

# 7 Profitability Pearls in Urgent Care

*Driving Financial Fortitude in 2023 and Beyond*

**UCA** URGENT CARE  
ASSOCIATION®



COLLEGE OF  
URGENT CARE  
MEDICINE



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# Introduction & Context



# Looking Back: An Early Urgent Care Pioneer

Richardson Health Center is dedicated to providing a full spectrum of convenient, high-quality health care services. From no-appointment family health care and urgent care, to workers' comp services, pre-employment physicals, health screenings and free childhood immunizations, we strive in every way possible to enhance the health and wellness of the communities we serve.

**R**ichardson Health Center is your neighborhood urgent care center. When you or a loved one suffers a minor injury or doesn't feel well, you want medical attention right away. Since 1986, Richardson Health Center has been the family urgent care center Richardson residents turn to.

A service of Baylor/Richardson Medical Center, Richardson Health Center provides convenient office hours and a full spectrum of care with no appointment. Our staff of board-certified family practice physicians,\* together with licensed nurses, emergency medical technicians and other highly-trained health care professionals, has extended office hours 7 days a week to help you get well and stay well.



*Dr. Linda Halbrook*



BAYLOR/RICHARDSON MEDICAL CENTER



RICHARDSON HEALTH CENTER

## Urgent Care for Kids in Cedar Park launches VirtualPediatrics

Arezow Doost

5 years ago



CEDAR PARK, Texas (KXAN) — The room inside [Urgent Care for Kids in Cedar Park](#) that doctors have dubbed the “telepod” room is located right next to the exam rooms. It’s equipped with a big screen and camera along with an otoscope and stethoscope.

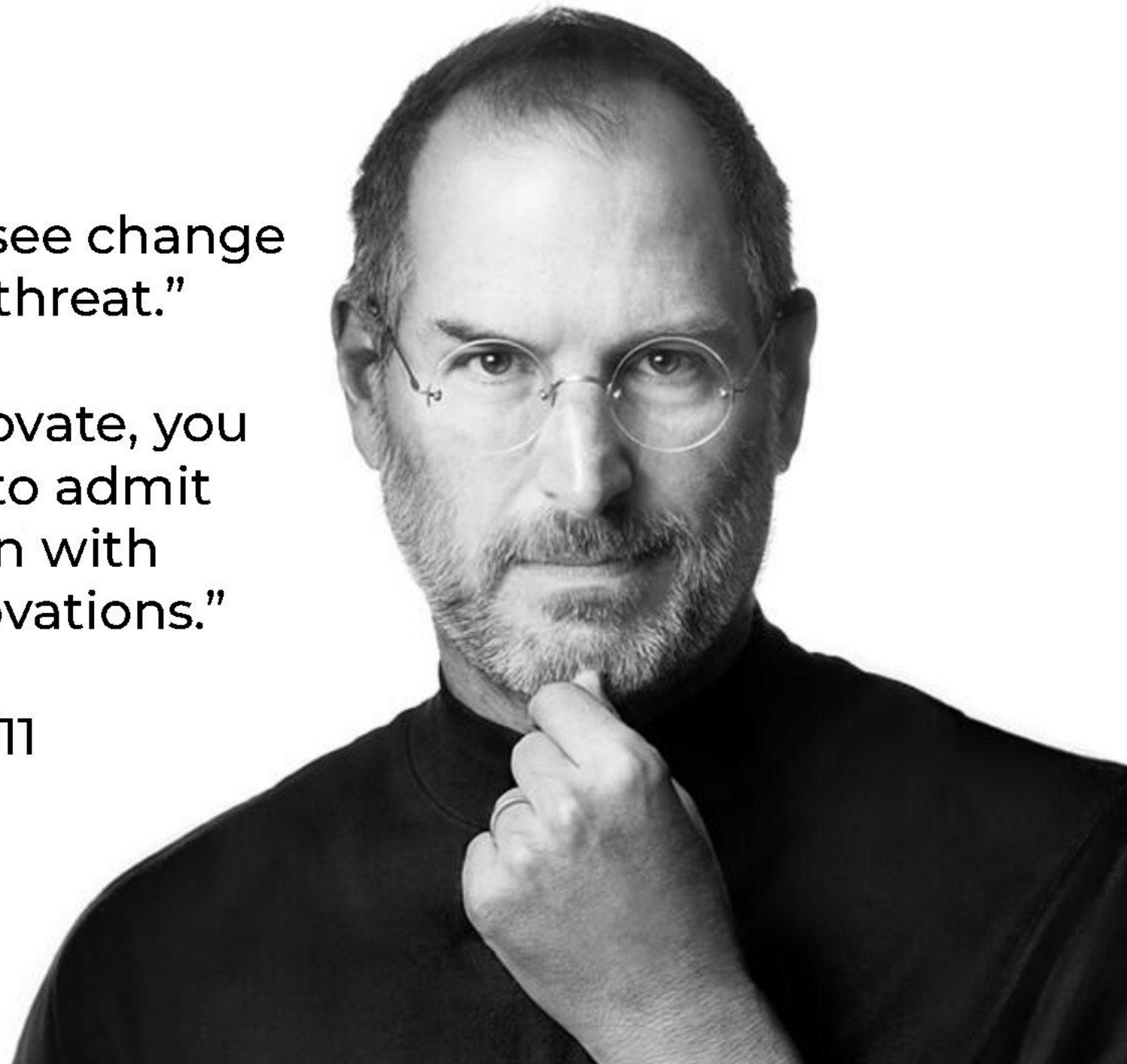
Families can skip the waiting room and a few clicks later connect with a pediatrician. The doctor gets alerts at the different clinics and the first



