Convergence Between Primary Care, Urgent Care and Retail Medicine

Tom Charland
ACHE of Massachusetts
April 11, 2014
ConvUrgent Care

- Retail Clinics
- Urgent Care
- Worksite Clinics
- Occ Med Clinics
- Primary Care
- Direct Primary Care
- Near-Site Clinics
- Telehealth
- Free-Standing ED
Retail Clinic Market Breakdown as of 4/1/2014
Source: Merchant Medicine ConvUrgentCare Report

MinuteClinic
• Acquired by CVS in 2006
• 813 clinics in 28 states

Walgreens Healthcare Clinic (formerly Take Care)
• Acquired by Walgreens in 2007
• 390 clinics in 20 states
• Includes 7 DR Walk-In Clinics in Duane Reade stores

The Little Clinic
• Acquired by Kroger in 2010
• 115 clinics in 7 states

The Clinic at Walmart
• 95 clinics in 22 states
  – Most operated by hospital systems on a leased-space basis

Target Clinic
• 69 clinics in 6 states

5 Players:
91% of all retail clinics
Growth by Major Players

Retail Clinics by Major Players since 2006

- MinuteClinic
- Take Care
- The Little Clinic
- Wal-Mart
- Target

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### Top Urgent Care Operators

14 Players: about 20% of the urgent care market

<table>
<thead>
<tr>
<th>Operator</th>
<th>Feb 2014</th>
<th>Owners/Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentra</td>
<td>292</td>
<td>Humana</td>
</tr>
<tr>
<td>Dignity/US HealthWorks</td>
<td>152</td>
<td>Dignity Health</td>
</tr>
<tr>
<td>MedExpress</td>
<td>128</td>
<td>Sequoia Capital; General Atlantic</td>
</tr>
<tr>
<td>American Family Care DRX</td>
<td>119</td>
<td>Private</td>
</tr>
<tr>
<td>NextCare</td>
<td>98</td>
<td>Enhanced Equity Fund; Goldman Sachs</td>
</tr>
<tr>
<td>FastMed</td>
<td>65</td>
<td>Comvest Partners; BCBS of NC</td>
</tr>
<tr>
<td>CareSpot</td>
<td>55</td>
<td>Welsh Carson; HCA; Baptist</td>
</tr>
<tr>
<td>Patient First</td>
<td>52</td>
<td>Private</td>
</tr>
<tr>
<td>Doctors Care</td>
<td>51</td>
<td>Private</td>
</tr>
<tr>
<td>Physicians Immediate Care</td>
<td>30</td>
<td>LLR Partners; Wellpoint</td>
</tr>
<tr>
<td>Zoom Care</td>
<td>24</td>
<td>Private</td>
</tr>
<tr>
<td>AccessMD</td>
<td>23</td>
<td>Private</td>
</tr>
<tr>
<td>CareNow</td>
<td>23</td>
<td>Private</td>
</tr>
<tr>
<td>Fast Pace</td>
<td>19</td>
<td>Private</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,131</strong></td>
<td><strong>About 20% of Urgent Care Market</strong></td>
</tr>
</tbody>
</table>
## Top 10 Most Saturated Walk-In Clinic Markets (among top-50 metros)

<table>
<thead>
<tr>
<th>Saturation Rank</th>
<th>Population Rank</th>
<th>Metro Area</th>
<th>2012 Population</th>
<th>Retail Clinics</th>
<th>Urgent Care Clinics</th>
<th>Total Retail and Urgent Care Clinics</th>
<th>Clinics Per 100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>43</td>
<td>Louisville</td>
<td>1,251,351</td>
<td>27</td>
<td>34</td>
<td>61</td>
<td>4.87</td>
</tr>
<tr>
<td>2</td>
<td>47</td>
<td>Raleigh</td>
<td>1,188,564</td>
<td>14</td>
<td>39</td>
<td>53</td>
<td>4.46</td>
</tr>
<tr>
<td>3</td>
<td>36</td>
<td>Nashville</td>
<td>1,726,693</td>
<td>39</td>
<td>38</td>
<td>77</td>
<td>4.46</td>
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<tr>
<td>4</td>
<td>26</td>
<td>Orlando</td>
<td>2,223,674</td>
<td>24</td>
<td>61</td>
<td>85</td>
<td>3.82</td>
</tr>
<tr>
<td>5</td>
<td>32</td>
<td>Columbus, OH</td>
<td>1,944,002</td>
<td>28</td>
<td>44</td>
<td>72</td>
<td>3.70</td>
</tr>
<tr>
<td>6</td>
<td>30</td>
<td>Kansas City</td>
<td>2,038,724</td>
<td>36</td>
<td>37</td>
<td>73</td>
<td>3.58</td>
</tr>
<tr>
<td>7</td>
<td>39</td>
<td>Milwaukee</td>
<td>1,566,981</td>
<td>12</td>
<td>43</td>
<td>55</td>
<td>3.51</td>
</tr>
<tr>
<td>8</td>
<td>28</td>
<td>Cincinnati</td>
<td>2,128,603</td>
<td>28</td>
<td>43</td>
<td>71</td>
<td>3.34</td>
</tr>
<tr>
<td>9</td>
<td>16</td>
<td>Minneapolis</td>
<td>3,422,264</td>
<td>61</td>
<td>52</td>
<td>113</td>
<td>3.30</td>
</tr>
<tr>
<td>10</td>
<td>33</td>
<td>Indianapolis</td>
<td>1,928,982</td>
<td>30</td>
<td>30</td>
<td>60</td>
<td>3.11</td>
</tr>
<tr>
<td>44</td>
<td>10</td>
<td>Boston</td>
<td>4,507,475</td>
<td>34</td>
<td>19</td>
<td>53</td>
<td>1.15</td>
</tr>
</tbody>
</table>
# Top Worksite Clinic Vendors

