

# Optimize Urgent Care to Activate Health System Patient Relationships

Operational Session



COLLEGE OF  
URGENT CARE  
MEDICINE

# Session Overview | Agenda + Objective

## AGENDA

- Introduction
- Relationship Valuation
- Health System Vehicles to Activate Relationships
- Market Capture and Relationship Maximization
- 11 Features of Modern Urgent Care
- Conclusion

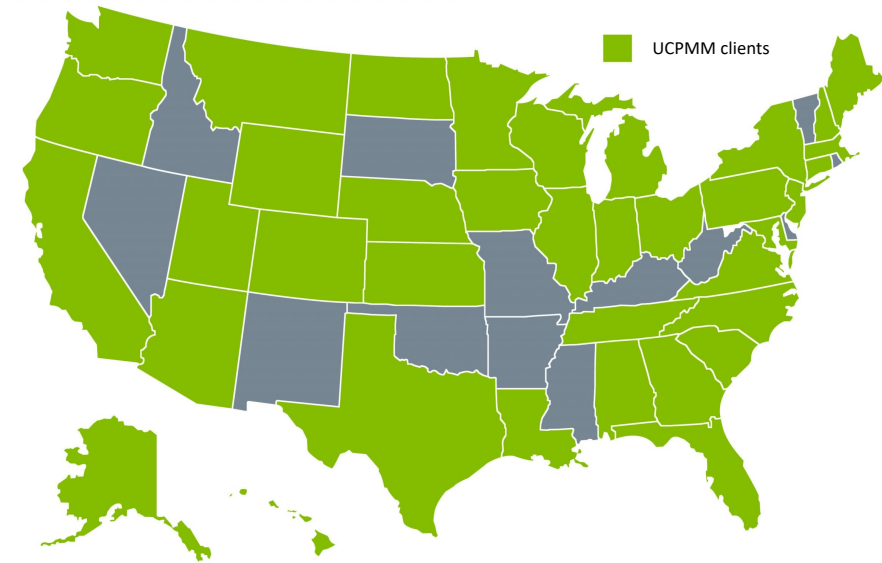
## OBJECTIVE

Learn how collaborative partnerships optimize the urgent care model to activate patient relationships. This topic will range from strategic planning to daily tactics focused on optimizing health system specific challenges and opportunities.

