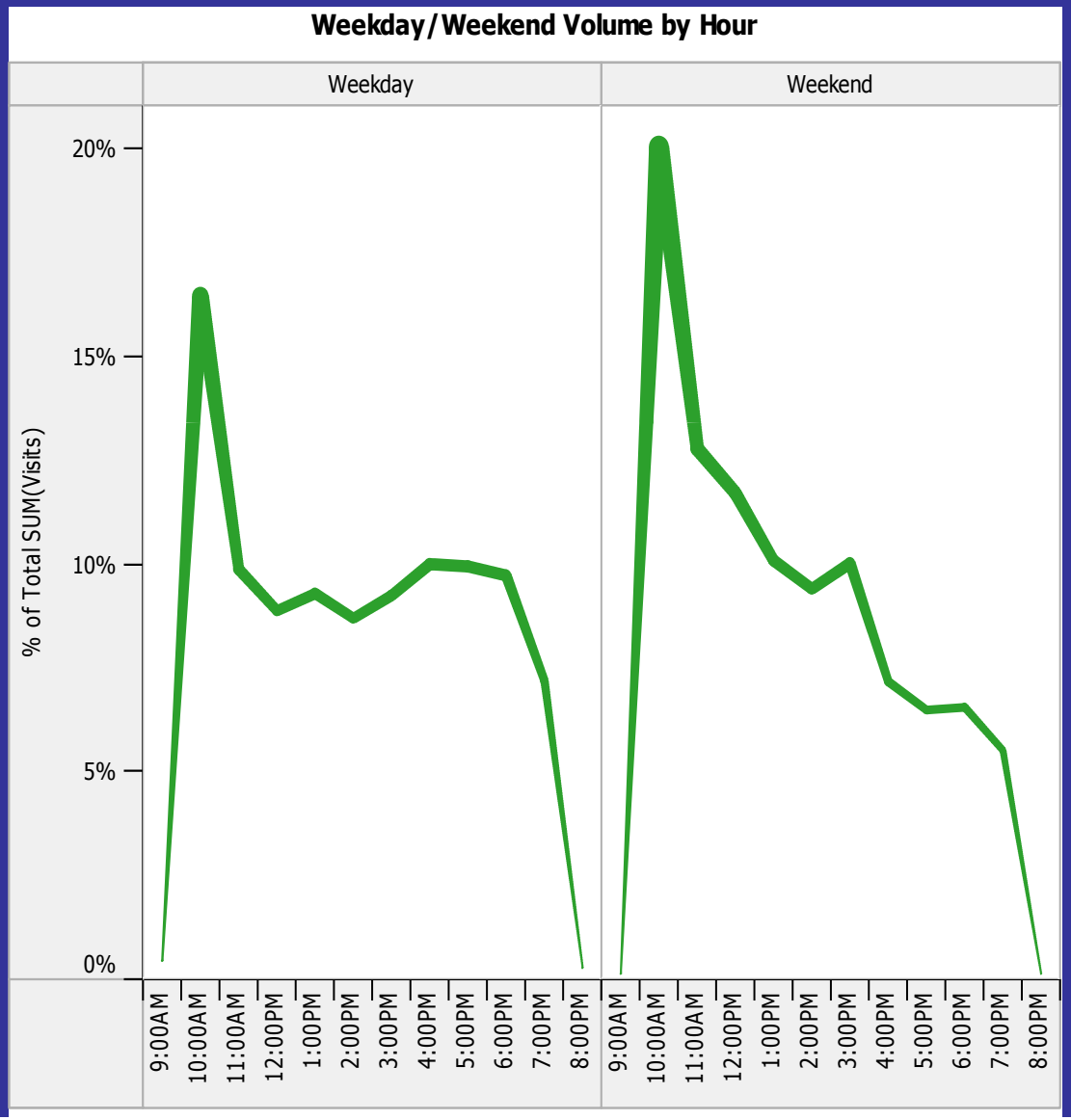
To minimize costs, operating hours should be aligned with time-of-day and seasonal traffic patterns.



Understanding time-of-day traffic variance can also help align the staffing model to patient demand and provide justification for scheduling appointments during off-peak times.

Clinic Hours:
10 am to 8pm
7 Days/Week

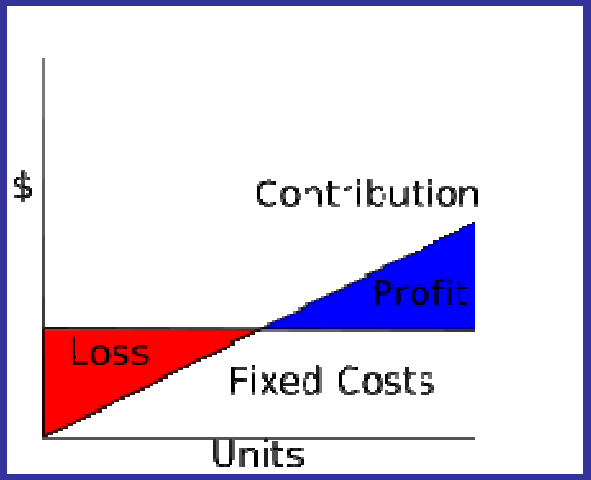


Budget as a Management Tool

Ratios used in a hospital setting may not always be appropriate for urgent care…

A low-paying contract may reduce net revenue per patient but still contribute incremental revenue and cover a portion of fixed costs—a potentially good business decision if the site is operating at less than capacity.

Visit	Incremental Revenue	Cumulative Revenue	Net Revenue Per Patient
1	$135.00	$135.00	$135.00
2	$110.00	$245.00	$122.50
3	$90.00	$335.00	$111.67



By demonstrating the impact of decisions on the bottom line, pro forma financial statements provide a "holistic" view of the future.

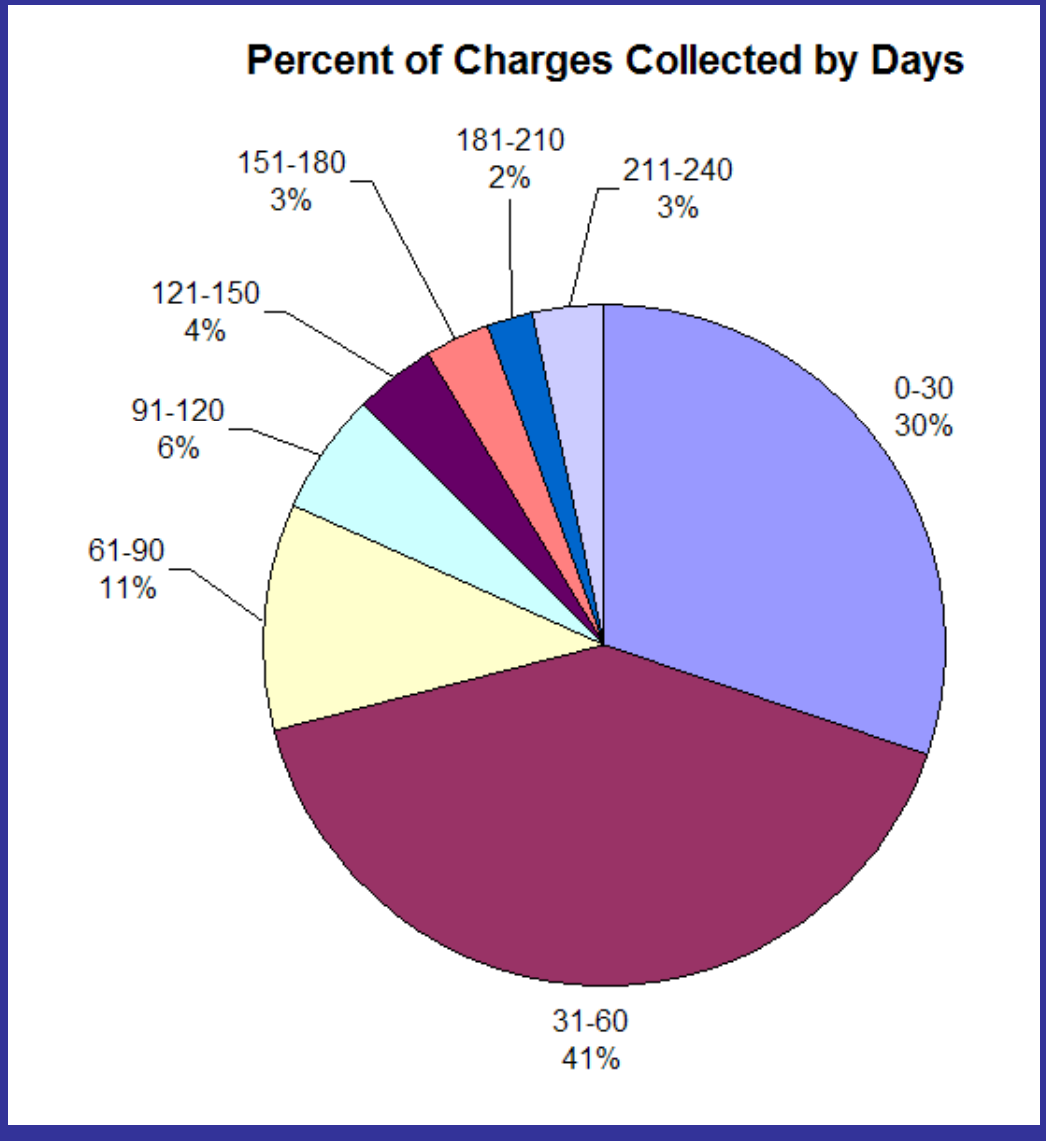
Cash is King: You can't pay bills with IOU's.

Consider the timing of cash flows:
- Fixed costs paid in advance (or financed).
- Operating expenses paid as incurred.
- Cash flow subject to collections cycle.

Planning steps:
- Understand accounts receivable cycle by payer.
- Project timing of cash flows based on payer and patient mix.
- Assess impact of collection policies on cash flow.