“Innovation is the ability to see change as an opportunity, not a threat.”

“Sometimes when you innovate, you make mistakes. It is best to admit them quickly and get on with improving your other innovations.”

Steve Jobs, 1955-2011



# Current Data & Trends



# The Financial Climate of Healthcare: Providers



## National Inflation Average

As of the end of 2022, the national inflation average was 8% according to the Bureau of Labor Statistics.



## Affordability is a Primary Driver of 2023 Strategy

According to a survey by Deloitte to health system leaders, 76% said inflation and affordability would heavily factor into 2023 strategy.



## Increased Revenue Outcomes with Digital Transformation

92% of respondents surveyed by Deloitte said that digital transformation would have a moderate to major impact on their strategy.



## 2023 RVU Rate Decrease

The 2023 Medicare Physician Fee Schedule includes a 4.5% decrease in the conversion factor used to determine provider reimbursement.

*Sources: Bureau of Labor Statistics, Deloitte, CMS*

# The Financial Climate of Healthcare: Consumers



### Patient Responsibility Collection

Although 90% of consumers reported they want to know healthcare payment responsibility up front, only 20% of consumers always know what they owe.



### Health Benefit Increase

Employers and their insured experience a 5.4% increase in health benefit costs.

In 2022, U.S. employees paid 10.6% more in out-of-pocket healthcare expenses than in 2021.



### No Surprises Act

90K patient dispute claims were submitted to the No Surprises Act IDR portal



### Telehealth Coverage Extended

An omnibus bi-partisan bill was passed to extend telehealth PHE coverage by 2 years.

*Sources: Instamed, Bureau of Labor Statistics, CMS.gov, American Telehealth Association*

# The Mounting Costs of Operational Silos



**\$178B-\$268B Lost Annually**

The Journal of the American Medical Association estimated the waste in healthcare expenditure due to functional care silos ranges from \$178B to \$268B annually.

*\*JAMA released data in 2019*



**50%+ Burnout**

Before the COVID-19 pandemic, the National Academy of Medicine found that burnout had reached “**crisis levels**” among the U.S. health workforce, with 35-54% of nurses and physicians and 45-60% of medical students and residents reporting symptoms of burnout.



**10+ Redundant Hours/Week**

Healthcare professionals now spend an average of 10+ hours per week on redundant paperwork and administrative tasks, according to a survey from Medscape.

# 7 Profitability Pearls



## 7 Profitability Pearls



### Pearl 1: Driving high frequency, high LTV patients

1

Define your core healthcare consumer and meet them where they are

2

Create delightful, consistent experiences across your cost centers with a standard scope of practice

3

Leverage non-acute services and campaigns that drive loyalty

### Why patient lifetime value (LTV) matters:

- Helps you understand marketing ROI
- Tracking LTV can help predict future performance of your clinic
- Combine LTV with patient demographics to understand who is a target consumer for your clinic(s)