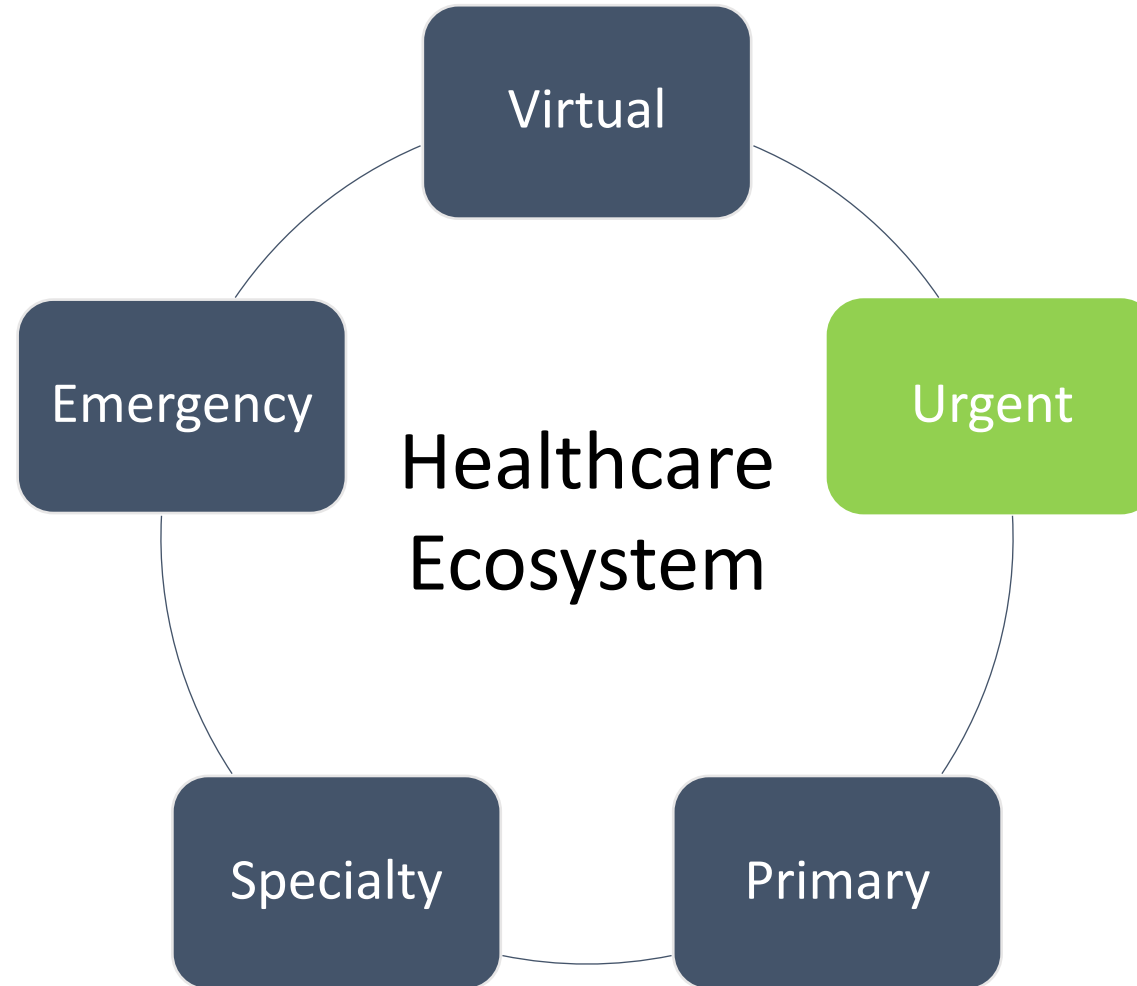
# Introduction | UCP Merchant Medicine

UCP Merchant Medicine is comprised of strategic advisors for health systems to build internal capabilities to lead on-demand care.