Non-expense cash outlays:
- Loan principal payments
- Capital purchases
- Tax payments
- Owner distributions

Analysis of Collections



Timing of Cash Receipts

Month	Revenue	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Collected
January	$ 100,000	$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 2,350	$ 3,310					$ 100,000
February	$ 100,000		$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 2,350	$ 3,310				$ 100,000
March	$ 100,000			$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 2,350	$ 3,310			$ 100,000
April	$ 100,000				$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 2,350	$ 3,310		$ 100,000
May	$ 100,000					$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 2,350	$ 3,310	$ 100,000
June	$ 100,000						$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 2,350	$ 96,690
July	$ 100,000							$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 2,970	$ 94,340
August	$ 100,000								$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 3,960	$ 91,370
September	$ 100,000									$ 30,270	$ 40,620	$ 10,840	$ 5,680	$ 87,410
October	$ 100,000										$ 30,270	$ 40,620	$ 10,840	$ 81,730
November	$ 100,000											$ 30,270	$ 40,620	$ 70,890
December	$ 100,000												$ 30,270	$ 30,270
Total	$ 1,200,000	$ 30,270	$ 70,890	$ 81,730	$ 87,410	$ 91,370	$ 94,340	$ 96,690	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 1,052,700

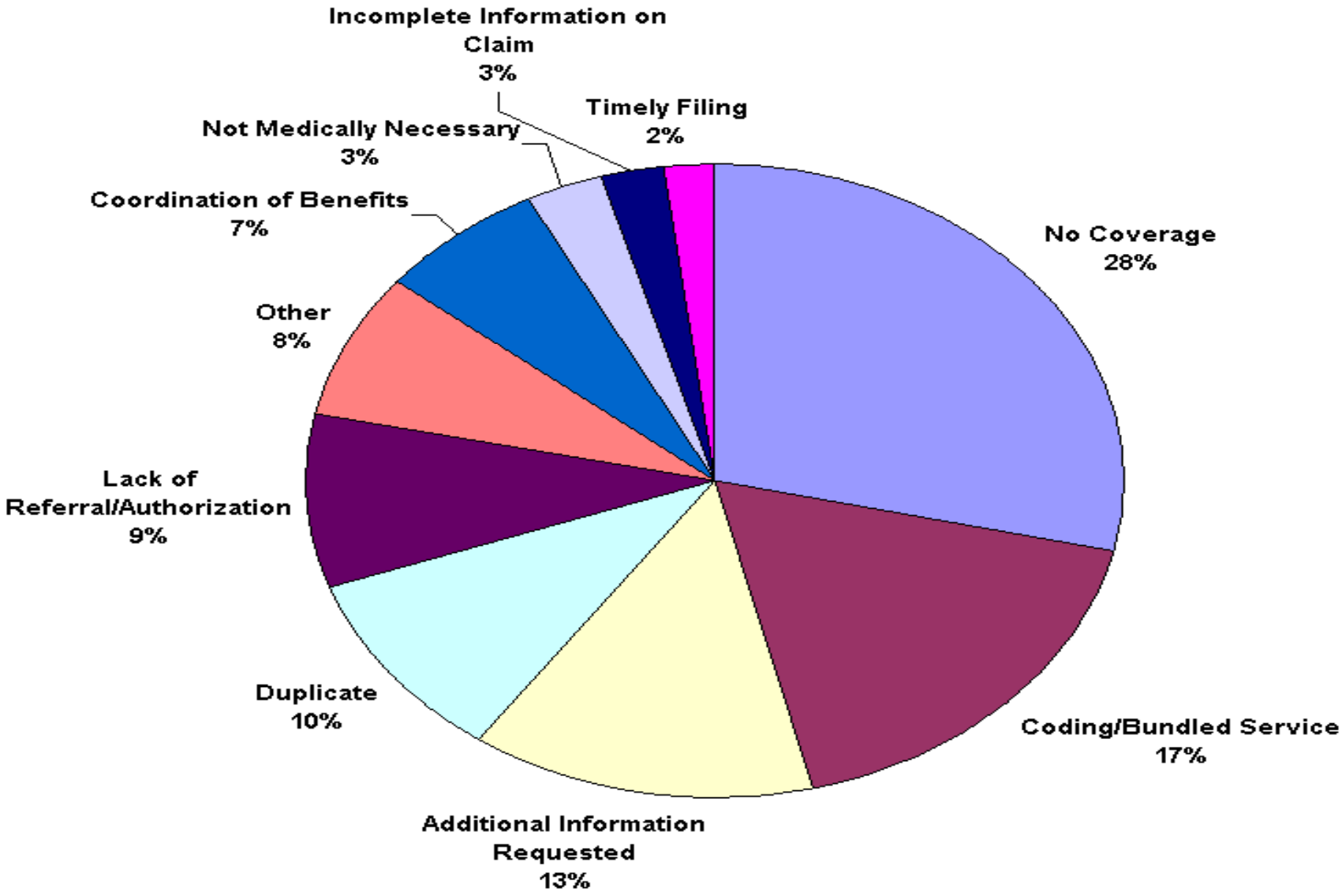
Hidden Sources of Cash

- Accounts receivable:
  - >45 days and >20% patient balances indicate problems
    - Front desk understanding of medical billing terminology
    - Verifying and collecting co-pay, deductibles, and prior balances
    - Correctly entering demographics including guarantor and co-insurance
    - Charge entry timeliness and accuracy including use of modifiers
- Supply inventory levels:
  - Excess inventory ties up cash and increases risk of expired product
  - Supplies should be appropriate to center volume and acuity
  - 1-2 day turn-around from major suppliers
- Treasury management:
  - Use lockbox and sweep accounts to accelerate collections
  - Use online bill pay to assure prompt pay discounts and stretch payments to maximum allowed by terms
  - Relationship banking earnings credit offsets bank service charges including credit card processing

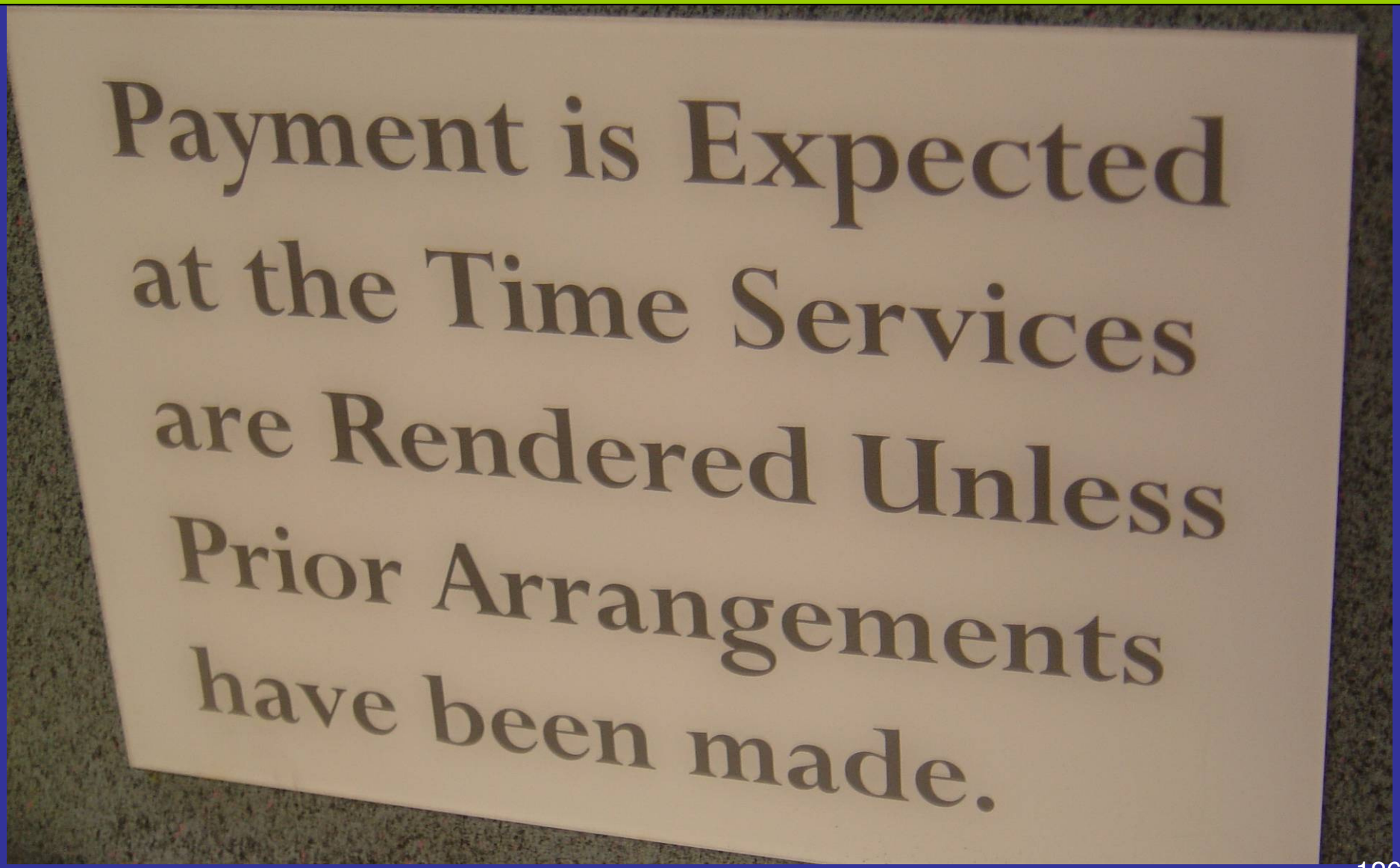
Urgent Care Billing Benchmarks

- Collection Cycle
  - Statement 1, Statement 2 (30 days after Statement 1)
  - Internal Collections Letter 1 (15 days after Statement 2, 10 days to respond)
  - Send to collections 55 days after first statement
- Common Measures
  - Percentage of Total A/R Over 120 Days = (A/R > 120 Days) / (Total A/R)
    - 10-12%
  - Collections Rate = Collections / (Gross Charges-Contractual Allowance)
    - 98-99%
  - Days Charges in A/R = Total A/R / Avg. Daily Charges
    - 35-40
  - Claims Denial Rate = Claims Denied / Total Claims
    - 5-7%
- Cost Per Claim
  - Original submission: $5-7
  - Re-work: $19-25

Top 10 Reasons for Denied Claims:
58% occur at the front desk



Financial Settlement at Time of Service



Payment Policy Card at Front Desk

Payment Policy

America's Urgent Care is a private medical organization which receives no financial assistance from state or federal programs and which relies solely on revenue from patients and their insurers.

We believe that the physician-patient relationship is strengthened when there is a clear understanding between both parties as to their rights and obligations.

America's Urgent Care
In Partnership with OhioHealth

www.AmericasUrgentCare.com

Payment Policy

In order to maintain financial stability in the current medical insurance environment and to provide the best possible medical care at a reasonable price, we have established the following payment policies:

In-network Insurance:

- Copayments are required at registration.
- Payment for charges from earlier visits not covered by insurance is due at registration.
- If your policy contains a deductible, payment of your share of the visit is required at discharge.
- You will receive a bill by mail for any additional financial responsibility per your insurance company's Explanation of Benefits.

Out-of-network Insurance:

- Payment of unpaid balances on your account is required at registration.
- Payment in full for your visit charges is required at discharge.
- America's Urgent Care will provide a receipt that you can submit for out-of-network reimbursement.
- At your request, America's Urgent Care can file the claim with your insurance plan on your behalf.

If you do not have insurance:

- Payment of unpaid balances on your account is required at registration.
- Payment in full for your visit charges is required at discharge.
- Ask about our low-cost Wellness Access Card, which for a nominal monthly fee, provides your entire family with cash discounts on our services.

For complete rules and exceptions, we suggest that you read Ambulatory Care Affiliates' Financial Policy, available at the front desk. If you have any questions about any of our policies, please do not hesitate to ask.

Thank you for choosing America's Urgent Care for your health care services.

For your convenience, we accept most major credit cards.

VISA MasterCard DISCOVER AMERICAN EXPRESS

America's Urgent Care may refuse to treat you if you do not comply with these policies. Policies subject to change without notice.