# Calculating lifetime value

$$\begin{array}{ccccccc} \text{Avg. Revenue} & & \text{Avg. Visits} & & \text{Lifetime of} & & \text{Lifetime} \\ \text{per Visit} & \times & \text{per Year} & \times & \text{Patient} & = & \text{Value} \\ \\ \$125 & \times & 2.5 & \times & 3 \text{ yrs} & = & \$937 \end{array}$$

**\$150**  
Cost of Acquisition

**16%**  
% of Revenue

## Remember: When volume is low, even a few incremental visits have a big impact

### Clinic operations

|                         |                     |                     |
|-------------------------|---------------------|---------------------|
| Monthly operating costs | \$100,000           | \$100,000           |
| Monthly patients        | <b>780 (26/day)</b> | <b>900 (30/day)</b> |
| Revenue per patient     | \$120               | \$120               |
| Total revenue           | \$93,600            | \$108,000           |
| <b>Profit / Loss</b>    | <b>(6,400)</b>      | <b>\$8,000</b>      |

**4 additional patients / day**  
can mean monthly profit vs loss

Pearl 1: Driving high frequency, high LTV patients



We have to understand how the environment has changed for patients

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THE URGENT CARE CONVENTION

**#1 patient request  
from urgent care**

*easy online booking*

**#1 reason patients  
switch clinics**

*access booking from  
their phone*



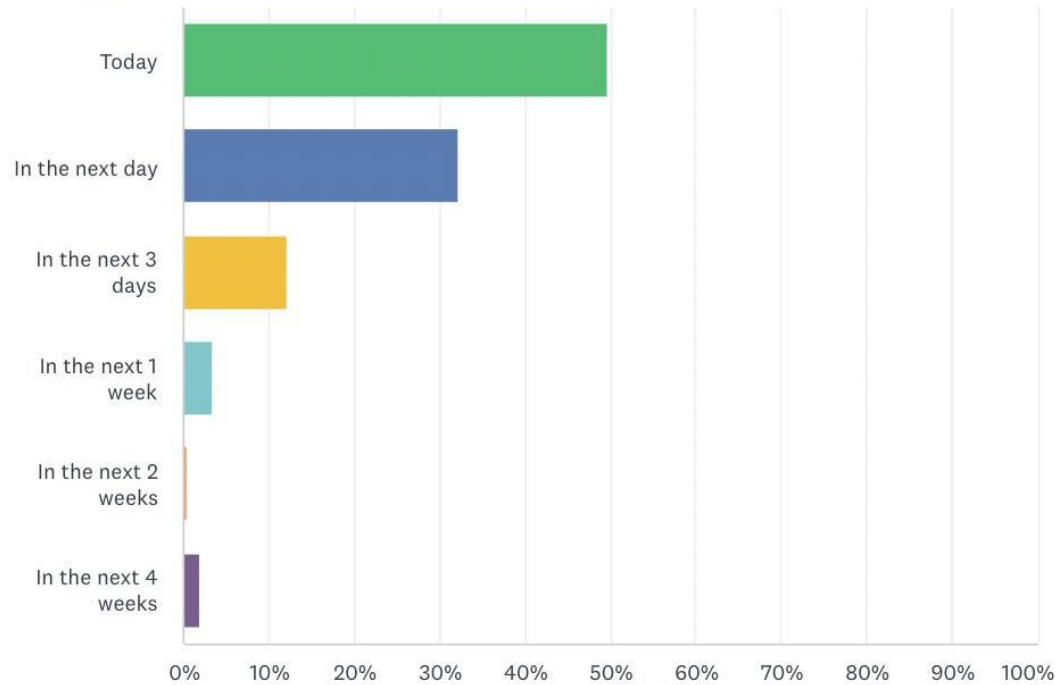
Insights gathered from the 2018 consumer healthcare survey, in partnership with the Urgent Care Association

