Western Regional Urgent Care Conference

Positioning Urgent Care for Maximum Ecosystem Value

Session Overview | Agenda + Objective

Agenda

- Introduction
- Industry Trends
- Healthcare Value Measurement
- The Healthcare Ecosystem
- The New Value Proposition

Objectives

Discuss the agenda topics and gain actionable solutions to resolve some of the greatest challenges in the industry. Understand the perceptions of the urgent care industry as a participant in the broader healthcare ecosystem. The strengths and weaknesses of the current approach to urgent care and what opportunities and threats exist to drive the greatest value creation in the broader healthcare ecosystem.

Introduction | Brandon J. Robertson

Brandon J. Robertson is Founder and Chief Executive Officer of UCP Merchant Medicine. He formed UCP Merchant Medicine in 2015 and has sought to create opportunities for health systems to thrive in the ever-changing healthcare consumerism space with focus in the on-demand care industry.

For the last decade, Brandon has advised hundreds of leaders on approaches and models to optimize patient experience and throughput. To date, 150+ urgent care centers utilize the UCP Merchant Medicine model and produce 34-minute average door-to-door times and Net Promoter scores in the 90s.

Brandon's expertise is in healthcare consumer centric modern urgent care, virtual care, and occupational health services. He is an expert in artificial intelligence applications for healthcare as well as Six Sigma and Lean methodologies.

Brandon holds an MBA from the University of Colorado with emphasis in Healthcare Administration.

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Introduction | UCP Merchant Medicine

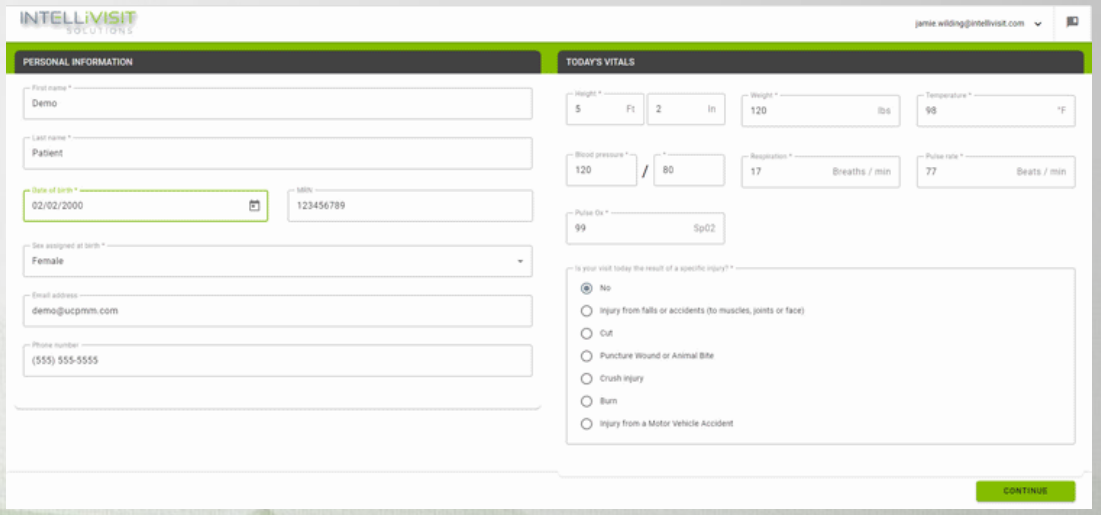
UCP MERCHANT MEDICINE
Urgent Care Reimagined

Avg NPS: 94. Avg Door-to-Door Time: 34-minutes.

UCP Merchant Medicine is comprised of strategic advisors for over 65 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.

INTELLiVISIT SOLUTIONS



Door-to-Door Time Savings, Avg: -8.9 minutes; Std Dev: -21%

Use AI to elegantly integrate with existing systems to get probabilistic diagnoses to enhance triage and ordering capabilities. Create and automate medical documentation. Reduce total visit times, wait times, and average provider times. And increase provider and clinical support productivity and efficiency.

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Industry Trends | Trends driving the urgent care industry

Volume
Variable

Visits in 2023 are down 26.0% compared to 2019.

Average volume pre-COVID was 41.2 patients per day (ppd).[4] A YTD 2023 aggregate of urgent care sites reported 30.5 ppd.[5]

Reimbursement
Declining

Real reimbursement is -2.43% annually since 2015.[1,2,3]

Average reimbursement per visit in 2015 was $124.00 and in 2022 is $129.60. This is an 0.57% annual increase vs 3.00% inflation.