Margin Enhancement and Revenue Stream Diversification

DuPont Equation

Profit = Margin x Turns

Margin = How much you make on each patient.
Turns = How many patients you see.

In retail markets, firms attain success as either high volume, low margin mass merchants, or as low volume, high margin specialty players.

Lowest Cost in Mass Markets

DuPont Equation:
Margin x Turns = ROI

Sales Volume

Operational Efficiency

Riches in the Niches

Gross Margin

With high fixed costs and prices set by third party payers, urgent care can be forced into a mass business model.

Lowest Cost in Mass Markets

DuPont Equation:
Margin x Turns = ROI

Sales Volume

Operational Efficiency

Volume Strategy:
Serve More Customers
Focus on Efficiency

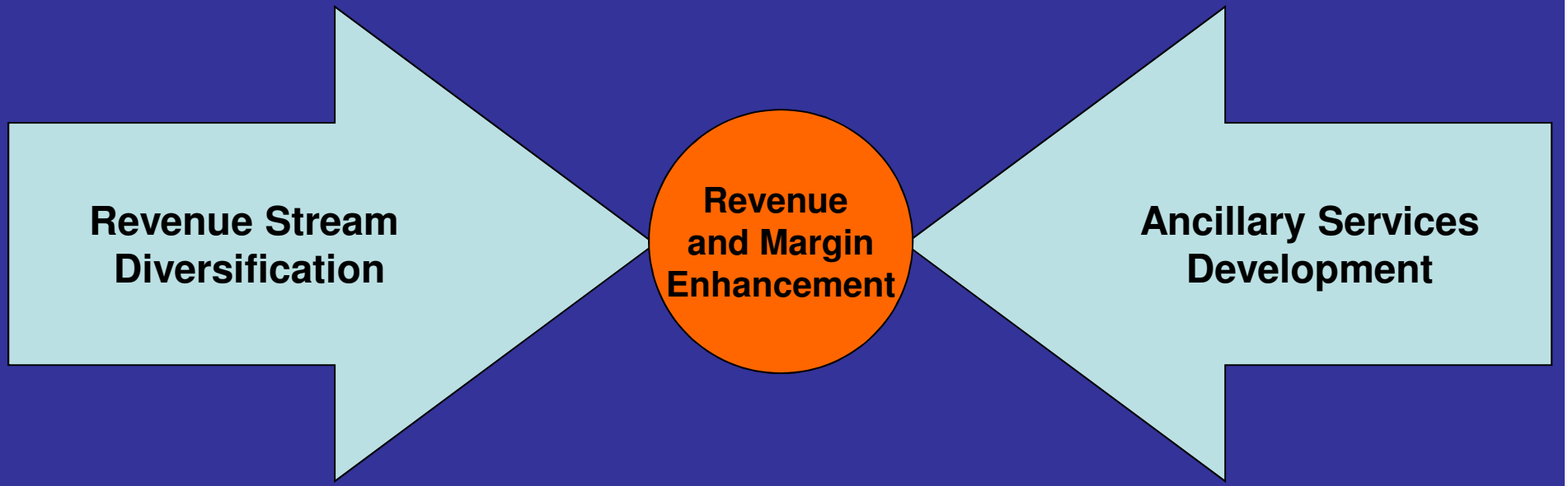
Riches in the Niches

Gross Margin

Margin Strategy:
Charge More Per Customer
Focus on Adding Value

To achieve consistent top line growth, providers must work both *harder* and *smarter.*

Top performing medical groups offer a wider range of services while better identifying and seizing opportunities to profit from medically appropriate services than their "mediocre" counterparts.



Top performing medical groups generate up to 56% more procedures, 25% more lab/imaging orders, and 30% higher total gross charges per physician than peer averages.

(Source: MGMA)

Within the next 20 years, 100% of baby boomers will be at or beyond retirement.

- Born 1945-1964
- Fiscally responsible
- Expect value for money invested
- Customer service orientation
- Interested in alternative therapies
- Active quest to look and feel younger
- Holistic approach to life and health

Health care expectations:

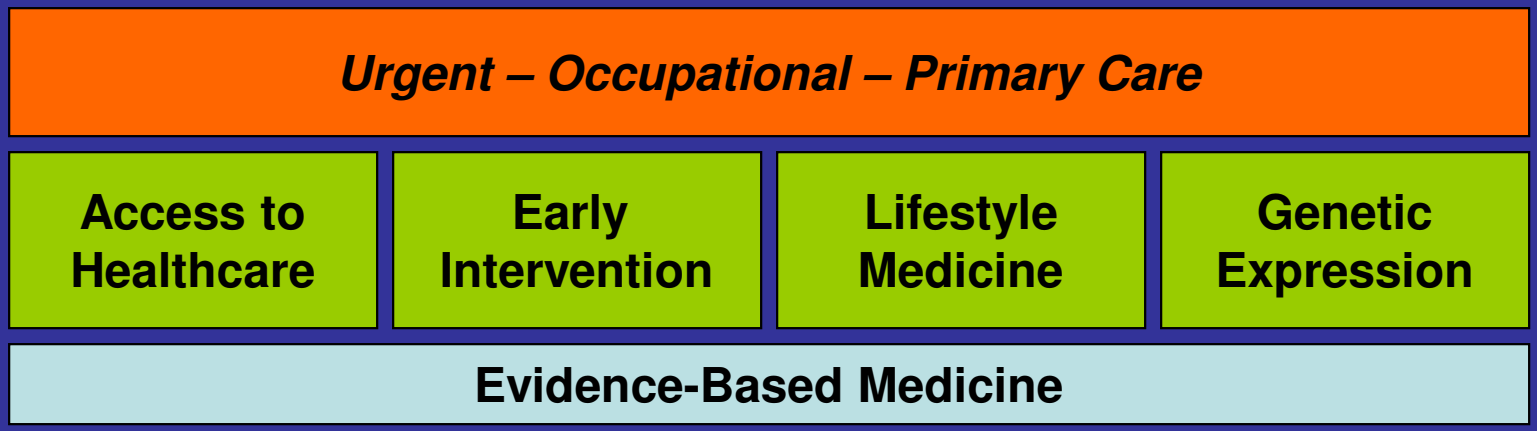
- On their own terms
  - Extended hours
  - Limited wait times
  - Self-diagnosis/home testing
- Technology driven
  - Information access
  - Electronic health records
  - Performance measurement
- Focus on prevention
  - Early detection of disease
  - Lifestyle modification
- Education
  - Medical conditions
  - Therapeutic options
- Kindler and gentler
  - Caring, concerned
  - Pain management
- Affordability

95% of patients who utilize alternative medicine are also seen by a conventional medical doctor.

The two largest user segments for complementary therapies are:
1) individuals seeking prevention or health enhancement and
2) Individuals suffering from chronic disorders (including pain)

Many find their needs are being unmet by the "treat 'em and street 'em" mentality of conventional, insurance-driven medicine.

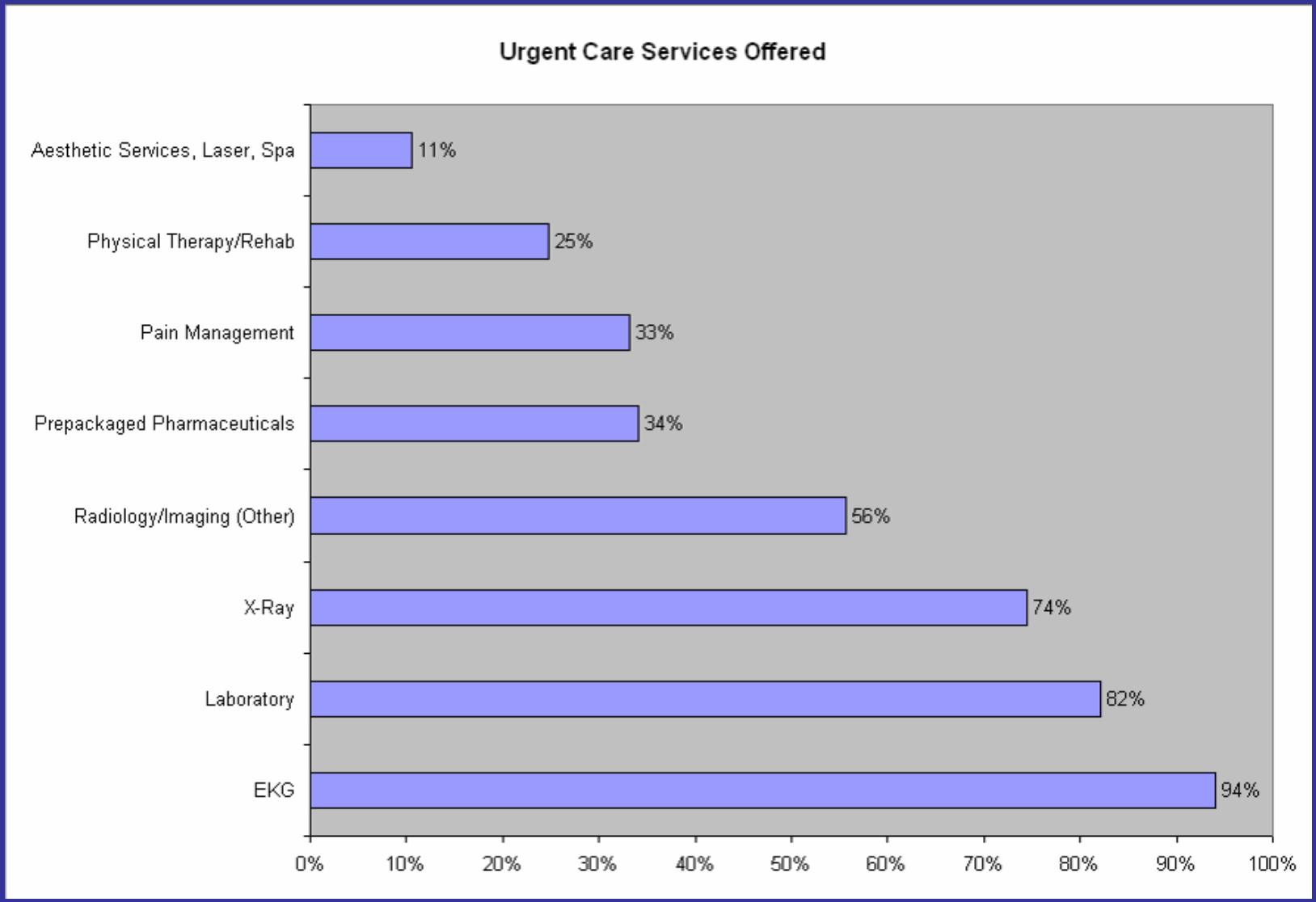
For the urgent care entrepreneur, the time is ripe to complement a base of trusted, evidence-based medicine with therapeutically proven ancillary products and services. The result for patients is an integrated access point for all their health care needs.