**Solv.**

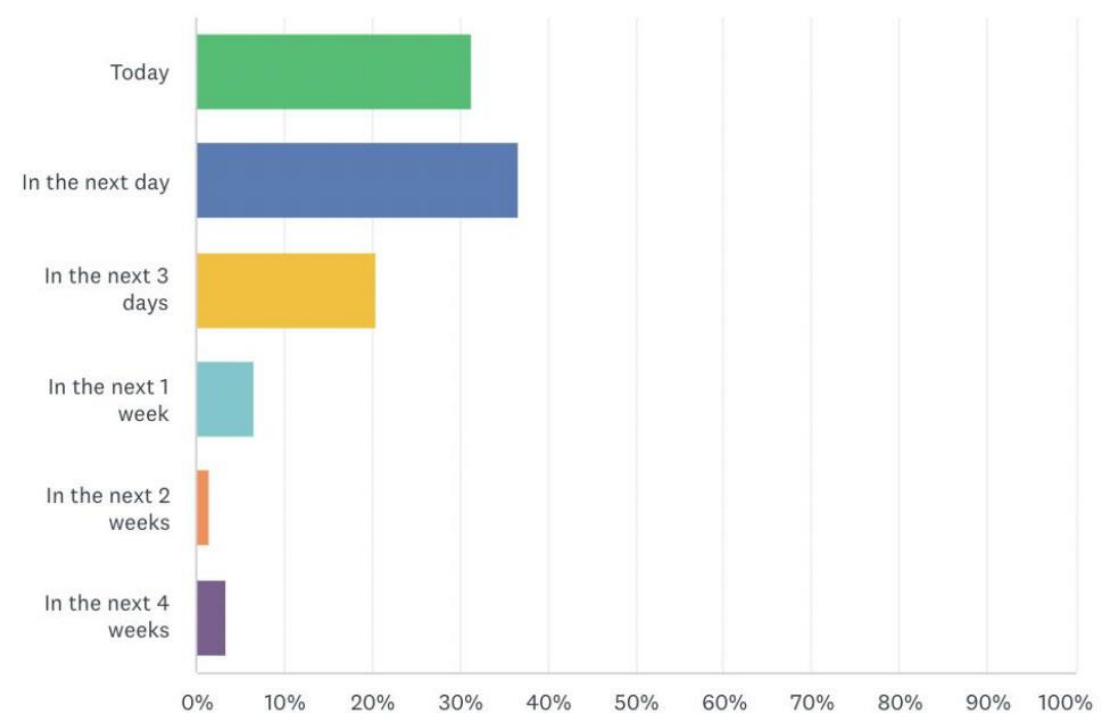
## Pearl 1: Driving high frequency, high LTV patients

# Speed matters more for *kids*. 50% of parents want their children to be seen same-day.\*

I will go to another provider if they can't see **my child** within X time frame



I will go to another provider if they can't see **me** within X time frame



\*Results filtered for parents with children under the age of 18

Data provided by Solv. Health

# How to translate LTV to profitability

When patients are able to book their care online, their lifetime value increases dramatically.



Spend **50% less time in the clinic** (due to digital registration, etc)



**Re-book with 90% loyalty**  
(to the original clinic brand)



**90% are covered**  
(Fully by insurance or  
CC on File)

*Data Source: Solv. Health*

## 7 Profitability Pearls



# Pearl 2: Maximizing accurate POS Collections

1

**Surface patient expectations online** and make them clear including the insurance plans you accept, your self pay rate, and any common plans in your area you cannot accept.

2

**Empower transparency:** collect insurance cards and payment information during booking prior to arrival. Collect towards deductibles and coinsurance, not just copays.

3

**Create a culture of kind collections.** Provide simple, clear scripts to your staff that explain patient responsibility and give options for payment plans when appropriate.



## 7 Profitability Pearls



### Pearl 3: Empowering clean first-pass claim rates

1

**Maximize your revenue** by getting clean data at the point of patient booking. Ensure data is seamlessly integrated into your EHR to reduce rejections, denials, returned statements, and bad debt write-offs.

2

**Leverage software with address validation:** errors in addresses such as missing apartment numbers cause major downstream revenue losses

3

**Empower transparency** by collecting insurance cards and verifying prior to arrival. Create a streamlined process for the frequent instances when payor RTE is down.