Payor Mix
Shifting

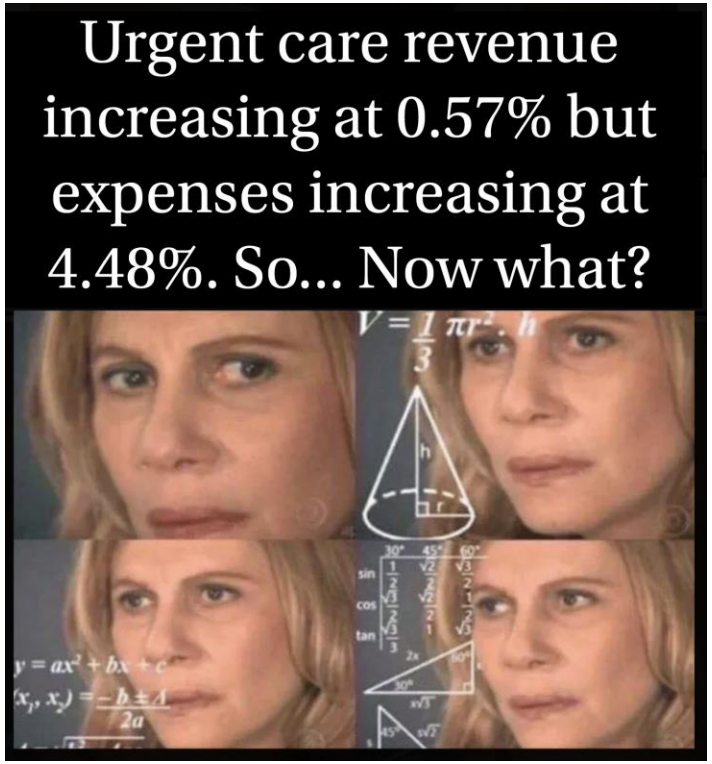
% of pop. on Medicare, Medicaid/CHIP is growing 1.9% per yr.

Medicaid and Medicare collectively cover 39.3% of the U.S. Population in 2021, up from 35.9% in 2017.[6]

Expenses
Spiking

Operating expense increases are outpacing inflation by 49.3%.

Total expenses have increased an average of 4.48% per year from 2015-2019.[4]



Sources: 1. UCA 2016 Benchmarking Report., 2. UCA 2023 Finance Benchmarking Report., 3. US Inflation Rate by Year: 1929-2023. The Balance Money., 4. UCA 2019 Benchmarking Report., 5. UCPMM Proprietary., 6. Census.gov. 2017 and 2021 Health Insurance Tables.

Industry Trends | The required positioning for success

Volume
Variable

Assume there will not be a significant influx of volume (again).

The industry is more competitive than ever. Therefore, operators must figure out how to align operational resources with site demand and seek out competitive advantages to pull volume from competition.

Reimbursement
Declining

Add more payor-defined value to improve reimbursement.

Position and retool to create more value in the ecosystem. Understand what creates value for payors and how, within the variable volume landscape, your operation can create this value for payors.

Payor Mix
Shifting

Payor mix will shift towards Medicare and Medicaid/CHIP.

Get comfort accepting Medicare and Medicaid/CHIP. Urgent care is largely a fixed cost industry, therefore getting your variable costs covered creates contribution margin. It's not big margin, but it's margin.

Expenses
Spiking

Adapt to survive and thrive on lower visit volumes.

Low-cost operators are able to make this possible. This means shifts in all aspects of the organization from clinic size to staffing to variable cost management to streamlining of operations.

Industry Trends | Perceptions of the urgent care industry

CNN Business	Perceptions
• "Frequent visits to urgent care sites may weaken established relationships with primary care doctors. They can also **lead to more fragmented care and increase overall health care spending**, research shows."	Disrupts Primary Care relationships
• "A 2018 study by Pew Charitable Trusts and the Centers for Disease Control and Prevention found that **antibiotics are overprescribed at urgent care centers**, especially for common colds, the flu and bronchitis."	Low quality, not metric focused care delivery
• "Mehrotra research has found that between 2008 and 2015, **urgent care visits increased 119%**. They became the dominant venue for people seeking treatment for low-acuity conditions like acute respiratory infections, urinary tract infections, rashes, and muscle strains."	Growing care delivery model for numerous reasons

Sources: 1. "Why urgent care centers are popping up everywhere" – CNN Business.