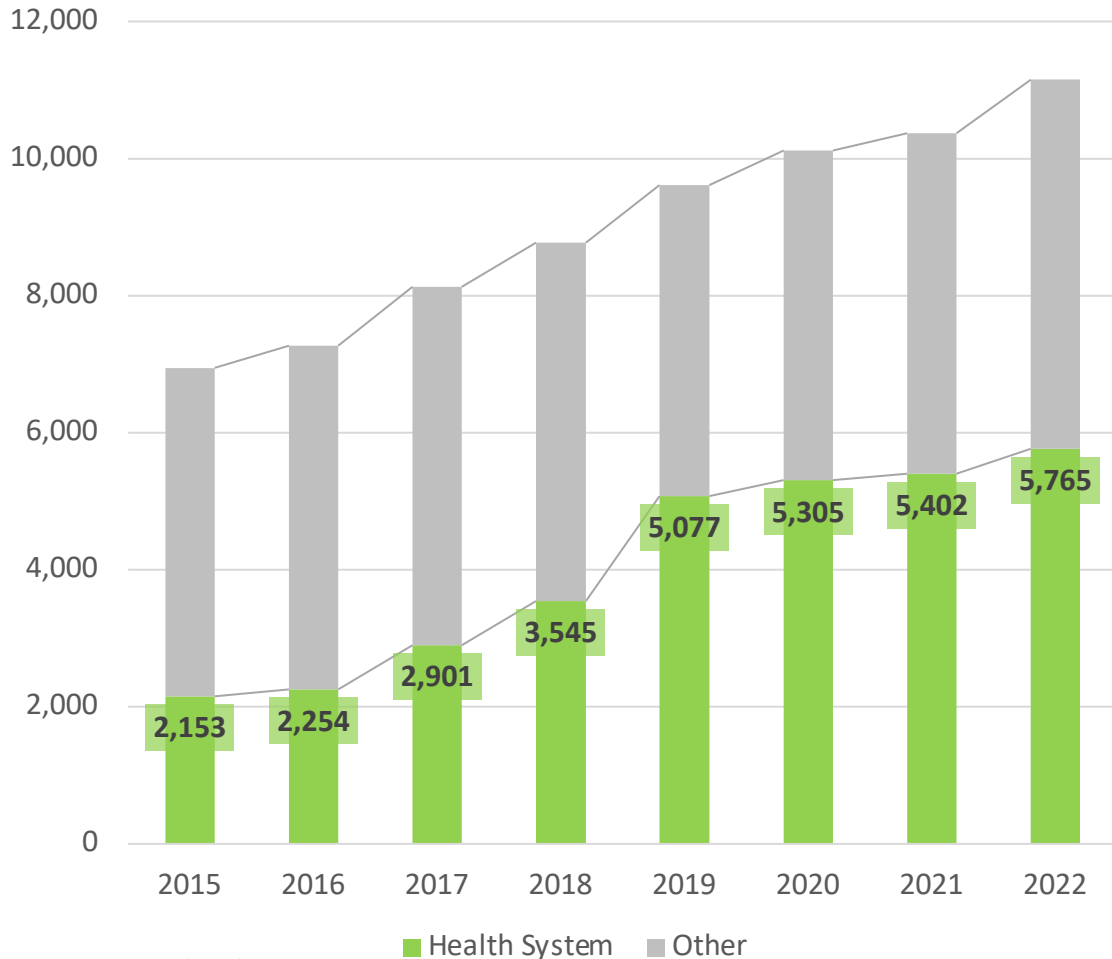
Over the last decade, health systems and other operators across the nation have deployed the UCP Modern Urgent Care Model in hundreds of locations to create and strengthen patient relationships.