### 2022 Revenue Stats from Change Healthcare

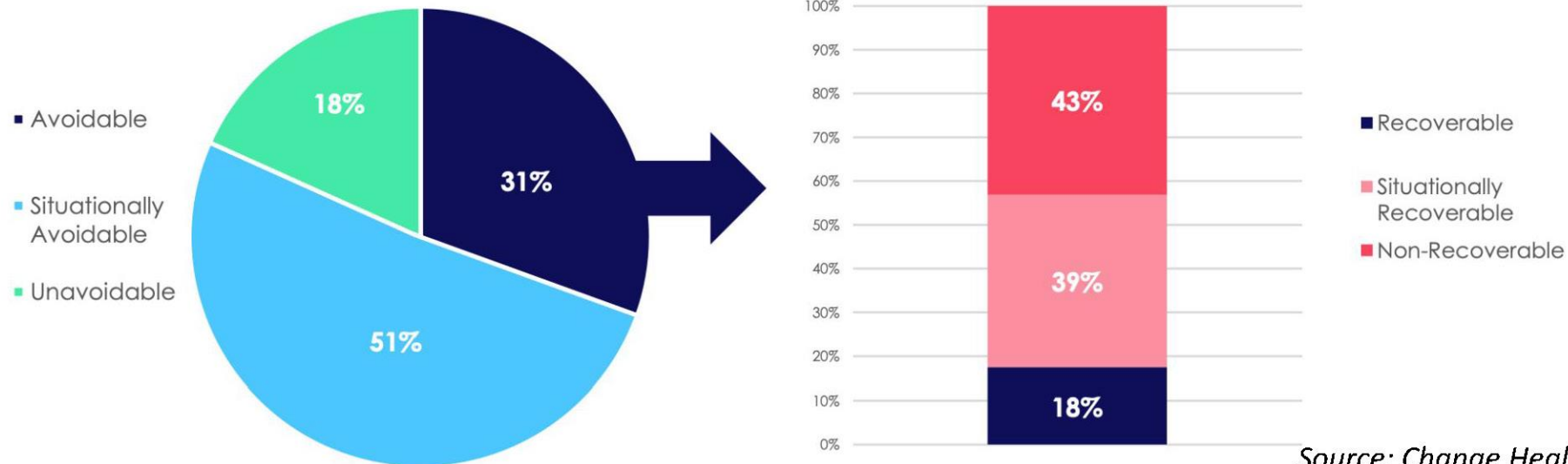
- 41% of denials were caused by front-end workflow issues
- 22% of denials were caused by registration and eligibility
- 16% of denials were caused by lack of data integrity

*Source: Change Healthcare, 2022 Revenue Cycle Denials Index*

# Prevention at the Time of Booking is Key to Denial Management

## Some Denials Are Preventable

Of the almost 31% of denials that are unequivocally **avoidable**, 43% cannot be recovered. Prevention is the key to avert revenue loss.

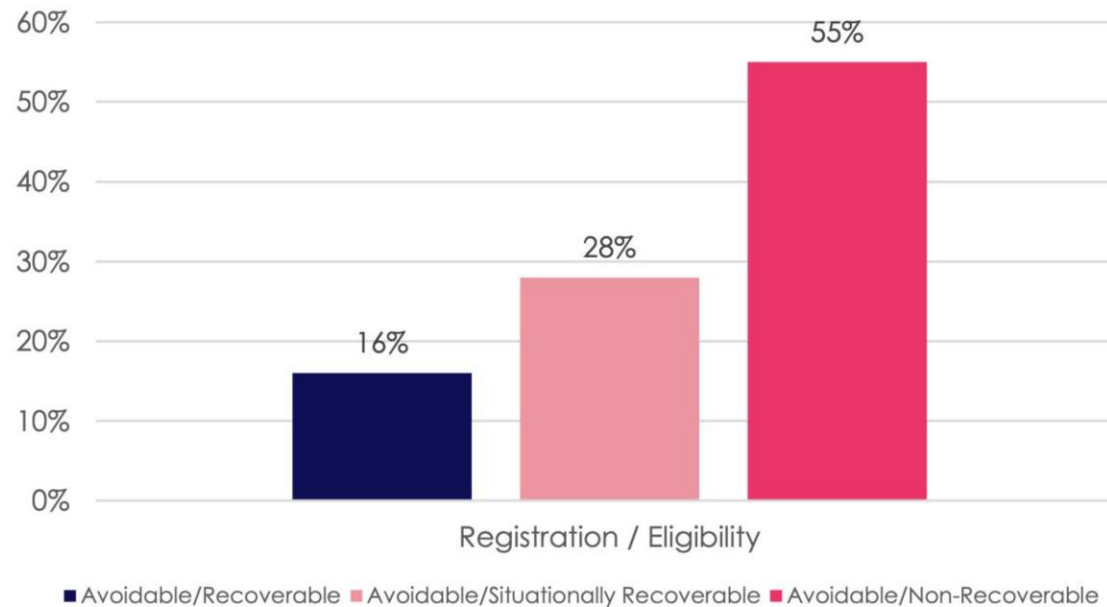


Source: Change Healthcare, 2022 Revenue Cycle Denials Index

# Prevention at the Time of Booking is Key to Denial Management

## Registration/Eligibility Denials Are Avoidable

Registration/Eligibility denials make up the largest percentage of avoidable denials, which are frequently non-recoverable.