Industry Trends | Realities of the urgent care industry

Perceptions	Realities
Disrupts Primary Care relationships	• Most urgent care centers do not send primary care providers their patients back nor do that have integrated health information. **This perception is true for the majority of urgent care platforms but with minimal primary care access, there is no meaningful, viable alternative.**
Low quality, not metric focused care delivery	• Most urgent care operations do not adhere to the meaningful metrics that drive longitudinal patient care management nor participate in quality groups that evaluate care performance across platforms, geographies, etc. **Performance cannot be proven and is, thus, assumed true.**
Growing care delivery model for numerous reasons	• Primary care shortages, poor access to low-cost care channels, and the evolving expectations of on-demand care by patients drive the rapid expansion of urgent care as the primary minor illness and injury care channel in the US. **True, but this increases competition and reduces site visits.**

Healthcare Value Measurement | Calculation

$$\frac{Quality\ of\ Care + Convenient\ Access + Caring\ Service}{Total\ Cost\ of\ Care}$$

This formula is difficult for the urgent care industry. At scale, there is **minimal ability to prove Quality of Care, Caring Service, and the actual Total Cost of Care**. The only measurable metric is Convenient Access, but **figures fluctuate widely from year-to-year on this metric** and is thus unreliable and difficult to provably measure.

National Average Reimbursement per Visit in Urgent Care: $129.60[1]

How does the urgent care industry prove their value in the healthcare ecosystem?

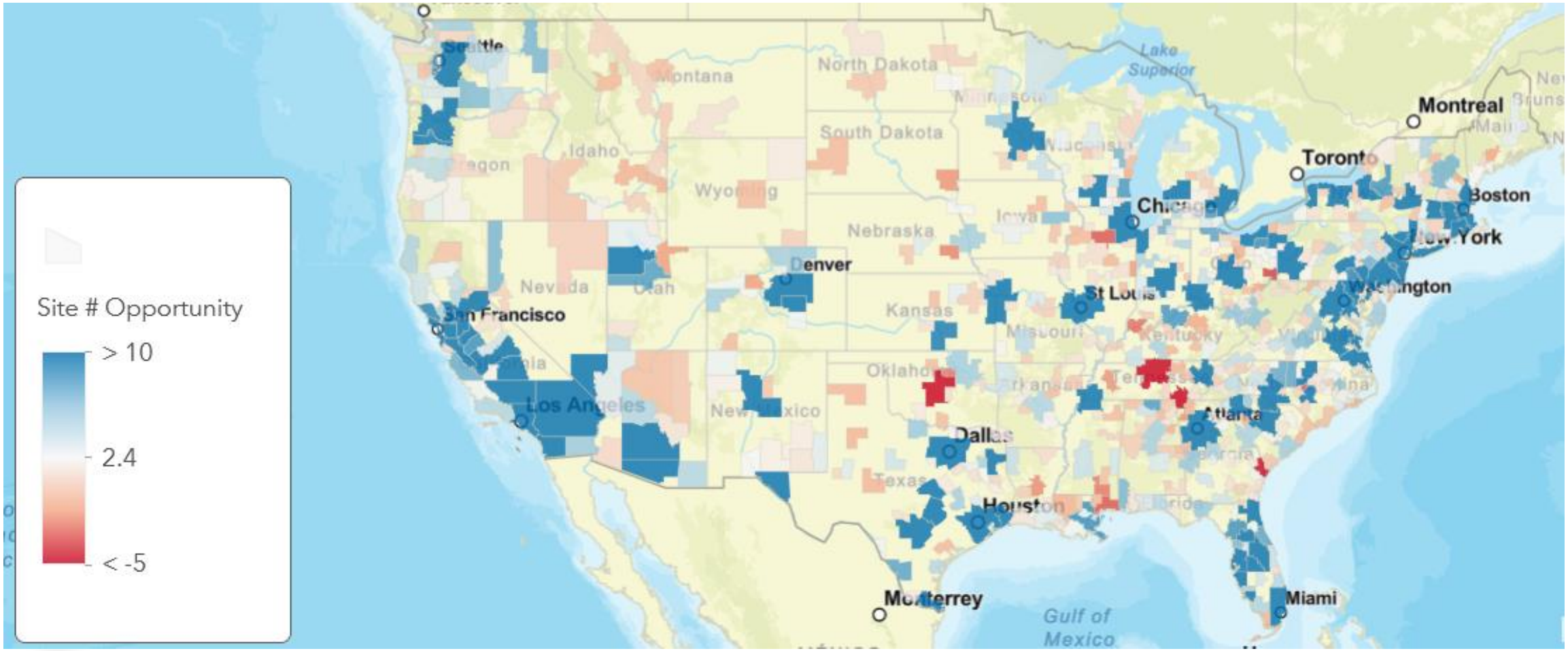
Sources: 1. Urgent Care Association. *2023 Finance Benchmarking Report.* Average Reimbursement per visit over ALL visits. (Sick/injury visit average is $137.61)

