

Start-up Success in the Post-COVID Environment

Alan A. Ayers, President

Heather Real, Senior Consultant

Experity Consulting



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What is Urgent Care?

- Broad spectrum of illness, injury and disease
- Licensed medical provider on-site during all hours of operation
- X-ray available during all hours of operation
- Laboratory services including point-of-care testing, collection and send-out
- EKG read and interpret during all hours of operation
- Ability to provide minor procedures on-site (I&D, laceration repair, splinting)
- AED, oxygen, ambubag/oral airway, ability to call 911
- 7-day hours of operation, minimum daily hours (removed from UCA criteria)

Urgent Care vs. Primary Care

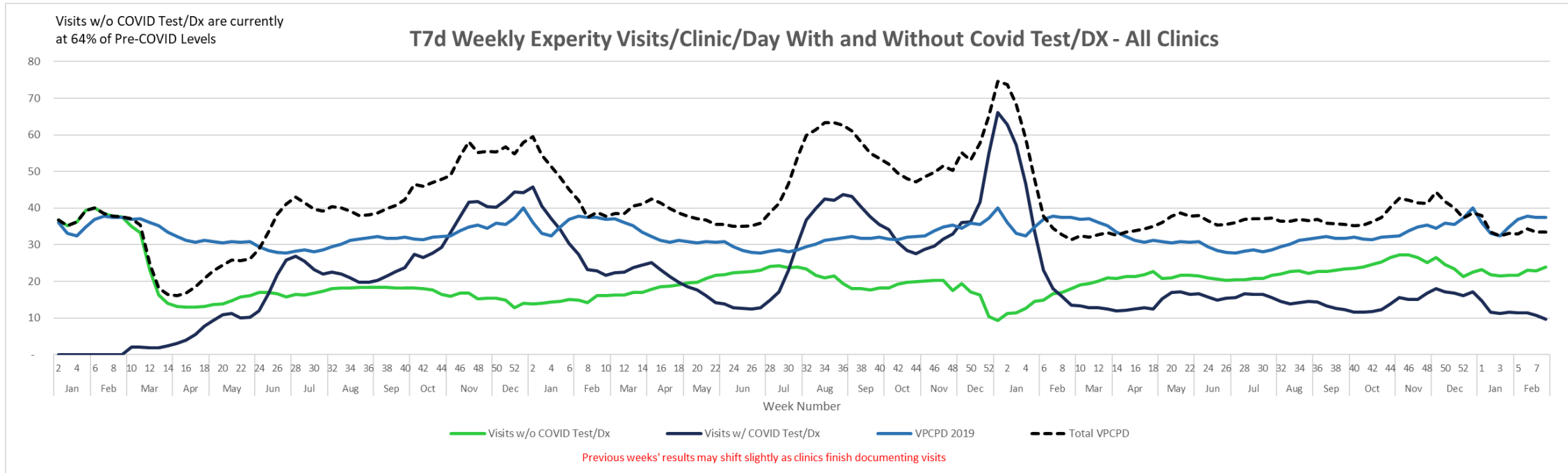
Urgent Care

- Transactional
- Acute
- Episodic/Referral
- Focus on Chief Complaint
- Focus on Throughput/Productivity

Primary Care

- Relations
- Chronic
- Longitudinal
- Wellness/Prevention
- Scheduled Appointments

COVID Impact on Urgent Care



Historically the challenge for urgent care profitability has been the occurrence and strength of a three-month “cold and flu” season.

Flexibility is What Differentiates Urgent Care

Urgent care can adapt quickly to market opportunities

- Implementing and marketing new services in response to patient needs
- Identifying new revenue streams
- Aligning workflows, staffing and processes
- Throughput facilitated by technology

Urgent care is the “front door” that draws new patients in

- Develop relationships with local health systems and specialists
- Develop relationships with local employers (Occ Med)
- Downstream service capture including specialist, wellness and primary care services

Developing a Meaningful Brand

- A “commodity” in the “sea of sameness”
- Loyal to a location or provider not a “brand”
- Loyal patients have more frequent utilization
- Think of “differentiated” retail experiences:
 - Chick-fil-a
 - Starbucks
 - Apple Store



The Post-COVID Growth Thesis for Urgent Care

New Patients

- Millions introduced to urgent care during the pandemic, 2/3 of which will return

New Locations

- Rooftop expansion continues, although more corporate, less hospital activity
- Resurgence of independent operators

New Geographies

- Shift from the affluent suburbs to underserved rural and urban markets
- Strategic real estate – intercepting, flanking and boxing in competitors

The Post-COVID Growth Thesis, cont'd.