Source: Change Healthcare, 2022 Revenue Cycle Denials Index

## 7 Profitability Pearls



### Pearl 4: Optimizing staffing costs as an indicator of healthy revenue

1

Use operational data to inform staffing decisions and align your team to the expectations

2

Understand all of the staffing cost levers you can pull outside of hourly rates including hours of operation, overtime, shift differentials, performance bonuses, training hours, attrition expenses, holiday pay, and more.

3

Create a culture of learning, development, and support that encourages retention. Supported staff with known growth paths have lower attrition rates.

Outside of patient volume, staffing costs are the biggest levers you can pull to drive healthy EBITDA.

*Source: VMG Healthcare*



## 7 Profitability Pearls



### **Pearl 5: Smart Supply Management** *Reducing leakage through data*

1

Implement a **digital supply management** and procurement cadence that reconciles with your visits and procedures to evaluate leakage.

2

**Operations, finance, and medical management** should regularly align on supply management to optimize quality, utilization, and costs.

3

Avoid making the **mistake** that cheaper is better in medical supplies.

### Supply Cost Surges

At the end of 2022, healthcare supply chain and drug costs surged 20.6% and 28% respectively.

*Source: Prodigio Solutions*



## Pearl 5: Smart Supply Management

# Deep Dive: Laceration Kits

Single use laceration kits: cheaper is not better.

According to a study conducted by Dr. Patrick O'Malley and the Journal of Urgent Care Medicine (JUCM):

- **94%** of clinicians felt cheap instrument usage was a problem
- **78.7%** have personally dealt with instrument failure
- **46%** have to open a second kit on a daily, weekly, or monthly basis
- **87%** of clinicians found opening a second kit affected throughput and clinic wait times
- Clinicians reported the needle driver was the most common instrument failure

**If the average price of a laceration kit is \$10 and about 20% fail, it drives the effective price to \$12, making downstream impacts on NRV.**



## 7 Profitability Pearls



### Pearl 6: Savvy Service Line Expansion

1

**Target your core consumer's needs.** Conduct patient surveys and interviews to validate your assumptions before making investments.

2

**Orient new services** to drive reciprocal frequency to your core services

3

**Take an MVP approach to new services** and let performance data dictate scale. Consider the lift and impact of your service line expansion as you weigh your opportunities.



# Orient around your core services

Be where high-intent patients are when in acute need, and use campaigns to increase intent for non-acute needs.

## High urgency, harder to target

Fever  
Sore throat  
Flu, cold, cough  
Ear ache  
Sprains and fractures  
Lacerations and I&D  
Urinary tract infection (UTI)  
X-Ray and Imaging  
*and more...*

## Low urgency, easier to influence

School and sport physicals  
Occupational medicine  
Health screenings  
Flu shots and immunizations  
Seasonal allergies  
Physical therapy  
Prescription refills  
DTC labs and tests  
*and more...*

## 7 Profitability Pearls



# Pearl 7: Financial Fortitude in Unfavorable Conditions

1. Protect your cash flow
2. Secure financing before you need it
3. Reduce unnecessary expenses
4. Evaluate staffing and hiring processes
5. Get input from your employees
6. Maintain strong communication internally and externally
7. Lean into financial benefit tools

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THE URGENT CARE CONVENTION

According to analyst predictions for 2023, M&A events in 2023 will transition from strategically motivated deals to financially motivated deals, particularly in the health system market.



# Benefits of Leveraging Profitability Pearls



# Key Benefits & Takeaways from Profitability Pearls in an Urgent Care Setting

## Key Takeaways

- Create exceptional, frictionless experiences for everyone involved in the patient care journey as your northstar to high LTV
- Operational data wields the power to optimize your revenue if used correctly
- Cross-functional collaboration between all stakeholder groups is required to maximize the potential revenue of your UCC

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# Live Q&A



# 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.

\* How likely are you to recommend this **content** to a colleague?

Not likely at all                      Neutral                      Extremely likely

0   1   2   3   4   5   6   7   8   9   10

What did you find most valuable about this **content**?

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

Thank you for attending! Let's stay in touch.

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