Healthcare Value Measurement | Quality of Care

Metric	UCA	Health Systems	Modern Urgent Care
Visits with Antibiotic Rx	*not available*	35.3%	34.4%
Visits with Opioid Rx	*not available*	2.1%	1.0%
Visits transferred to the ED	*not available*	2.9%	3.1%
UC pts who indicate a preferred PCP	*not available*	66%	69%
Weekly hours per site	67.4	83.5	84
Door-to-door (min)	58	56	34
Patients per provider per hour	2.7	2.8	4.1
Staff involved per visit	5	*not available*	2

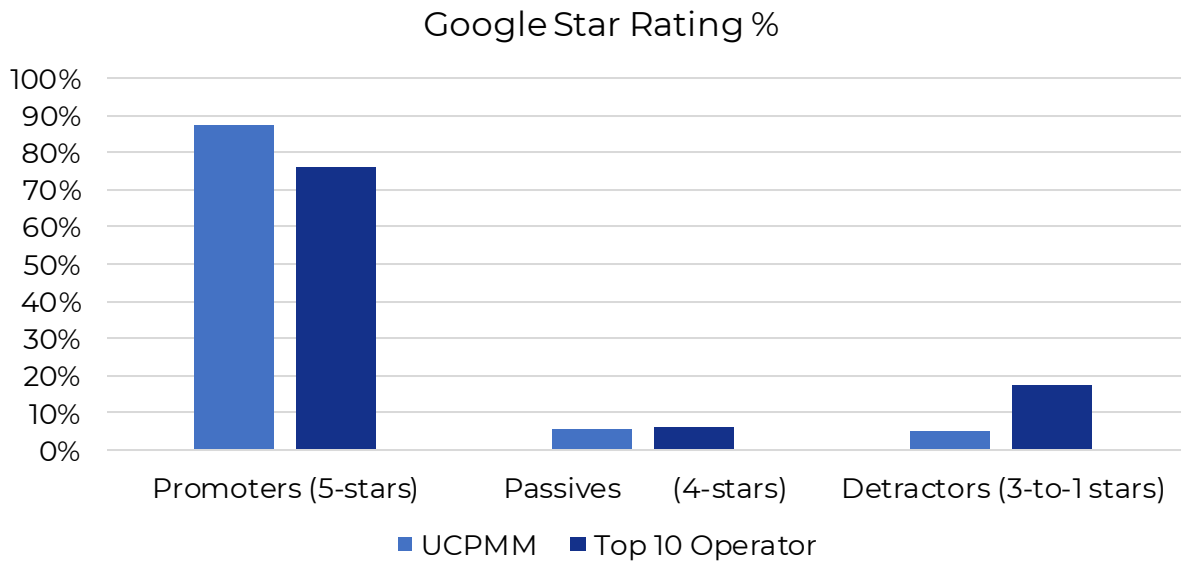
UCA = Urgent Care Association Benchmark Report, 2019-2022
Health Systems = Proprietary 116-site (5-system) operational aggregate and 148-site financial aggregate research 2019-2023
Modern UC = Proprietary 5-system aggregate UCPMM platforms, 2019-2022

Healthcare Value Measurement | Convenient Access



Healthcare Value Measurement | Caring Service

Metric	UCA	Health Systems	Modern Urgent Care
Net Promoter Score	76	69	94
Employee Net Promoter Score	*not available*	46	63



Healthcare Value Measurement | Total Cost of Care

There are many causes of healthcare waste; the greatest costs are from **disconnected**, **unnecessary**, and **uncoordinated care**.

Waste Categories	
Admin	**Administrative Waste:** Complex billing and reporting, varied requirements from payers, and inefficient claim processing. **Pricing Failures:** Where there's little transparency or competition, providers can charge exorbitant prices for drugs, procedures, or services. **Operational Waste:** Inefficient use of physical resources, like center utilization, equipment, inventory management, or staffing.
Clinical	**Over-treatment or Low-Value Care:** Too aggressive or minimal benefit care. Examples include unnecessary tests, procedures, or prescriptions. **Pharmaceutical Waste:** This can range from high drug prices and inefficiencies in drug distribution to medication non-adherence by patients. **Inefficient Care Delivery:** Poorly coordinated care, avoidable complications, and inefficient delivery of services. **Medical Errors:** Mistakes in diagnosis, treatment, or other areas - leading to adverse outcomes, legal costs, and further medical interventions. **Missed Preventative Opportunities:** Not engaging preventive care or missing early diagnosis can lead to more severe and expensive problems.
Align	**Waste Due to Lack of Care Coordination:** Uncoordinated between providers, patients may have delays or redundant tests/treatments. **Ineffective Use of Health IT:** EHRs can lead to waste with inefficient use, poor interoperability, or implementation without adequate training.