Examples of Ancillary Service Offerings

- Primary Care
- Imaging Services (CT, MRI)
- Laboratory Services
- Physical Therapy and Rehabilitation
- Occupational Medicine Services
- Sports Medicine Services
- Diabetes and Weight Management
- Wellness Centers
- Retail Product Sales
- Anti-aging Services
- Aesthetic Laser and Medical Spa Services
- Anti-addiction and Psychotherapy Services
- Immigration Medical Services
- Medical Review and Expert Testimony
- Travel Medicine Services
- Pain Management Services
- Medical Discount Card Programs

Urgent Care Practice: Ancillary Service Offerings



N: 419 More than one answer could be selected.

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

Core Activities for Revenue and Margin Enhancement

- Enhance efficiency and volume of services.
  - Leverage fixed costs such as facilities and equipment.
    - Expand hours of operation.
    - Increase utilization at non-peak times.
  - Systems and processes to improve staff efficiency.
  - Staffing according to daily and seasonal fluctuations in demand.

- Evaluate referral and outsourcing patterns.
  - Identify high-margin procedures and diagnostic services that existing volume will support in-house.
  - Identify low-margin or labor-/capital-intensive tasks that can be more efficiently performed by outside providers.

- Evaluate products and services utilized by current patient base with other providers.
  - Increase consumer share of mind and share of wallet.

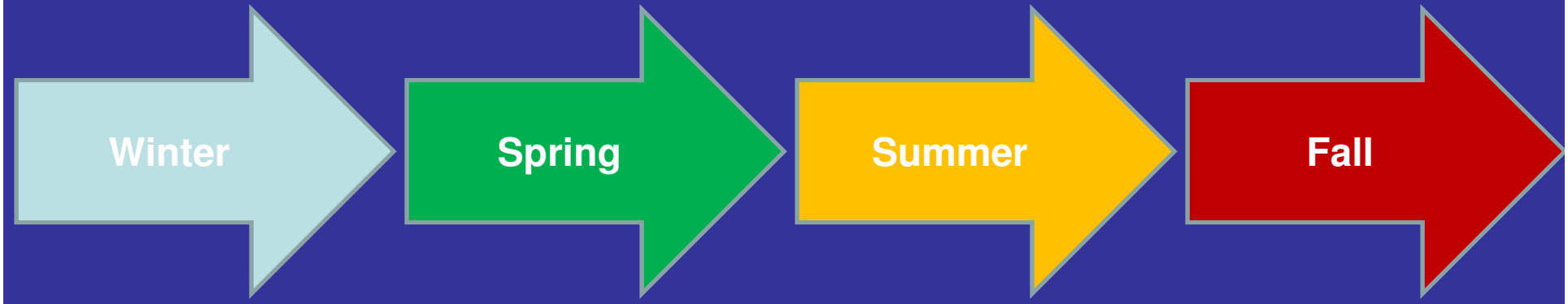
Strong physician leadership is required to effectively implement ancillary products and services.

- Without proper incentive structures, additional volume translates to more work and less pay for physicians.
  - The result is provider burnout and poor patient satisfaction.
- Physicians are key to the sales process.
  - Physician recommendations carry significant credibility.
- Physicians want some type of "equity" and are willing to work for it.
  - *Single-specialty orthopedic groups operating in wholly owned ambulatory surgery centers generated 22% higher average medical revenues than similar practices without such facilities as well as providing:*
    - Improved patient convenience
    - Greater physician efficiency
    - Better clinical outcomes

Urgent Care Marketing

Urgent Care Grassroots Marketing Calendar

Messages: Quick, Convenient Care -- Health and Wellness Partner -- Family and Children Focused – Your Insurance Plan is Accepted – Weekend and Evening Hours



Seasonal Marketing Themes

Winter	Spring	Summer	Fall
Fitness and Diet	Allergies & Travel	Summer Safety	Back to School
Cold and Flu	Sports Injuries	New Movers	Flu Shots

Seasonal Activities and Promotions

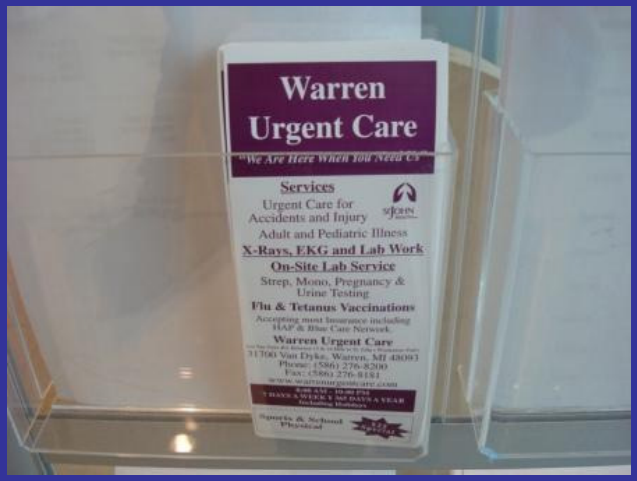
Winter	Spring	Summer	Fall
Health and Wellness Expos	Industry Trade Shows	Parades/Festivals/Fairs	Local School PTA/Boosters
Health Education Programs	Sports League Sponsorships	First Aid Stations	Sports Physical Promotions
Employee Benefit Fairs	Camp Physical Promotions	Golf Outings	Flu Shot Promotions
			Retail Tables/Movie Trailers

Ongoing Activities and Promotions

- Door Hanger/Magnet/Brochure/Pen Distribution
- Chamber of Commerce and Rotary Club Meetings
- School, Parish, and On-Site Nurse Relationships
- Latino Community Advocacy
- Radio and Suburban Newspapers
- Special Event Sponsorships
- Specialty and Primary Care Provider Networking
- Press Releases on Employees, Promotions, Community Events
- College/University /Trade School Relations

Community Marketing Case Study: Warren Urgent Care, Warren, Michigan

Warren, Michigan City Hall



Warren Recreation Center

Warren Public Library

Community Newspapers


Tech Center News.

Durant Made Buick Number One, Then He Went On to Form GM


WARREN WEEKLY

TITANS SET TO CLASH

Audit spells good

Mobile co redeploye

FLU SHOTS

30 MINUTE GUARANTEE

All Insurance Accepted

8:00 a.m. – 10:00 p.m.
7 Days A Week • 365 Days A Year

SARATOGA URGENT CARE

MEDICAID, BCN & HAP ACCEPTED

"We Are Here When You Need Us"

URGENT CARE FOR ACCIDENTS AND INJURY
ADULT & PEDIATRIC ILLNESS

X-Rays, EKG and Lab Work, On-Site Lab Service
Strep, Mono, Pregnancy & Urine Testing, Vaccinations, Sports & School Physicals

UNINSURED?
LOW COST • All Inclusive Urgent Care Visit For $49.95
Includes Dr's Visit, Labs & X-Rays if required.

Sports & School Physical
$25 SPECIAL

SARATOGA URGENT CARE

15000 Gratiot
(in old Saratoga Hospital, now Circle of Life Hospital between 7 & 8 Mile)
(313) 527-4000

NO APPOINTMENTS NEEDED

St John Health

Livonia Urgent Care (734) 542-6100
Woodland Urgent Care (313) 387-8700
Warren Urgent Care (586) 276-8200
South Urgent Care (734) 324-7800

candgnews.com


30 MINUTE GUARANTEE

at WARREN URGENT CARE

8:00 A.M.–10:00 P.M.
7 DAYS A WEEK
365 DAYS A YEAR

"Bringing Quality Urgent Care To Your Neighborhood"

"We Are Here When You Need Us"

FLU VACCINATIONS

ATTENTION
Chrysler, GM, Ford, TRW Employees, we're within 2 miles of your plants

HAP & BCN
NO Referrals Needed!

URGENT CARE FOR ACCIDENTS AND INJURY
ADULT & PEDIATRIC ILLNESS

X-Rays, EKG and Lab Work, On-Site Lab Service
Strep, Mono, Pregnancy & Urine Testing, Vaccinations, Sports & School Physicals

SPECIAL ON SPORTS PHYSICAL $25.00
State-of-the-Art Facility

586-276-8200
31700 Van Dyke • Warren, MI 48093
On Van Dyke Rd., between 13 & 14 Mile
in St. John's Windemere Park

OTHER CONVENIENT LOCATIONS:

St John Health

Livonia Urgent Care
734-542-6100

Woodland Urgent Care
313-387-8700

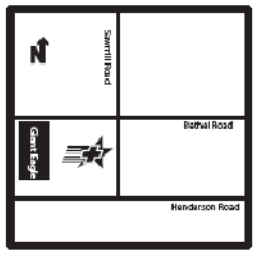
Niche/Segment Marketing

Newspaper ad should prominently display the following information:

- Walk-in clinic (no appointment necessary)
- Weekend and after hours availability
- Illness and injury care
- X-ray and lab
- Insurance accepted
- Center locations (map or description)
- Center hours

Discreet, Private Health Care

Just 10 minutes from Campus



From Campus: Take 315 North to Bethel Rd. West on Bethel (3 miles) to Sawmill.

AMERICA'S URGENT CARE

Open Seven Days a Week
No Appointment Necessary
OSU Health Plans Accepted
Visits Starting at $69* for Uninsured

Private Health Care:

Colds & Flu
Sinus Infection
Bladder Infection
Yeast Infection
Cold Sores
Gonorrhea & Chlamydia
Athletes Foot
Other Personal Health Conditions

Convenient Access:

4661 Sawmill Road
Sawmill & Bethel
(614) 583-1133

*Subject to limitations. See program brochure for details.

www.AmericasUrgentCare.com

Bring this ad when you use any America's Urgent Care location for your Sports Physical and ***earn money for your school!*** Physicals are just $25, and for each coupon received, America's Urgent Care will donate $5 back to your school!

Call **888.CARE.229** or
www.AmericasUrgentCare.com
for Locations and Hours

$5
back to your school

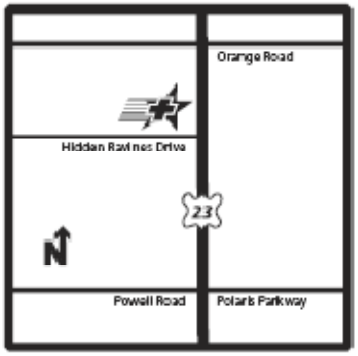
www.AmericasUrgentCare.com

AMERICA'S URGENT CARE

Health Care on *Your* Time!

We've listened to our patients, and now America's Urgent Care is accepting both ***Walk-in*** and ***Call-ahead*** visits! Next time you're in need of immediate care, call ahead, and skip the wait.

- Walk-in and Call-ahead visits
- Adults and children of all ages
- Injuries & Illnesses
- Most insurnace plans accepted
- Proud partner of OhioHealth



Call (740) 549.2700
for a Call-ahead visit!