<table>
<thead>
<tr>
<th>Operator</th>
<th>Worksite Clinics</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walgreens</td>
<td>500+ Worksite Clinics</td>
<td>Water Street Healthcare</td>
</tr>
<tr>
<td>CHS</td>
<td>130 Worksite Clinics</td>
<td>Water Street Healthcare</td>
</tr>
<tr>
<td>Concentra</td>
<td>260 Worksite Clinics</td>
<td>Acquired by Humana</td>
</tr>
<tr>
<td>Medcor</td>
<td>150 Worksite Clinics</td>
<td>Focus on Construction</td>
</tr>
<tr>
<td>HealthStat</td>
<td>80 Worksite Clinics</td>
<td>General Medical and Occ Health</td>
</tr>
<tr>
<td>IMC</td>
<td>35 Worksite Clinics</td>
<td>Acquired by Cerner</td>
</tr>
<tr>
<td>QuadMed</td>
<td>20 Worksite Clinics</td>
<td>From Quad Graphics</td>
</tr>
<tr>
<td>CareHere</td>
<td>Small</td>
<td>Regional</td>
</tr>
<tr>
<td>CareATC</td>
<td>Small</td>
<td>Regional</td>
</tr>
<tr>
<td>WeCareTLC</td>
<td>Small</td>
<td>Regional</td>
</tr>
<tr>
<td>Name</td>
<td>Headquarters</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------</td>
<td></td>
</tr>
<tr>
<td>Davita HealthCare Partners/Paladina</td>
<td>Anaheim</td>
<td></td>
</tr>
<tr>
<td>Iora Health</td>
<td>Cambridge, MA</td>
<td></td>
</tr>
<tr>
<td>Medlion</td>
<td>Las Vegas</td>
<td></td>
</tr>
<tr>
<td>Qliance</td>
<td>Seattle</td>
<td></td>
</tr>
<tr>
<td>Village Health Partners</td>
<td>Dallas</td>
<td></td>
</tr>
</tbody>
</table>
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Five Drivers of Success

• Brand
• Reimbursement
  • Location
• Time & Space
  • Leadership
Brand Strategy

- Scope of service
- Hours of service
- Pricing
- Service approach
- Look-and-feel of physical space
Brand=Execution
Branding and Services

- Patient First
- 52 centers in 3 states
- Consistent brand
  - Location is the brand
- Consistent hours
  - 8 a.m. – 10 p.m.
- Consistent scope of services
  - Urgent care and primary care
Reimbursement Strategy

- Fee for service world
  - Negotiate the best fee schedule
  - Maintain leverage
- Population management
  - Costs
  - Outcomes
- Deductibles
  - Patient choice
  - First dollars
Explosive Combination

- High Deductibles
- ConvUrgent Care $ are first $
- Price transparency
- CMS 1500 Box 27
  - Accept assignment?
- Outstanding brand execution
Time and Space

- Multiple convenient locations
- Online check-in
- Queuing technologies
- Telehealth options
  - Load balancing
  - Care from home, work, hotel, etc
Location Strategy

- Medical office building
  - Let’s use that space we have that’s empty
- Retail location science
  - Demographics
  - Anchor tenants
  - Patient panel zip codes, census tracts, census block groups
  - Drive-time analysis
Leadership Strategy

• Leadership:
  – Center management
  – CEO/COO
  – Chief Medical Officer

• Characteristics:
  – Most energy in the organization
  – Claim to know very little; demonstrate they know a lot
  – Keen interest in other industries
  – Keen interest in competitors
Who Is this?
Louis V. Gerstner, Jr.

- “The last thing IBM needs right now is a vision.”
- Focused on execution
- IBM CEO from 1993-2002
- Came from RJR Nabisco
Who is this?
Andrew Sussman, MD

- MinuteClinic president since July 2009
- Former EVP Umass Medical Center
- Changed and developed the culture at MinuteClinic
MinuteClinic Partnerships
(Clinical Affiliation Agreements)

• Advocate – Chicago
• Allina – Minneapolis
• Atlantic Health System – Jersey Shore
• Baptist Health Care – Pensacola, FL
• Barnabas Health – Jersey Coast
• Carolinas Health System
• Cleveland Clinic – Cleveland and South Florida
• Dartmouth-Hitchcock Health – New Hampshire
• Dignity Health – Phoenix
• Emory Healthcare – Atlanta
• Florida Hospital – Orlando
• Greenville Hospital – Greenville, S.C.
• Hackensack University Health – NE Jersey
• HCA/Parkridge Health System – Chattanooga, TN
• HCA/TriStar – Nashville
• Henry Ford Health System – Detroit
• Indiana University Health – Indianapolis
• Inova – Northern Virginia
• North Shore – LIJ Health System (New York)
• Ohio Health – Columbus
• Sharp HealthCare – San Diego
• St. Joseph Health – Orange County, CA
• St. Rose Dominican – Las Vegas
• St. Vincent’s – Jacksonville
• UCLA Health System – Los Angeles
• U Mass Memorial – Central Massachusetts
• University of OK Physicians – Oklahoma City
• UT Medicine – San Antonio
• Virtua Health – South Jersey
Walk-in Raises the Bar

- Smart systems design
- Recruitment sophistication
  - Profiling
  - Training
  - Retention
- Location science
  - Site location
  - Consumer marketing
- Brand becomes more than a logo
- Direct contracting with employers
Is this a good time to enter or expand within the walk-in market?