Healthcare Value Measurement | Total Cost of Care

There are many causes of waste in healthcare. The greatest costs are due to **disconnected, unnecessary, and uncoordinated care.**

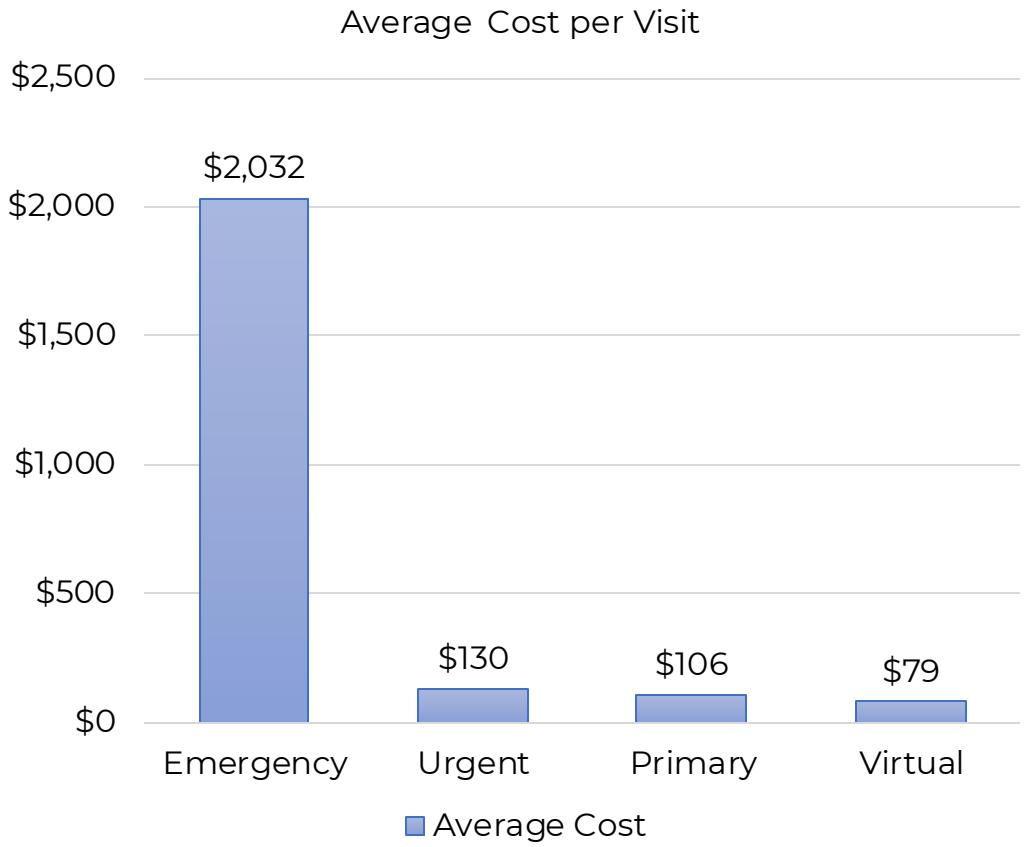
Defensive medicine: Tests or procedures are ordered out of fear of litigation rather than based on the medical necessity.

Lack of communication: Lack of access to or communication about previous tests or results, resulting in redundant tests.

Fee-for-service models: Care may be compensated more for doing more services, which can incentivize unnecessary testing.