Located at 24 Hidden Ravines Drive and State Route 23, just south of Orange Rd.
*Visit **www.AmericasUrgentCare.com** for more information.*

Other Advertising Media

- Radio
- Billboards
- Cable Television
- Direct Mail
- New Movers Kits
- Door Hangers
- Event Sponsorship
- Movie Trailers

Rockford Convenient Care, Rockford, IL

Community Marketing Opportunities

- Chambers of Commerce
- Community Organizations
- Churches/Religious Congregations
- Ethnic Groups/Advocacy Organizations
- College Campuses
- Apartment Complexes
- Hotels/Motels and Convention/Visitors Bureaus
- Emergency Rooms/Primary Care/Retail Health Referrals
- Recreation Facilities
- School Activities

Urgent Care Marketing Checklist

- Identify and target largest potential market for money spent.
- Consider initial visibility and repetition of exposure for each opportunity.
- Assure venues, events, and publications are relevant to individuals who use urgent care services.
- Assure urgent care is accessible and ready to serve targeted audiences.
- Assure no other urgent care competitors (including primary care or emergency services) compete for visibility at the same venue, event or publication.
- Avoid activities that too closely identify the urgent care with a niche segment and limit future opportunities for involvement in other activities.
- Before spending money on an activity, set expectations for sales lift or brand awareness.
- Evaluate each activity afterwards to determine whether increases in sales or brand awareness have resulted.
- Calculate acquisition cost by dividing incremental marketing spend by incremental patient volume.
- Repeat activities with the greatest lift and lowest acquisition cost.

Introduction to Consumer Driven Health Care

Overview of Walk-in Care Operating Models

Hospital Participation in Walk-in Care

Operational Best Practices, Financial Planning, and Benchmarking

Provider Issues in Walk-in Care

Urgent Care Role Descriptions

Front Desk:

- Greet and sign-in the patient
- Register the patient
- Obtain consent to treat
- Assess for emergency condition
- Verify insurance, eligibility
- Collect money
- Familiarize patient with the practice
- Determine “frequent flyer”
- Alert back office to patient needs

No triage at front desk

Clinical Support Staff:

- Chart Prep: forms, labels, tests, films
- Exam Room Prep: protocols, supply sheet
- Patient Prep: gowning, work up, running problem/meds lists, advance labs/meds
- Procedure Prep: focused roles, protocols, portable supply case, equipment maintenance
- Patient Education: discharge instructions, knowledge and compassion

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 Provider Profiles

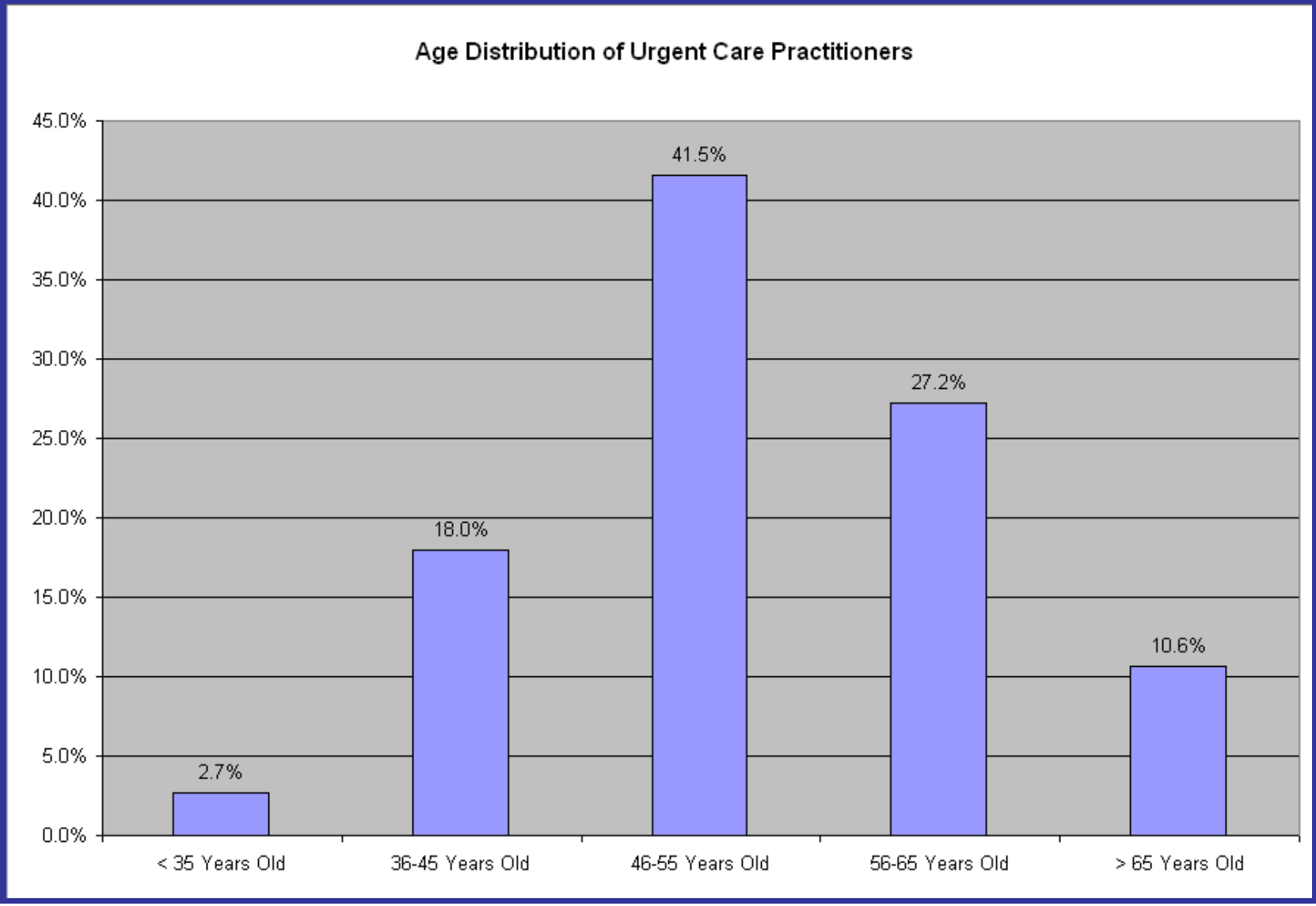
Urgent care practitioners in the United States tend to be:

- 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

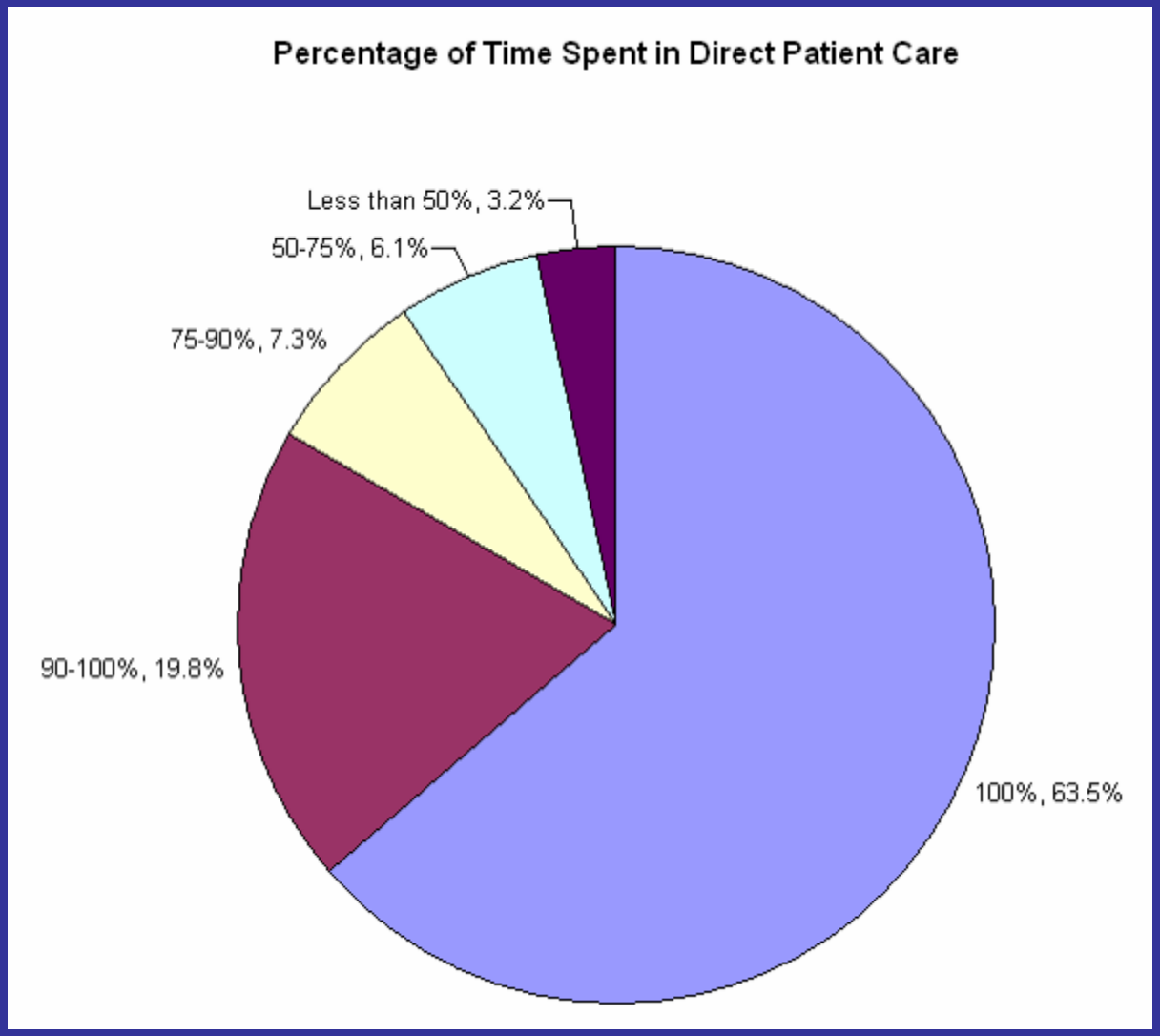
Urgent care physicians tend to be older than the national average of physicians.
37.8% of urgent care practitioners are older than age 55 versus 26.8% of total U.S. physicians.
(Source: U.S. Dept. of Health and Human Services).