New Payers

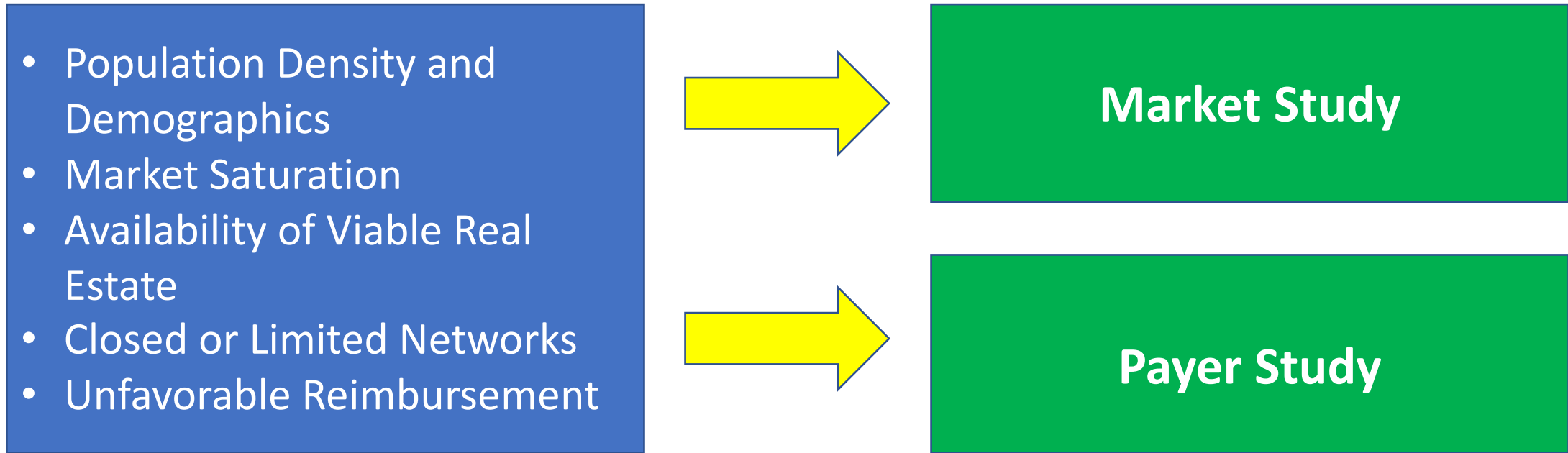
- Medicaid expansion and privatization
- Value-based care and population health

New Services

- Specialist services
- Occupational medicine
- Specialty urgent care

Economics of Starting an Urgent Care Center

$$\text{Revenue} = \text{Volume} \times \text{Rate}$$



Business Plan Elements

Revenue Formula

+ Patient Charges for Medical Services
- Contractual Allowances
- Bad Debt Expense
= Net Revenue (per visit)

+ Dispensing Revenue
+ Occ Med (EPS) Revenue
+ Misc. Fees and Charges

Expense Categories

- Labor
 - Staffing Model (MDs vs. PAs/NPs, MAs, RTs)
 - Staffing Efficiencies to Patient Volume
 - Increase Staffing as Volume Grows
- Technology and Billing Services
- Supplies
- Rent and Occupancy Expenses
- Marketing
 - Grassroots, Paid Advertising
 - Website, SEO, Digital Tactics
- Purchased Services

Urgent Care Development: Critical Timelines

- Securing site – 3-4 months
- Obtaining funding – 2-3 months
- Commencing build-out - 4-6 months
- CC and getting in-network with major payers – 10-12 months
- Clinic set-up, supplies, hiring, training, technology configuration, compliance, etc.
- **Opening Day – 12 to 14 months**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
Selecting & Securing Site	█																		
Securing Funding		█		█															
Buildout						█													
Commencing Contracing & Credentialing				█															
Opening Day																█			

Urgent Care Development: Capital Required

- Buildout costs \$ * Square footage >>> **\$500-600K**
- FF&E >>> **\$250K**
- One-time Startup Expenses >>> **\$150K**
- Working Capital >>> **\$300K**
- **Total: \$1.2+ M**

Obstacles to Starting an Urgent Care Center

- Finding the “right” location
- Payer contract availability and reimbursement rates
- Having a physician on board (State CPOM laws, payer requirements)
- Ability to obtain financing (SBA loan, savings, friends/family)
- Vendor relationships (supplies, x-ray, lab) with urgent care experience
- Attention to detail – workplan of required tasks
- Facility floorplans and construction requirements
- Policies and procedures
- Job descriptions

Value-Engineering Urgent Care Centers



Top Mistakes of Urgent Care Start-ups

Mistakes in Ownership Structure

- Not having a physician on paper (if needed)
 - CPOM; APP collaboration; Payer medical director requirement; SBA Loan Guarantor
- Not understanding operations beyond the medicine
 - “Retail” elements of the business; CC (not hospital, not independent); Costs of doing business

Top Mistakes of Urgent Care Start-ups, cont'd.

Mistakes in Financial Planning

- Planning too little for capital expenditures
 - Build-out, X-ray, other supplies and equipment
- Not planning for adequate working capital
 - Non-operational carrying costs
 - Operational costs > revenue in early weeks/months due to volume ramp up and delay A/R maturation

Top Mistakes of Urgent Care Start-ups, cont'd.

Mistakes in Site Selection

- Not considering known indicators for success
 - Ideal market benchmarks
 - Site positioning

Top Mistakes of Urgent Care Start-ups, cont'd.

Mistakes in Operating Systems Execution and Utilization

Not deploying appropriate resources to support operations

- Urgent care-specific platforms and service providers that can manage the nuances of urgent care:
 - Fluctuations in hourly, daily, and seasonal visit volumes
 - Episodic presentation v. scheduled visits
 - Efficient supportive services – reference labs, supply ordering, x-ray over-reads, etc.

Top Mistakes of Urgent Care Start-ups, cont'd.

Mistakes in Operations

Not knowing what you don't know

- Cash-only
- Compliance
- Flexibility
- Referring out good revenue
- Ancillary income
- Growing too quickly

Top Mistakes of Urgent Care Start-ups, cont'd.

Mistakes in Marketing

Not investing in and deploying successful marketing strategies

- Relying on word-of-mouth and referrals for volume v. site visibility/awareness, SEO, etc.
- Not putting urgent care first; promoting ancillary services over urgent care as core business
- Not diversifying strategies across multiple medium (digital, print, grassroots)

Questions and Answers

Session Evaluation

- Your feedback is valuable, take a moment to complete the survey for this session.
- To claim CME, you must complete a separate survey available after the convention.

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Not likely at all Neutral Extremely likely

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What would have made this **content** better?