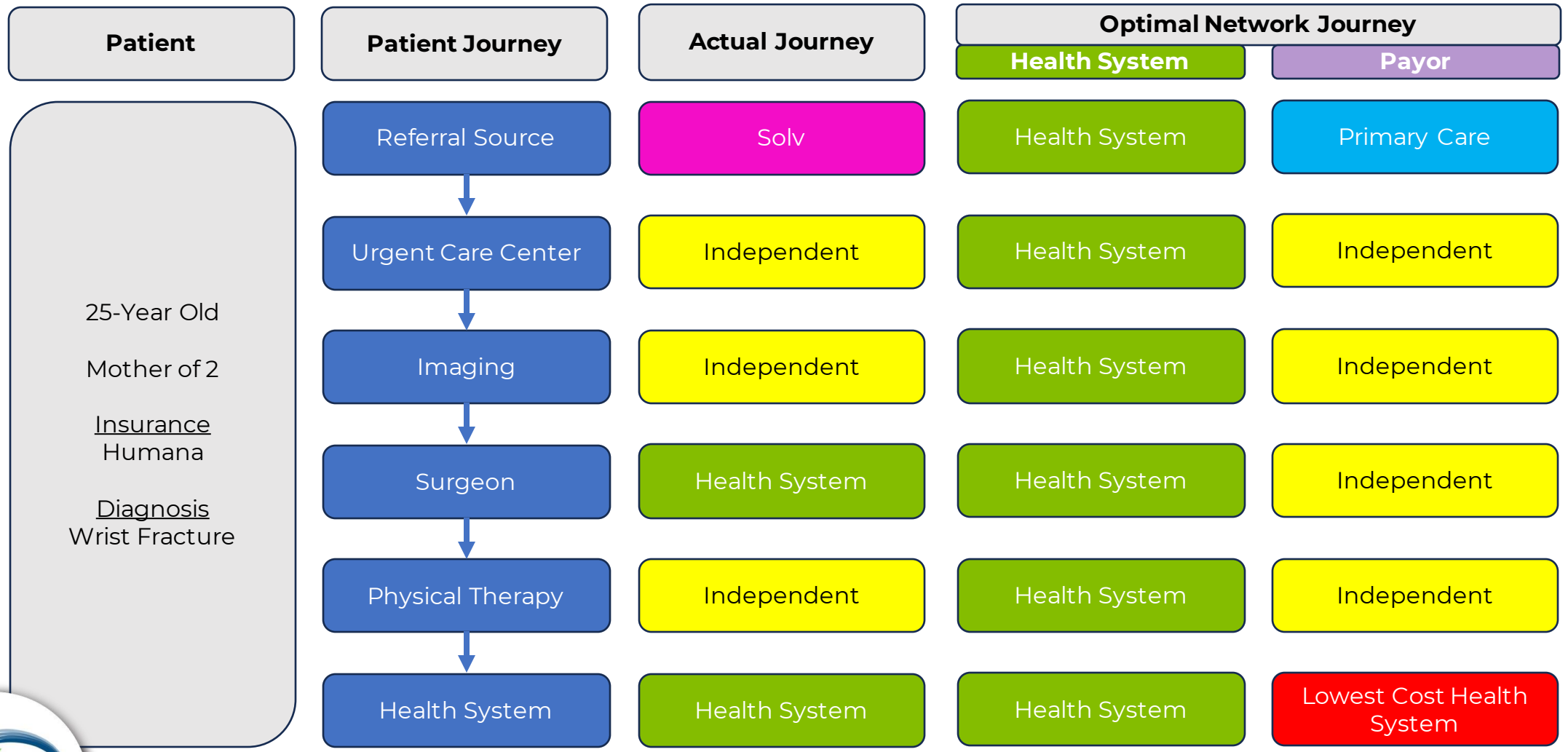
Patient demand: Patients might request specific tests or procedures even if they're not strictly necessary.

Lack of standardized guidelines: Variability can lead to unnecessary tests.