# Healthcare Ecosystem | Patient Access Points



# Industry | Evolution of Urgent Care Ownership



From 2015 to 2022, the quantity of Urgent Care centers in the US has grown 9% per year. Over that period, Health Systems have increased their Urgent Care market share by 168% or 24% per year. This outpacing market growth by 177% and shifts the balance to 52% of Urgent Care centers being owned by Health Systems.

With the financial impact felt by Health Systems, due to the pandemic, Health System Urgent Care growth significantly slowed between 2020 and 2022. UCP Merchant Medicine forecasts that as Health Systems recover their financial positions, growth rates will return to pre-pandemic trajectories.

**Health Systems:** complex healthcare ecosystems inclusive of primary and specialty service lines  
**Other:** single-stream urgent care operations reliant upon unaffiliated primary and specialty services

Source: UCA Benchmarking Reports

# Valuation | Patient Lifetime Economic Value

Health Systems can realize between **3.5X and 38.5X the lifetime economic value** for the same 40-year-old female patient as Non-Health System urgent care operators. The added incentive for Health Systems to enter the urgent care market explains the 68% growth of health system market share in the urgent care industry since 2015.

Category	Urgent Care	Horizontally-integrated Health System	Vertically-integrated Health System
Where are Returns Demonstrated	Limited Urgent Care Financial Statements	Health System Financial Statements	Health System Financial Statements
Success Factors	Increase operational returns to drive distributions and/or high valuations – monetization event	Develop relationships with patients to capture those patients inside of the Health System to capitalize on all future care activities for the patient	Develop relationships with patients to capture those patients inside of the Health System to capitalize on all future care activities for the patient
Lifetime Economic Value of a 40-Year-Old Female Patient	Direct Operations: \$3,514 <sup>1</sup> (Excluding attrition impact)	Direct Operations + Referrals: \$16,126 <sup>2</sup> (Excluding attrition impact)	Full Relationship Value: \$138,920 <sup>3</sup> (Including attrition impact)
Average Acquisition Amt per Urgent Care Center	~\$1M	~\$5M	~\$30M
Examples	Urgent Care only	Simple medical groups and hospital systems	Complex medical groups and hospital systems, Pharmacies, Pay-viders

<sup>1</sup> Aggregated UCP Merchant Medicine proprietary data based on actual utilization across the US in urgent care operations – 6% Discount Rate

<sup>2</sup> Aggregated UCP Merchant Medicine proprietary data based on actual utilization across the US in health system operations – 6% Discount Rate

<sup>3</sup> Aggregated UCP Merchant Medicine proprietary data based on actual utilization across the US in health system operations – Full Actuarial Analysis

$$PLV = \sum_{n=0}^{x-age} (1 - Probability\ of\ Attrition) * Annual\ DCM * \left( \frac{Medical\ Inflation\ Rate}{Discount\ Rate} \right)^n$$

# Strategy Vehicle | Activate Relationships

Health Systems have a myriad of Strategy Vehicles when considering an entry into the Urgent Care space.


