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



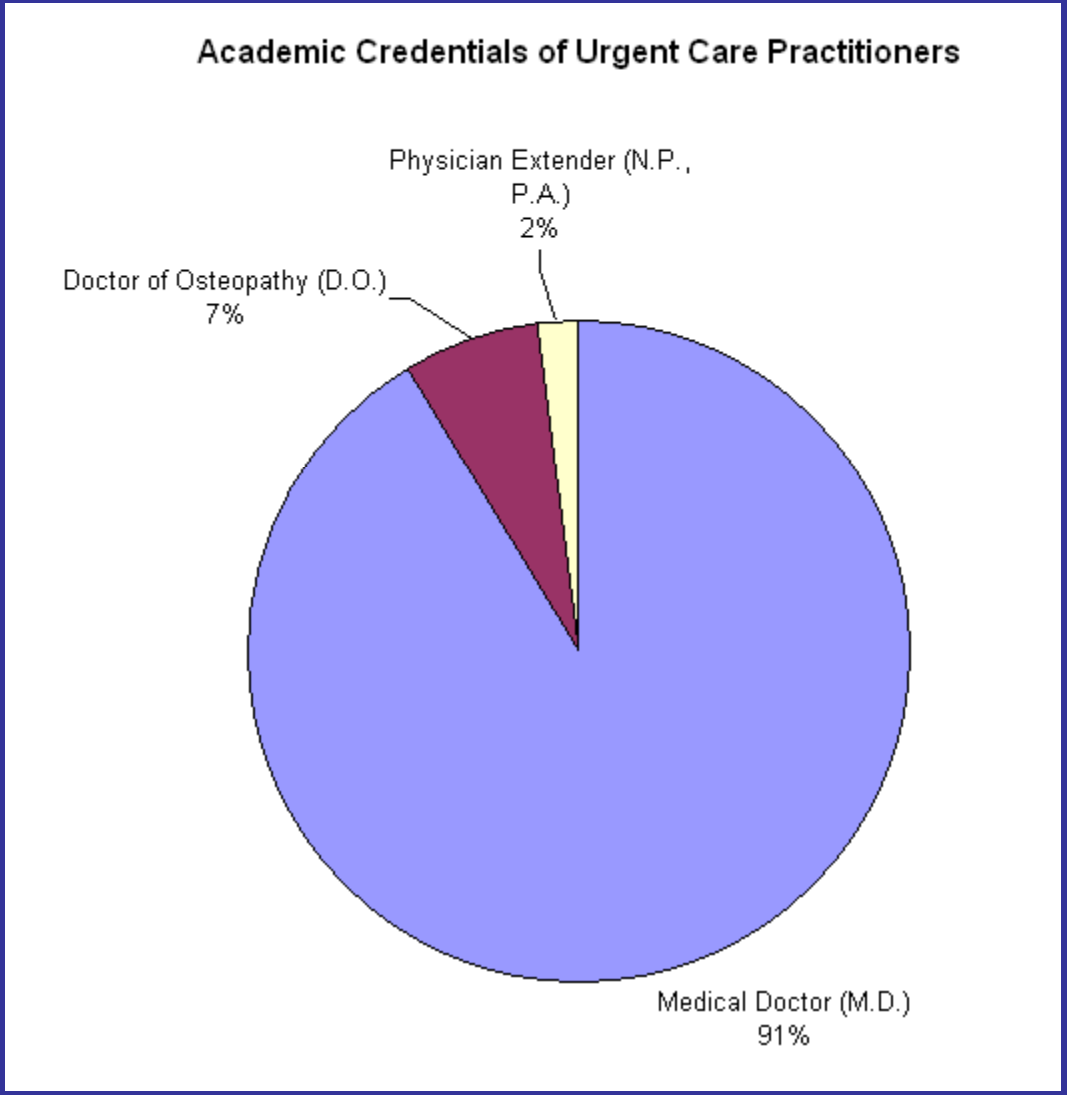
Percentage of Time Spent in Direct Patient Care

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).*



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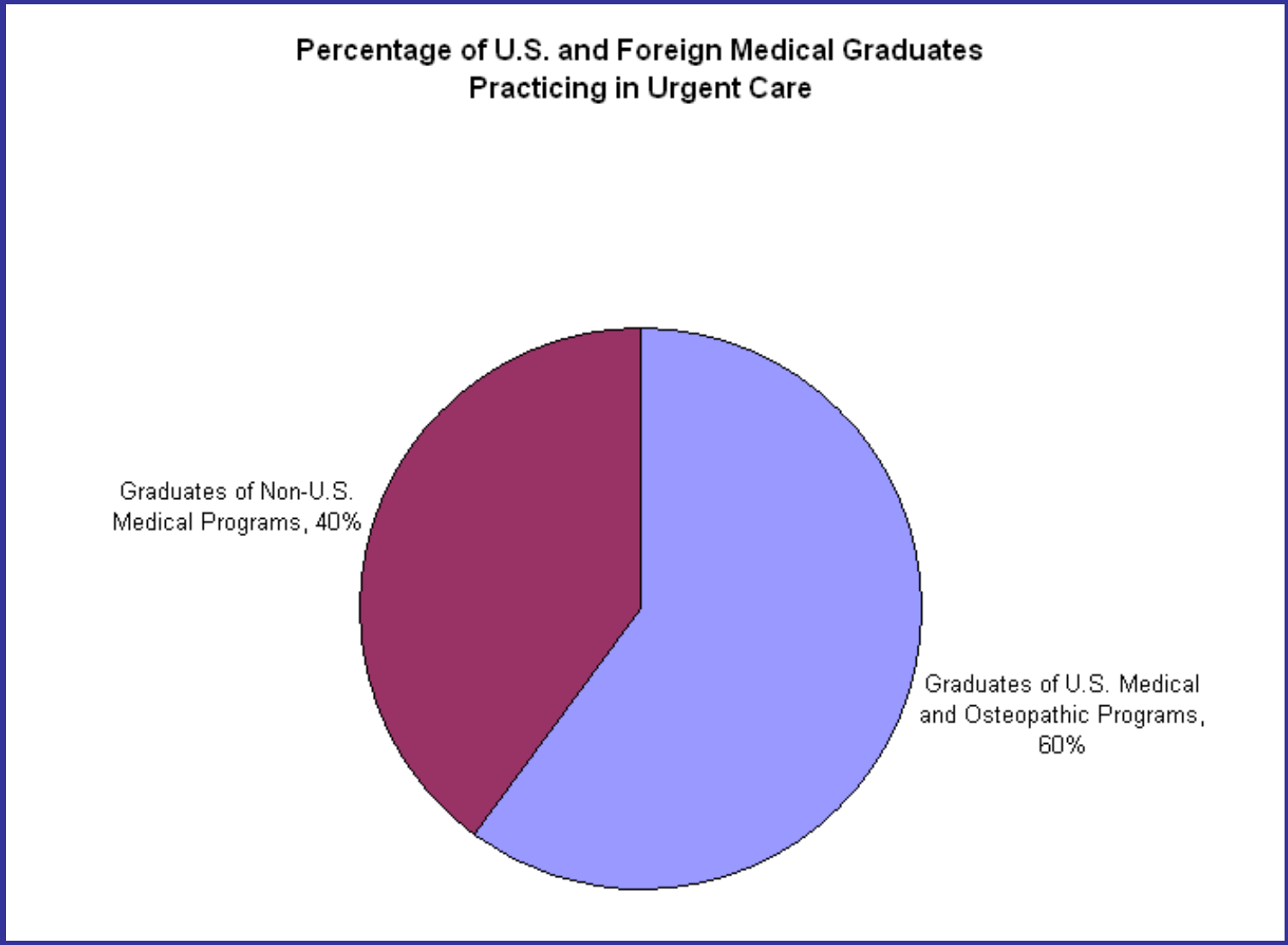
Academic Credentials of Urgent Care Practitioners

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



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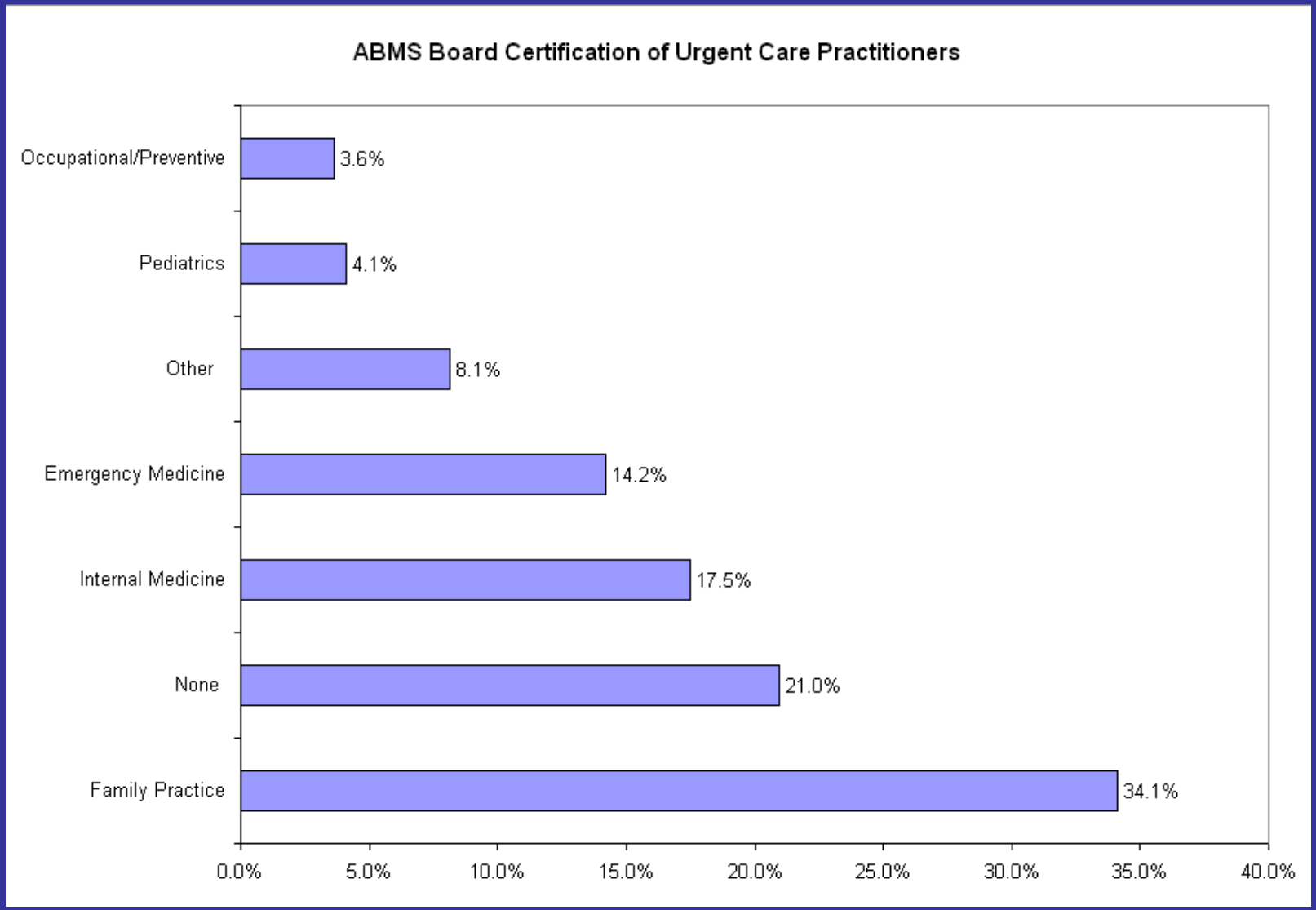
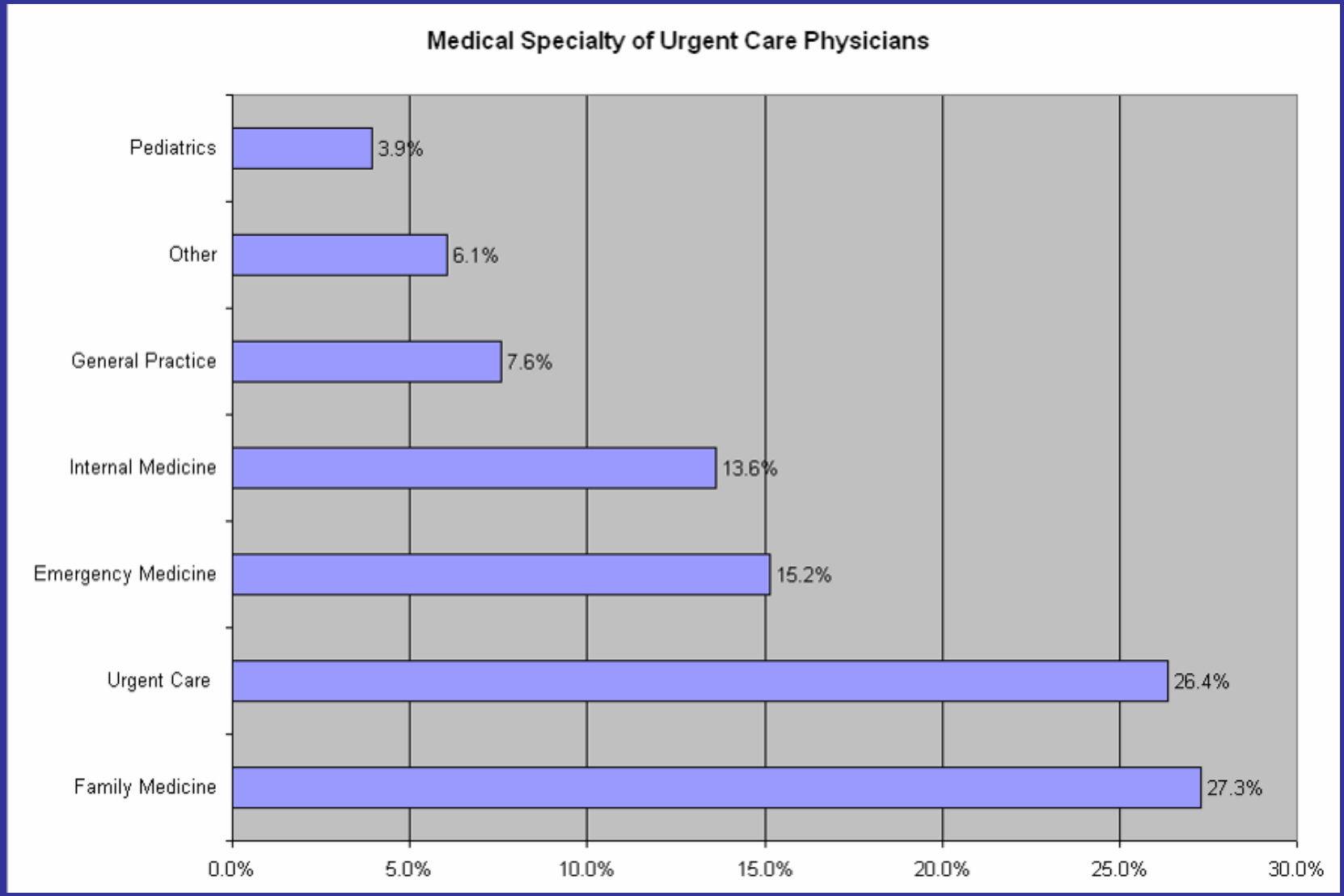
Board Certification of Urgent Care Practitioners