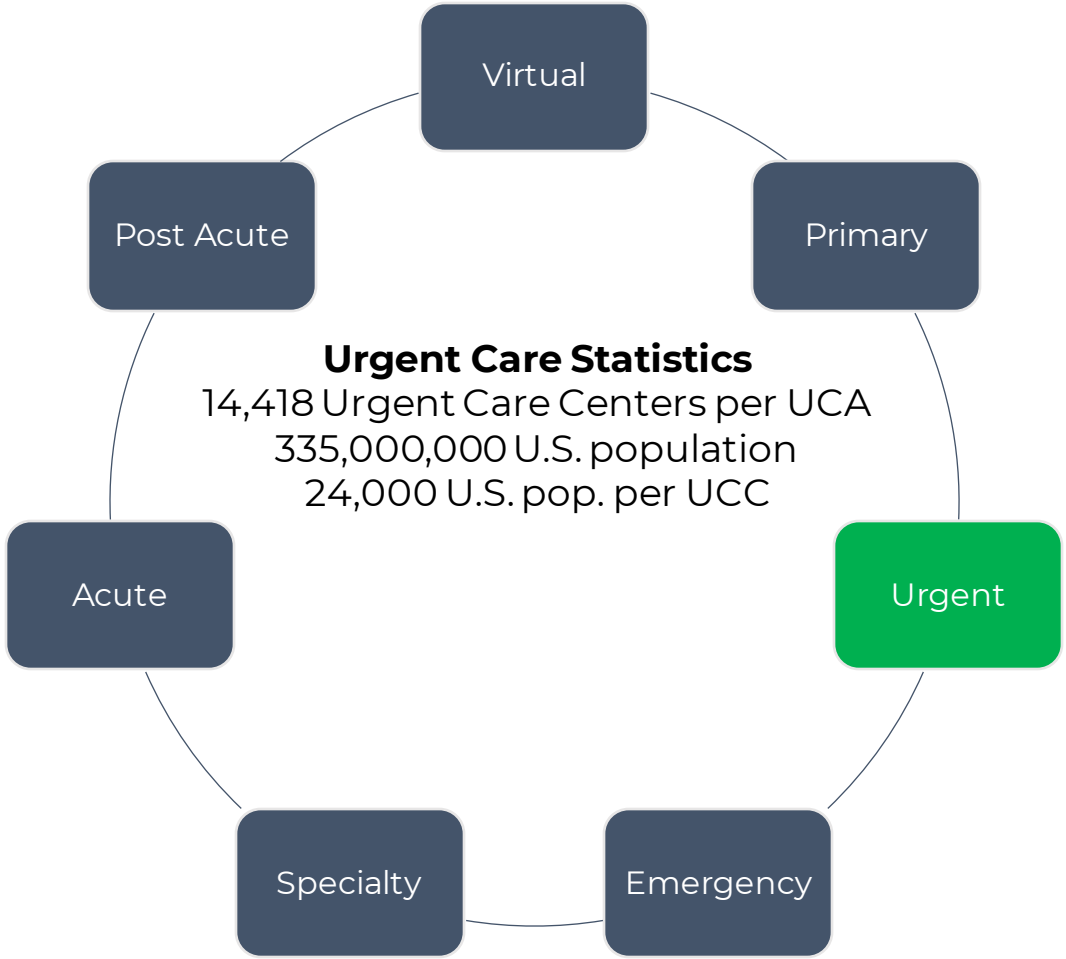


Sources: 1. Sun, R., Karaca, Z., & Wong, H. S. (2017). Trends in Hospital Emergency Department Visits by Age and Payer, 2006–2015. *JAMA Internal Medicine, 178*(4), 552-553. 2. Whaley, C., Pera, M., Cantor, J., Chang, J., Velasco, J., Hagg, H. K., & Bravata, D. M. (2018). Changes in Primary Care Payer-Mix and Physician Reimbursement After the Affordable Care Act and Medicaid Expansion. *Health Services Research, 54*(4), 890-902. 3.FAIR Health (2020). A Multilayered Analysis of Telehealth. [Online] Available at: https://www.fairhealth.org/states-by-the-numbers/telehealth (This provides a broad view of telehealth costs and usage, but always refer to the original publication for specific figures.)

Healthcare Value Measurement | Total Cost of Care



The Healthcare Ecosystem | Composition of Care Continuum



The Healthcare Ecosystem | Role of Urgent Care

The role of urgent care can be divided into two parts – one is episodic, one is longitudinal.

1. **Episodic (>95% of operators):** To create extended, convenient, easy, pleasant, and appropriate access
2. **Longitudinal (<52% of operators):** Deliver integrated care that bridges gaps and drives care continuity

% of Urgent Care Centers	
> 95%	**Convenience:** Most urgent care centers offer walk-in visits without the need for a prior appointment.
	Extended Hours: Urgent care centers typically have extended hours, often including evenings, weekends, and holidays.
	Shorter Wait Times: Urgent care facilities generally have shorter wait times compared to emergency rooms.
	Cost-Effective: For non-life-threatening conditions, urgent care is typically less expensive than an emergency room visit.
	Less Crowded: Because they are distinct from hospitals, these centers can be less crowded, improving the patient experience.
	Location: Many urgent care centers are strategically located in populated areas, making them easily accessible for most people.
	Comprehensive Services: Urgent care centers are equipped to handle a wide range of non-life-threatening medical issues.
< 52%	**Bridge Between Primary Care and ER:** Acts as a bridge to provide timely service when Primary is inaccessible or inappropriate for the ER.
	Integrated Care: Some urgent care centers are affiliated with larger healthcare systems, allowing for more integrated care and easier referrals.
	Continuity of Care: Through electronic health record systems, medical information can be shared with primary care providers or specialists.