Strategy Vehicle (Health System benefit)	Develop (Maximum)	Acquire (High)	Partner (Moderate)	Integrate (Low)	Ignore (None)
Description of Strategy Vehicle	Source external capabilities and build the platform internally	Identify strategically important operations and purchase in part or total, the operation	Form a Joint Venture or other similar legal entity with an experienced operator	Identify strategically important operations and add them to a Clinically Integrated Network	Do not engage in the urgent care arena and lose future relationships
Health System Ownership Percentage	100%	1-100%	1-99%	0%	0%
Ease of Payor Negotiations	Simple: Negotiate with clout of health system	Complicated: Negotiate with clout of health system	Complicated: Negotiating with clout of health system	Complicated: Single Signature Contracting	N/A
Capital and Start-Up Cost per Site	~\$2M	~\$1M Acquisition + ~\$750K Conversion Costs	Ownership % x ~\$2M + Partner buy-out risk	None to Minimal (85% of EMR costs)	None
Examples	UCP Merchant Medicine (Consultant), Bon Secours Mercy (CEO Acquisition)	Walgreens → VillageMD	Carbon Health, GoHealth	Clinically Integrated Networks	N/A

# Strategy Vehicle | Health System Control

Health Systems that develop their urgent care platforms have full control and realize maximum lifetime economic value.

Strategy Vehicle (Health System benefit)	Develop (Maximum)	Acquire (High)	Partner (Moderate)	Integrate (Low)	Ignore (None)
Future Partner Exit Risk	None	Moderate	High	High	N/A
EMR Selection Control	Full	Varies	Varies	Varies	None
Referral Control	Full	100% - Full <100% - Limited	Limited	None	None
Branding Control	Full	100% - Full <100% - Limited	Limited	None	None

# Acquire + Partner | Examples

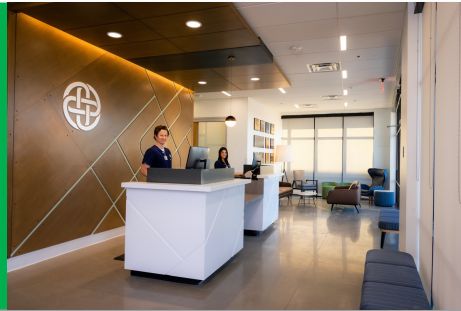
2022	2021	2020	2019	2018	2017
 <ul style="list-style-type: none"> <li>ICV Partners acquires Urgent Care Group and its combination with portfolio company Total Access Urgent Care totaling 24 locations</li> <li>Carbon Health  adds MedPost UC's (Tenet Health) CA sites, bringing total new/acquired site count to 120 nationwide (45 in SoCal)</li> <li>Piedmont  adds 10 locations with its acquisition of SmartCare Medical Group and its brands in metro Atlanta</li> <li>amazon  acquires One Medical \$3.9B (deal 2022, complete 02/22/2023) to offer 24/7 video chats, remote visits, and in-office visits in select markets</li> <li>HCA  acquires MD Now (59 sites) from Brentwood </li> </ul>	 <ul style="list-style-type: none"> <li>Bain Capital invests in ConvenientMD to support its continued growth, currently operating 26 UCCs</li> <li>Quilvest  makes a growth investment in UrgentMED, currently operating 35 UCCs</li> <li>Carbon Health  expands coast-to-coast across 16 states, growing from 40 to 95 sites by the end of 2021 through both de novo growth and acquisitions</li> <li>CareFirst  Urgent Care acquires 10 Doctors' Urgent Care sites, adding to its existing 39 sites</li> </ul>	  <ul style="list-style-type: none"> <li>FastMed acquires Tenet Health's Urgent Care Platform for \$80M, 87 UCCs across California and Florida</li> <li>Sizable increase to FastMed's portfolio of 104 locations in North Carolina, Arizona and Texas</li> <li>WellNow  acquires Hometown UC &amp; Occ Health platform of 34 locations</li> <li>With acquisition, WellNow becomes largest urgent care operator in OH</li> </ul>	 <ul style="list-style-type: none"> <li>Private equity firm Warburg Pincus merges CityMD with Summit Health and expands CityMD urgent care sites from 68 to 125 in NYC MSA</li> <li>FastMed  and NextCare were in discussions about consolidating locations to create regional urgent care hubs, but the deal was scrapped due to regulatory roadblocks from the FTC</li> <li>HCA  acquires 24 MedSpring urgent care centers, expanding HCA's North Texas footprint</li> </ul>	 <ul style="list-style-type: none"> <li>PeaceHealth acquires 37 ZoomCare clinics in WA/OR</li> <li>Continues adding ZoomCare sites in Colorado and Idaho</li> <li>Tower Health  acquires Premier UC, adding 19 sites</li> <li>Concentra  adds US Healthworks' Occ Health platform in \$753million merger, adding 250 sites across 21 states</li> <li>Ascension  acquires Chicago based Presence Health, expanding their UC holdings.</li> <li>Brentwood Associates  acquires MD Now UC</li> </ul>	 <ul style="list-style-type: none"> <li>New Harbor capital takes majority stake in Ocean State urgent care.</li> <li>The 20-site urgent care platform was subsequently sold to Village MD in 2021</li> <li>CityMD  acquires STAT UC, adding 12 Long Island urgent care sites</li> <li>AFC  receives \$1billion private equity investment from American Development Partners; announces plans to add 300 additional locations</li> <li>Ochsner  acquires 16 Millennium Healthcare Management Inc. locations, expanding Ochsner's roster to 25 sites in SE LA.</li> </ul>