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 Employment and Incentive Models

Physician Compensation Plans

- Flat hourly rate
  - Easiest to administer
  - Employed
    - Exemption Requirements
    - $75 per hour national average plus full benefits
  - Self-employed
    - Physician creates his own PA
    - Personal tax benefits
  - Issues:
    - Does not address physician work/effort
    - Does not address patient severity
    - Does not address day/time of shift
    - Does not foster “group”
    - Lacks attention to costs

NextCare Urgent Care, Tucson, Arizona

Physician Compensation Plans, cont'd.

- Hourly base rate plus performance incentive
  - Structure:
    - Group revenue (compensation pool for all physicians)
    - Individual physician revenue (physician as an economic unit)
  - Incentive Basis:
    - Patient satisfaction
    - Volume/Efficiency/Severity
    - Quality
    - Supervision of non-physician providers
    - Emergency back-up
    - Group bonus
  - Issues:
    - Equate part-time to full-time
    - Tie to market rates

Physician Compensation Plans, cont'd.

- Patient Satisfaction Scores

- Volume/Efficiency/Severity Measures
  - Shifts
  - Shift type (day/evening/weekend)
  - Hours
  - WRVU per hour
  - Patients per hour
  - WRVU per patient
  - Patient cycle time
  - Patient wait times
  - Patient abandonment rate
  - And others…

- Clinical Measures
  - Compliance with clinical protocols
  - Ancillary test utilization
  - Referral rates
  - Chart documentation
  - Hospitalization with X of being seen
  - Communication with primary care physician
  - And others…

Physician Compensation Plans, cont'd.

- Incentive considerations:
  - Market competitive, ability to recruit and retain
  - Permit flexibility in physician schedules
  - Reward physician work and effort
    - Must be within a physician's control
    - Must be simple and transparent
  - Develop group practice approach to care
  - Engage physicians in building volume and managing practice costs

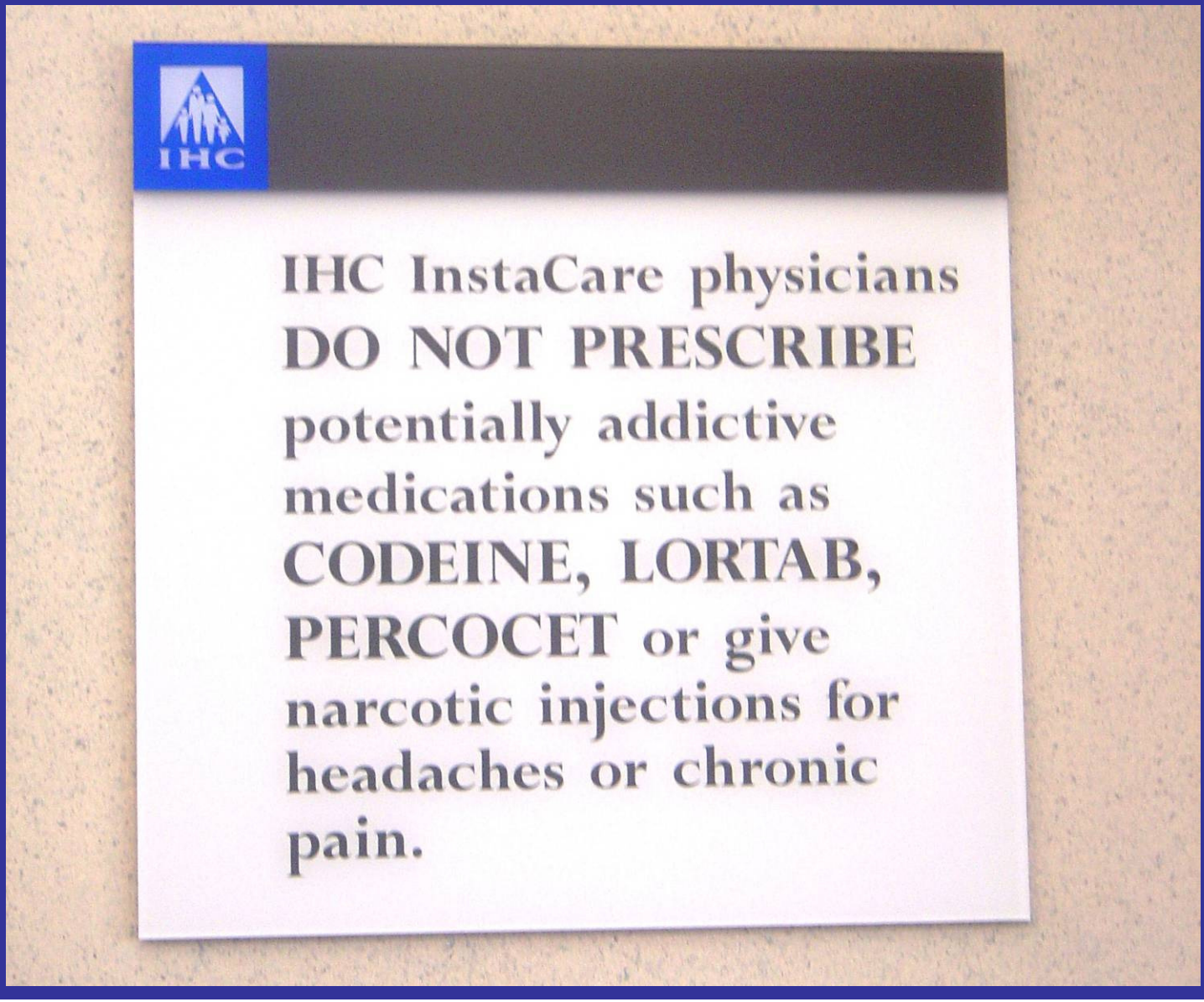
Urgent Care Practice Issues

Urgent Care Range of Services

Most frequent diagnosis codes for a typical free-standing urgent care center:

In-House	Description	Total	Percentage of Total
461.9	Sinusitis Acute Nos	2,857	7.9%
V72.9	Examination Nos	2,809	7.7%
462	Pharyngitis/Sore Throat Acute	2,263	6.2%
466.0	Bronchitis acute	1,536	4.2%
465.9	URI acute nos	1,508	4.2%
599.0	UTI/Urinary Tract Infect Nos	977	2.7%
490	Bronchitis Unspecified Nos	828	2.3%
382.9	Otitis Media Nos	791	2.2%
789.07	Abdom Pain Generalized	542	1.5%
558.9	Gastroenteritis,Colitis noninfection Nos	529	1.5%
V70.9	Medical Exam General Nos	515	1.4%
480.9	Pneumonia Viral Nos	477	1.3%
463	Tonsillitis Acute	426	1.2%
V05.8	Vaccine-disease Nec	420	1.2%
883.0	Laceration Finger	412	1.1%
682.9	Cellulitis/Abscess Unspecified Site	310	0.9%
724.2	Back pain,low /Lumbago	302	0.8%
380.10	Otitis Externa infection Nos	282	0.8%
692.89	Dermatitis Nec	280	0.8%
034.0	Strep Sore Throat	280	0.8%

How do providers respond to patient expectations in regards to prescription narcotics and antibiotics?



Crash Cart and Emergency Readiness

Extent and guidelines of emergency preparedness must be determined by the medical leadership and based on positioning in the community relative to hospital emergency rooms, availability of emergency (squad) services, percentage of high risk patients, and consumer perceptions.

Urgent Care Quality Assurance

Challenges:

- Pay for performance
- Health plan's tiered networks
- Competitive threats

Response:

Quality, evidence-based medical care that is safe, timely, effective, equitable, and patient-centered.