The Healthcare Ecosystem | Positioning for Value Optimization

Select, Measure and Manage to Key Metrics

Deepen ties with existing partner relationships and/or create new partners

Utilize Artificial Intelligence to Measure and Ensure High Quality

Expand speed and breadth of data analysis through target AI tools

Establish data sharing with partners to best serve patient continuity of care

Partner Data Sharing

Operational and Clinical Engagement in Ecosystem

Ensure connection of patients to primary care and specialties

Continuous Performance Measurement

Measure performance continually to understand value created and opportunities for improvement

The New Value Proposition | Recalculating the Value

$$\frac{Quality\ of\ Care + Convenient\ Access + Caring\ Service}{Total\ Cost\ of\ Care}$$

Reimbursement per Visit Increase for High-Value Urgent Care: 20-90%

Quality of Care

- Utilize AI to ensure quality of care on every visit
- Educational platforms
- Measure and manage based on clinical metrics

Convenient Access

- Accessible online for reservations and/or virtual care
- On-site medications, DME, labs, imaging, and procedures
- Connect and engage in the broader ecosystem

Caring Service

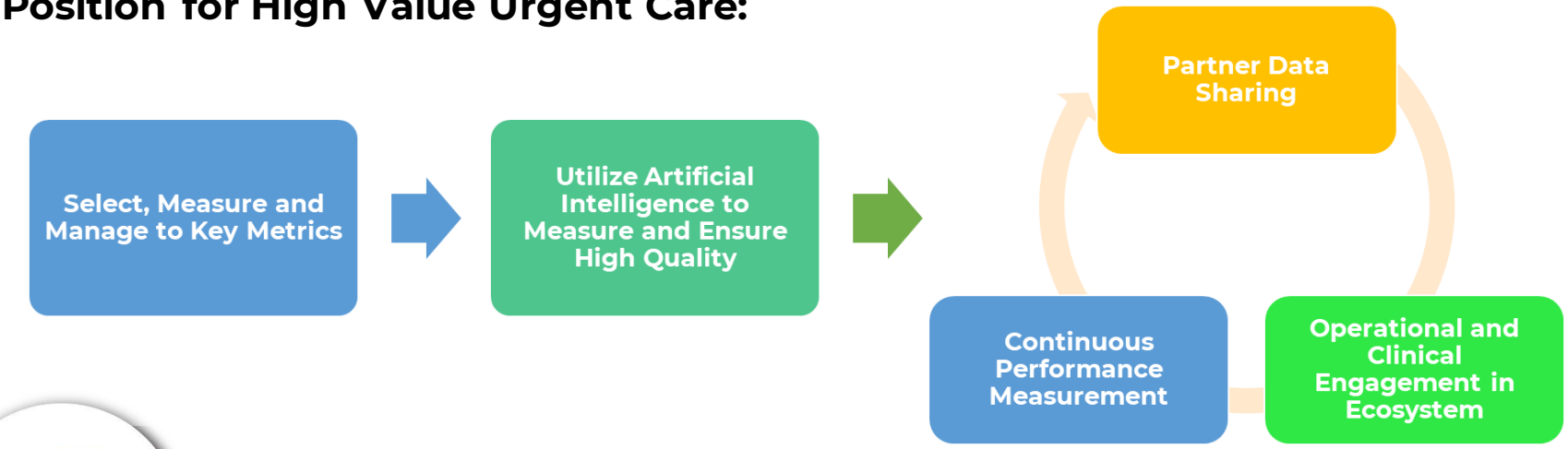
- Organizing referrals and get patients back to their primary care provider or to specialty care
- Connecting patients for preventive and longitudinal care

Total Cost of Care

- Integrated EMR to maintain chart continuity and efficiency
- Coordination of care to minimize unnecessary or duplicative tests, procedures, or prescriptions

The New Value Proposition | Next Steps and Take Aways

- **Struggling to Survive:** Today, financial viability is more difficult than ever to achieve and it's worsening.
- **Reimbursement Declining:** Perceptions and realities are that urgent care cannot prove value in the broader ecosystem. Thus, payors do not reimburse adequately – low reimbursement with minimal increases.
- **Disconnected Care:** 50%+ of urgent care centers are not organizing referrals, ensuring a connection back to their primary care, or utilizing an EHR that facilitates information exchange – All resulting in waste.
- **Position for High Value Urgent Care:**



Reimbursement per Visit Increase for High-Value Urgent Care: 20-90%

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