

OUTSIDE **THE** LINES

**YOU NAME IT...
URGENT CARE. RETAIL CARE.
CONVENIENCE CARE.
CARE ON DEMAND.**

Part 2, the Innovation Series continues. Whatever name you give it, the “anywhere, anytime, when I need it” world of healthcare services and options is exploding, including thousands and thousands of urgent care, retail care, convenience care, express care, and walk-in centers. Here at Strategy Advantage, we call it “Care On Demand.”

In 2011, Strategy Advantage developed an urgent care business plan for a reputable health system in Los Angeles. At the time, one of the physician leaders said: “Urgent care started as an extended operation of our physician offices and has grown up in a hodge-podge way. No clear delineation of this business entity, distinct from ‘normal’ primary care, has been made.”



Kim Athmann King, MBA, FACHE
Founder & President
Strategy Advantage
kking@strategyadvantage.com
www.strategyadvantage.com
www.zigzaghealthcare.com

BIG BRANDS, BIG BACKERS

The vast majority of urgent care clinics are still local mom-and-pops, but investors with deep pockets just after a Golden Arches-style national brand. Here are the five largest chains:

				
CLINICS 330	CLINICS 219	CLINICS 132	CLINICS 128	CLINICS 106
OWNER HUMANA (INSURER)	OWNER DIGNITY HEALTH (HOSPITAL SYSTEM)	OWNER SEQUOIA CAPITAL (VC) GENERAL ATLANTIC (PE)	OWNER INDEPENDENTLY OWNED	OWNER ENHANCED EQUITY FUNDS (PE)

For many hospitals, health systems, and medical groups today, this is still the case. Our view, and recommendation to you, is that a clear distinction must be made. Why? 1) Because primary care vs. “care on demand” are different services, desired and used by patients and healthcare consumers in different ways. 2) Because “care on demand” is an important access point in your network, one that patients will expect to have in addition to their regular primary care, that, without it, threatens your growth, continuum of care, and population management goals.

According to an interesting [Forbes story](#) in mid-2014, urgent care is a \$16 billion industry, with 10,000 urgent care clinics across the country handling more than 160 million visits annually and the number of clinics expected to grow to 12,000 by 2019. *Forbes* described it as “an appealing medical model wrapped up in a proven consumer-driven business plan.” In a more recent 2015 study, the [Urgent Care Association of America \(UCAOA\)](#) noted that 89% of urgent care centers reported that their patient visits increased in 2014, 91% anticipated more growth going forward, and 87% acquired or built a new location in the last year. Of these centers, 33% are in freestanding buildings, 34% in shopping centers / strip malls, 19% in medical office buildings, and 14% in mixed-use buildings.

An interesting question for hospitals has been whether to make vs. buy urgent, retail, care on demand services. Early on, a certain amount of “making” was going on, with these urgent care centers looking like (and being operated like) after-hours primary care clinics. Partnering with operators who are experts in the business of urgent care, though, seems to be playing out as the better option. There are hundreds of examples:

- In 2012, Dignity Health acquired US HealthWorks for \$455M, adding 176 locations and expanding Dignity's services into 21 states.
- As mentioned in our last *Outside the Lines*, earlier this year CareSpot, formerly Solantic, sold 18 of its locations to HCA and another 35 locations to United Surgical Partners International (USPI), a joint venture between Tenet Healthcare and Welsh Carson Anderson and Stowe. With this deal, CareSpot also took over the management of Tenet-branded MedPost urgent care centers in 46 locations nationwide. That means that CareSpot – and its retail care model – will be in 81 different locations across the United States.
- Many hospitals and health systems are in relationships with RiteAid, CVS, Walgreens, and others to collaboratively provide retail care services.
- GoHealth Urgent Care, one of the innovators featured in our [ZIGZAG Healthcare](#) library, says that it is “revolutionizing access and the experience of healthcare.” They entered into a strategic relationship with Legacy Health (Portland, Oregon) in 2014 and, together, they operate 10 co-branded centers. Also, GoHealth partnered with NorthWell Health (North Shore-LIJ, including 18 co-branded centers in the New York area and others planned to open soon.
- ZoomCare, part of the Zoom+ company, is another innovator featured in our ZIGZAG Healthcare library. They introduced ZoomCare with a vision to “deliver twice the health at half the cost and 10 times the delight.” Today, there are more than 30 ZoomCare clinics in Oregon and Washington, and the company has plans to expand next into California. Zoom+ has started to add pediatric care, specialty services, and “super clinics” to their set of on-demand offerings. Zoom has partnered with Oregon Health Sciences University (OHSU).

It is obvious that hospital and health systems we know are working together with innovators to re-shape access and what we might refer to as “pre-primary care.” Together, they are “retailizing, consumerizing, and virtualizing” healthcare. If you haven't done so yet, get in this game. Study the urgent care operators – or better yet, the innovators – who know the on-demand business. Choose a partner, and be part of this revolution.

Always looking ahead,



Kim Athmann King, MBA, FACHE

NEWS ALERT! WHAT'S HAPPENED THIS WEEK

The [Urgent Care Association of America \(UCAOA\)](#) provides benchmarking surveys including comparative operating statistics and other data from urgent care centers across the country. The new 2015 survey is now available. Did you know that 66% of average urgent care patients have an outside primary care physician? Also, urgent care centers are open, on average, for 4,100 hours a year, 90% of urgent care centers have a wait time that is 30 minutes or less, and 84% have a total patient throughput that is 60 minutes or less. Check out UCAOA if you want to see more. The survey report is available for purchase.

WHO WE'RE WATCHING

We have mentioned Zoom+ in *Outside the Lines* before, and we mentioned them again above. Don't miss this company, their vision, and the changes they are affecting. Zoom+ says it is "building the Kaiser Permanente for the 21st century." They started out as ZoomCare, a set of slick, convenience care centers in Portland designed for the millennial audience but, more recently, they have evolved into a 360 degree structure that is so much more. An innovation packet on Zoom+ is included in our ZIGZAG Healthcare library (www.zigzaghealthcare.com). Contact [Kala Kascht](#) if you want to receive a sample copy of the Zoom+ packet and see a demo of ZIGZAG Healthcare, a one-stop online research focused exclusively on new ideas and innovations in healthcare. Also, to read more on Zoom+, check out [this Forbes article](#), just published a couple of days ago.

WHAT'S TRENDING

The "Care On Demand" trend is an outgrowth of the consumer-driven

healthcare trend, which has been brewing for years. Are we paying enough attention to this? Are you altering your practices and lining up your “consumer-directed” marketing messages with real-life actions and applications that are re-tooling and re-setting how people receive and experience care with your doctors, nurses, and others throughout your organization? Word to the wise: know thy consumer and make this shift happen. Two recently published pieces – [an outsider’s view](#) from the *Huffington Post* and [an insider’s view](#) from Hospitals & Health Networks – are quick reads to keep you mindful of this trend.



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You are receiving this e-mail from Kim Athmann King

Our mailing address is:

Strategy Advantage
1601 N. Sepulveda Blvd.
#790
Manhattan Beach, CA 90266

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