Processes:

- Random chart audits
- Non-random (targeted) audits
- Patient satisfaction complaints
- Patient satisfaction surveys
- ER referrals
- Clinical studies
- Physician mid-level communication

Urgent Care Legal Issues

- **Stark and Anti-Kickback Laws**
  - --Carefully structure referral networks
  - --Consider marketing, cross-marketing of urgent care services
  - --Consider financial incentives to physicians

- **EMTALA**
  - --Provide a medical evaluation to determine whether an emergency condition exists, and if so, provide treatment for that condition.
  - --Failure to properly screen for emergency conditions generates about one-third of allegations and violations.
  - --EMTALA considerations:
    - --Urgent care is located on a hospital campus
    - --Urgent care bills under the hospital's provider number
    - --At least 1/3 of patients present on an urgent basis, without an appointment, for an emergency medical condition
  - --Posted signage, documentation (forms, logs) and processes in place.
  - --Review front desk financial policies in regards to verification of insurance and collection of co-pays.

Urgent Care Risk Management

- 33% of hospital malpractice losses occur in the emergency department
  --Lawyers are easily accessible to the general public and the legal system facilitates claims against medical providers.
  --Doctors and nurses are being stretched thin—doing more and more with less and less—while systems fail to keep pace with change.
  --Patients being seen in the ED today are older and sicker than in the past.
  --Support services (lab, x-ray, holding units, admitting) do not feel the emergency department is their largest customer.

  - Reducing risk entails understanding that urgent care is a people business
    --Operating in a service industry
    --Simple mistakes are the worst
    --Good patient communication

    - Formal education program of risk management is required
      --Consider the unique needs of adult learners
      --Curriculum based on practical application

Building a Service Culture

Role of the Customer: Understanding Customer Expectations

Which store has better customer service?
Which store has more satisfied customers?

Wal-Mart, Golden, Colorado

Nordstrom at Easton Town Center
Columbus, Ohio

Consumer Expectations in Health Care

Solo-practice Physicians	*Insurance Contracted Physician Groups*	*Fee for Service Consumerism*
1980s	**1990s**	**Today**
Access and Competence: •Available Appointments •Timely Communication •Positive Outcomes	***Detailed Communication:*** •What do I have? •How did I get it? •What should I do? •How long to get better?	***Superior Customer Service:*** •The front end staff is friendly, courteous and helpful. •Medical assistants show caring concern for my wellbeing. •The physician explains things in a way I can understand. •The physician takes time to answer my questions and explain my treatment options.

Patients lack the technical knowledge of differentiate providers on the basis of medical quality.

When you take a flight, do you check the pilot's credentials?

Airline passengers expect:

- Low fares and convenient schedules
- On-time departure and arrival
- Friendly flight attendants
- Comfortable seat with ample leg room
- Reliable baggage service

When asked for their opinion about their urgent care visit, patients consistently talk about service—how it <u>feels</u> to be a patient.

Southwest is #1 in Customer Satisfaction.

Lacking expertise to judge a physicians competence, patients make judgments based on communication.

A March, 2006 Mayo Clinic patient survey revealed that people want their doctors to be:

- **Confident**
- **Empathetic**
- **Humane**
- **Personal**
- **Forthright**
- **Respectful**
- **Thorough**

Health Care Value Equation

"I worked all day to earn his fee, but the doctor only spent three minutes with me."

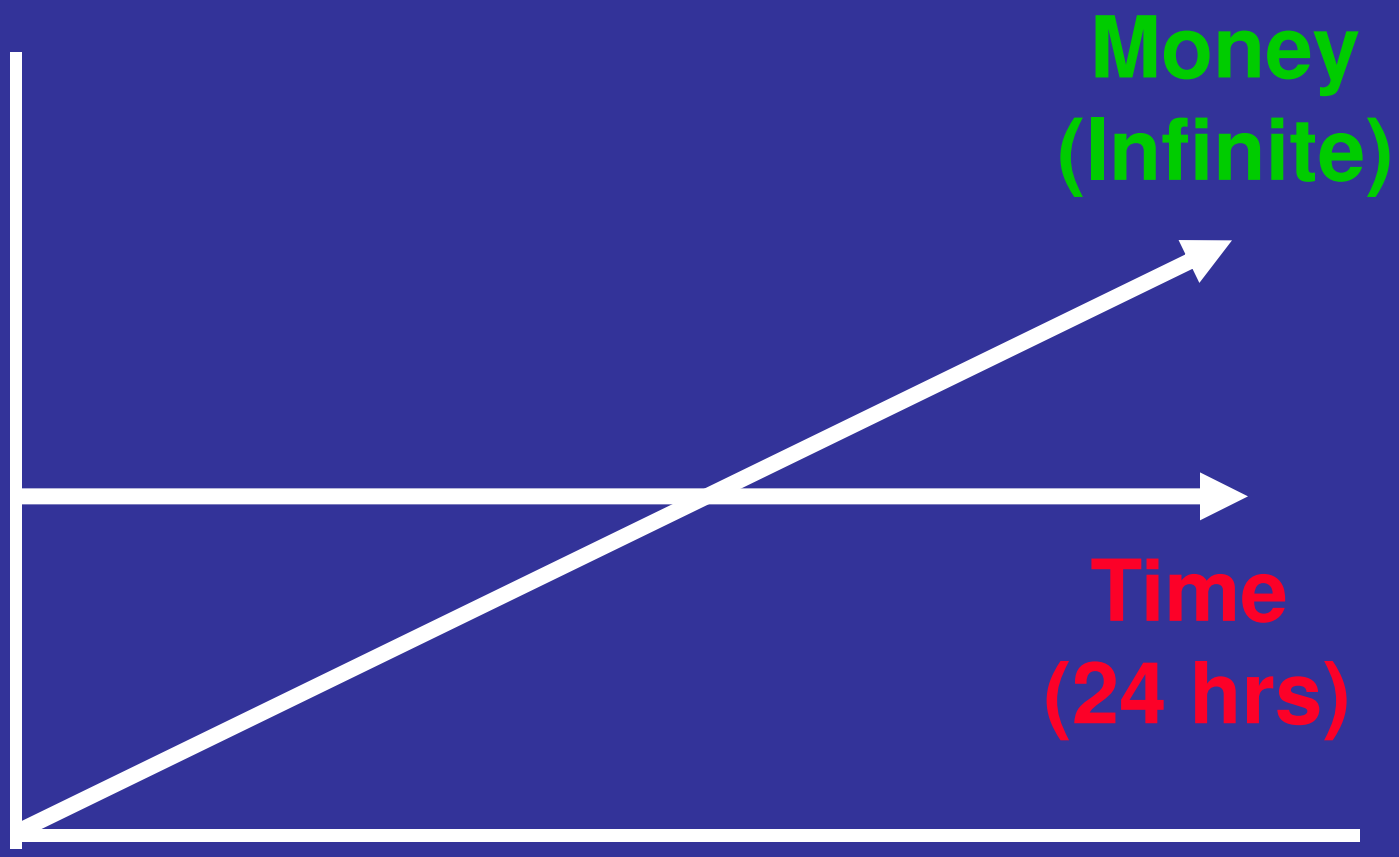
Health Care Value Equation

$$\frac{\text{MEDICAL OUTCOME + SERVICE}}{\text{COST}} = \text{VALUE}$$

Medical Outcome:	*Did I get the results I expected?*
Service:	*How did it feel to be your patient?*
Cost:	*Time, money, hassle (waiting, paperwork).*

Customers will return only if the value received exceeds their perceptions of value offered by other service providers.

For many consumers, time is worth <u>more</u> than money.



Wait time is the number one determinant of customer satisfaction in urgent care. Consumers compare the time spent accessing urgent care to time spent accessing other services.

amazon.com

Customer expectations drive service standards.

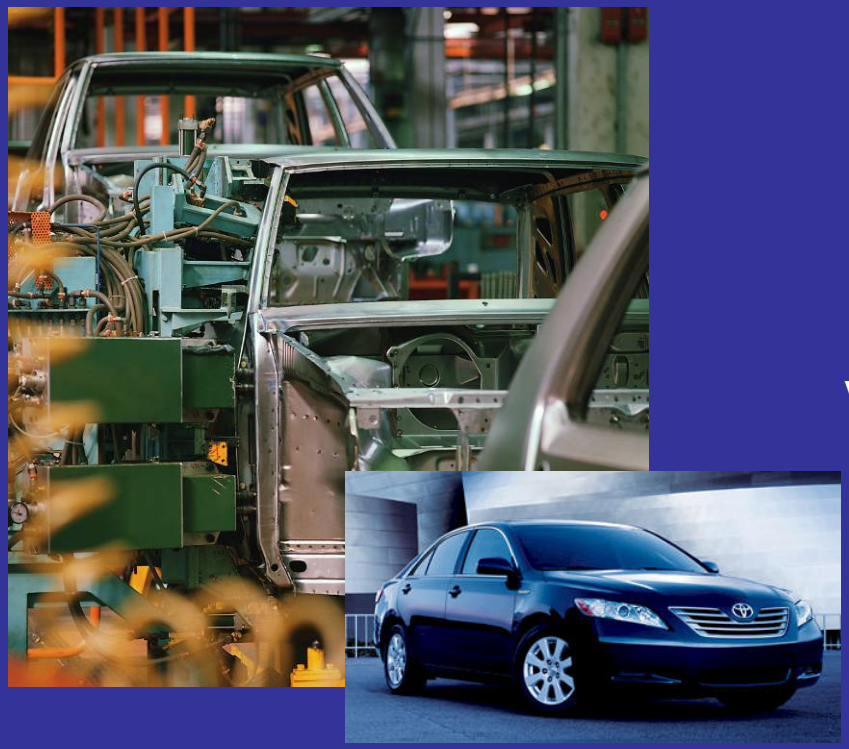
Translate Into

Expectations

- What the service "will be"
- What the service "should be"
- What is adequate
- What is desired

Service standards and designs that encompass both the company and the employee.

The right team must be in place, capable and willing to deliver superior customer service.



The product has appeal. Customers don't see the people behind it.

vs.

People directly influence the outcome. "I am a people person. I want to help people."

Delivering what consumers want:
Service Trumps Process.

Patients will often overlook reasonable delays and minor glitches in check-in, rooming, billing, etc. so long as providers and staff convey an atmosphere of welcome, friendliness, and caring concern.

Benefits of a Service Culture

- Greater productivity and reduced turnover—physicians and staff working towards a common goal that is respected by those on the outside increases morale and builds camaraderie.

- Better medical outcomes—positive interactions with health care providers leads to greater compliance with treatment plans.

- Better risk management—70% of malpractice claims result from lack of informed consent or perceptions provider was evasive, rushed, distant, or uncaring.

Delivering what customers want:
What can we do?

Managing for customer service:

- Define customer expectations
- Give employees the skills and techniques to meet/exceed expectations
- Hold employees accountable for making patients feel valued and important
- Reward top performers

Delivering what customers want:
What must we do?

Managing for customer service requires:

•Leadership who is supportive and actively involved.

•Managers and supervisors who continuously monitor performance levels and react quickly when less than satisfactory behaviors are observed.

•Providers and staff members who know what's expected of them, have the skills to deliver it, and are supported when they do.

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