# Develop | Health System Examples

## Texas Health Resources

Texas Health Breeze Urgent Care

Texas  
23 Sites



## DEVELOP STRATEGY VEHICLE

The process begins with all relevant parties at the table to design a strategy and top-tier experience for patients and their care teams.

This design is deployed and sustained across all sites in the platform.

When a critical mass of sites are active, maximum relationship development is possible and starts the patient relationship creation engine for lifetime economic value for the organization.



## Montage Health

MoGo Urgent Care

California  
3 Sites

## MultiCare Health Systems

MultiCare Indigo Urgent Care

Pacific Northwest  
42 Sites



## Cottage Health

Cottage Urgent Care

California  
15 Sites

## OSF HealthCare

OSF On-Call (Urgo) Urgent Care

Illinois  
25 Sites



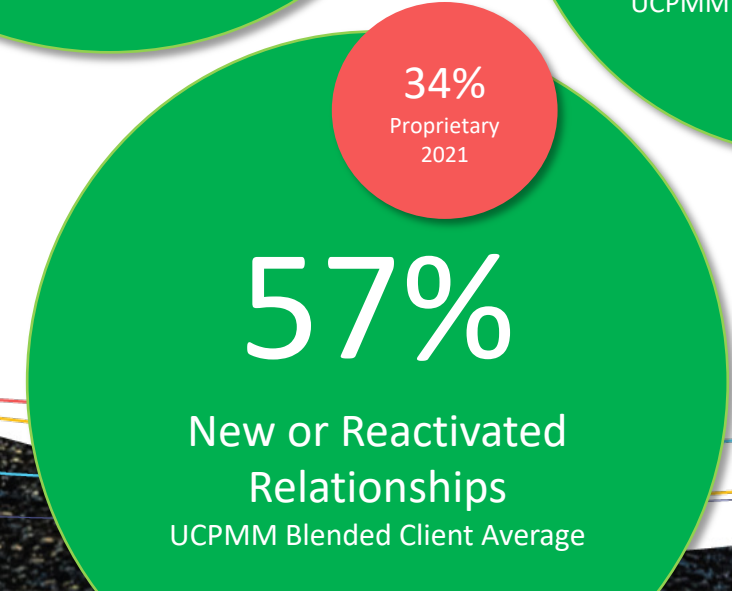
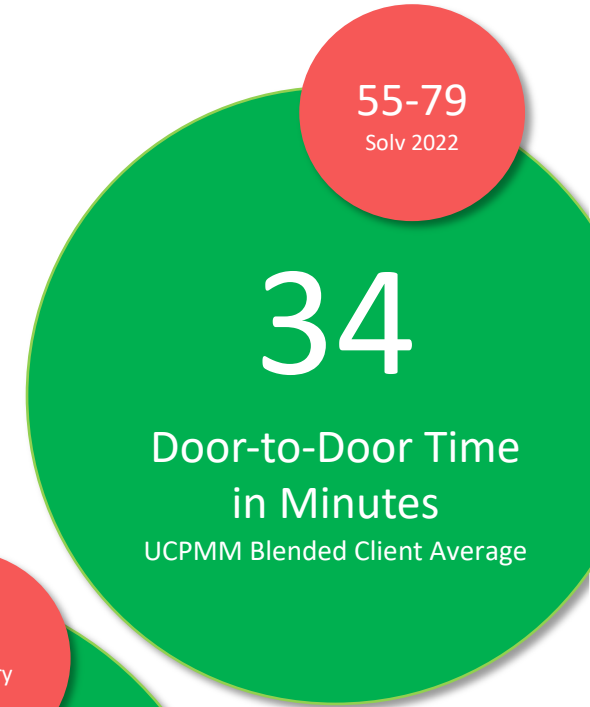
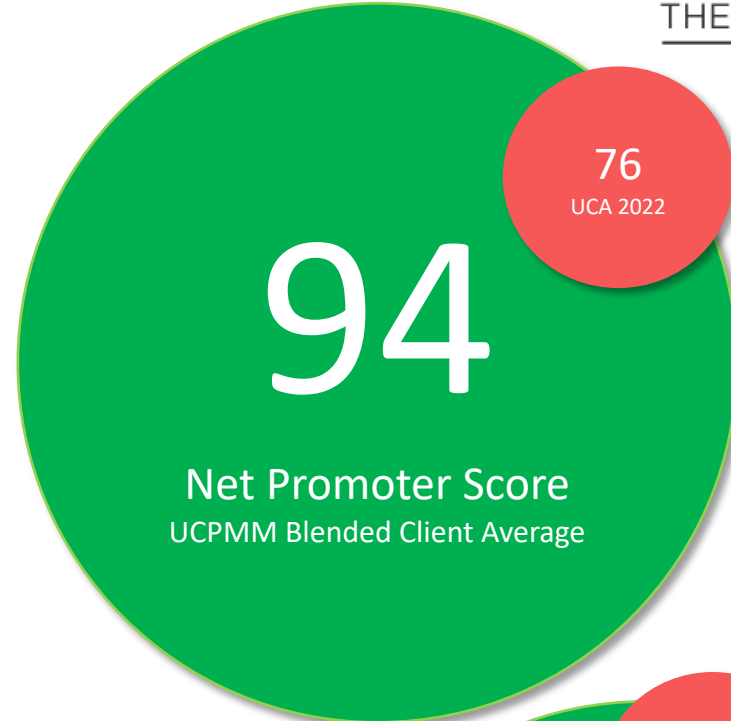
## UnityPoint Health

UnityPoint Express

Iowa  
20 Sites

# Benchmark | Developed Model Sets the Bar

- Integrated with virtual care
- Innovative, simplified through technology
- Integrated with the Health System
- Orchestrated from start to finish
- Transparent, affordably priced
- One place to resolve the clinical complaint
- Simple to understand scope of service
- Minimal patient visit length
- Safe, excellent care delivery
- Convenient, comfortable to access
- Convenient, consistent hours of operation



## QUESTIONS TO CONSIDER

What long term strategy and tactics do you employ to be relevant to your target market populations?

Which urgent care strategy vehicle will maximize the lifetime economic value of your patient relationships?

What performance must change to compete with increasingly sophisticated Urgent Care platforms?



## Top Takeaways

- Health Systems own 52% of Urgent Care sites and have outpaced industry growth by 177%
- Health Systems are competing at a level that exceeds industry average operating performance: 94 NPS
- Health System Urgent Care expansion has slowed since the pandemic, but due to the lifetime economic value of patient relationships, will resume

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# 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

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

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