

A Look Outside The Lines from Strategy Advantage

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OUTSIDE THE LINES

HIERARCHY OF ENTRY POINTS

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We talk so much about continuums of care and increased access points, usually in the context of the hospital-based system and its pre-acute and post-acute services. It was interesting, therefore, to read about something called the “on-demand medicine continuum” ([Managed Care](#)) and its 7-rung ladder of healthcare entry points.

For so many years, and still in large part today, primary care offices and the hospital ER have been *the* front doors for healthcare. But so much has changed, and so rapidly.

Are you watching this shift?

- As of late 2013, there were 5,500 concierge practices nationwide, up from about 4,400 in 2012. Many are now called Direct Primary Care groups, have moved away from being a practice for the wealthy, and are now charging less than \$135 a month. This movement is growing at a rate of about 25% per year ([Wall Street Journal](#)).
- Urgent care – today a \$16 billion industry – is



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Healthcare Entry Points: 7-Rung Ladder

- 7 Hospital Emergency Rooms
- 6 Freestanding Emergency Rooms
- 5 Urgent Care Centers
- 4 Primary Care Clinics
- 3 Onsite Employer Clinics
- 2 Retail Clinics
- 1 Telemedicine / Virtual Medicine

Source: Urgent Care Association of America (UCADA)

booming, with 10,000 urgent care centers across the country seeing 160 million visits annually, and with expectations for 12,000 centers by 2019 ([Forbes](#)).

- The number of doctor-patient video consultations in the United States is expected to triple this year, from 5.7 million in 2014 to 16 million in 2015 ... and by 2018, to more than 130 million. Wow! ([Modern Healthcare](#))

So, what happens to the traditional entry points? It seems that a new hierarchy is taking shape, and we need to evolve with it. We believe that continued success will be won by those who embrace a more broadly defined continuum of care platform and strategy.

Always looking ahead,



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NEWS ALERT! WHAT'S HAPPENED THIS WEEK

Health Affairs, in its April 2015 edition, reported that patient-centered medical homes (studied as part of a 90-month analysis of elderly Medicare patients at Geisinger Health System clinics) showed a 7.9% reduction in total costs during the 7+ years period.

According to [Health Affairs](#), “the results of this study suggest that patient-centered medical homes can lead to sustainable, long-term improvements in patient health outcomes and the cost of care.” Similarly, [Forbes](#), in an April 2014 story, reported that a combination of concierge and direct primary care practices – WeCare Clinics, Iora Health, Qliance Medical Management, MDVIP, and One Medical Group – had reported reductions in total healthcare costs for their patients of 15% or more versus population norms. While the second study, versus the first, is clearly more scientific, together they raise an interesting

question about where and how – in truly transformative ways – costs will be lowered in healthcare.

WHO WE'RE WATCHING

Several years ago, when Strategy Advantage was asked by a client to develop an urgent care business plan for its medical group, we collaborated with Shaun Ginter, former COO of Solantic (now CareSpot) based originally in Jacksonville, Florida. In just four years, Shaun helped the company grow from 11 to 37 centers and also build strategic relationships with hospital partners. CareSpot has since grown to more than 58 locations in five Eastern states, and Shaun has since started, and is President & CEO, of his own urgent care services company, called CareWell Urgent Care (<http://carewellurgentcare.com>). According to CareWell, “urgent care is part of a system of care, not an isolated island of care.” We like this strategy, and we wish Shaun and CareWell the best.

WHAT'S TRENDING

In 2010, the urgent care industry experienced a “sentinel event” – as urgent care experts describe it – when venture capital company Sequoia Capital and private equity firm General Atlantic LLC acquired urgent care operator MedExpress for \$450 million. Last week, less than four years later, Optum announced its newest acquisition of ... you guessed it ... MedExpress. Terms of the deal were not disclosed, but the urgent care company that had 42 centers in 4 states in 2010 now has 141 centers in 11 states, with plans to open 25 to 30 more, according to a Modern Healthcare [article](#) on April 9.



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