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## Urgent Care Center Success Factors

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*Our clients are inquiring about the merits of establishing “minute clinics” in retail settings. Often the conversation centers on how best to set up a standalone urgent care center.*

*We prepared an overview of some of the success factors we have determined by working with independent urgent care centers. Naturally, your situation will vary depending upon your unique community and circumstances.*

### **DETERMINING THE NEED FOR URGENT CARE**

We often receive questions regarding the level of population necessary to support an urgent care center. Through trial and error, Gary Sherlock, a top executive at Humana in the 1980s who pioneered the use of urgent care centers, postulated that a population of approximately 170,000 was necessary to support one urgent care site.

Urgent care center usage varies by community. Some urgent care centers specialize in pediatric care while others cater to busy adults fighting sore throats who need to be seen quickly and at a time convenient to their schedule. Additionally, there seems to be a trend for health systems, in selected regions of the country, to develop urgent care centers as a way to treat more routine illnesses cost-effectively.

This paper is based upon experience with urgent care centers that are operated by independent physician owners. While one may naturally not agree with every practice outlined in this document, we can all learn and challenge ourselves in reviewing the success factors of achieving positive cash flow and excellent service in an urgent care setting.

In 2007, the Clemans Group contacted Urgent Care Association of America Executive Director Lou Ellen Horwitz for more recent data in urgent center population ratios. Ms. Horwitz cited a prevailing theory that, at a minimum, a population of 40,000 to 50,000, was necessary in the primary service area, before a practice could support an urgent care center.

Health systems often build urgent care centers under the flawed assumption that it will alleviate already over-burdened emergency departments. While this is a worthy mission, our findings do not support this conclusion. Most urgent care centers pull patients from primary care offices that are not able to provide adequate access to treatment at the time the patient is acutely ill.

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## KEY FACTORS FOR URGENT CARE SUCCESS

Perhaps the most important success factor in an urgent care center is to staff the site consistently with one or two providers. Do not rotate several emergency department (ED) physicians through the urgent care. Success of urgent care centers correlates with having highly successful providers who fit well in a community. Experience indicates part of the financial success of an urgent care center is dependent upon the patients becoming accustomed to receiving treatment from the same provider when they revisit. We suggest using a limited number of providers as is feasible versus rotating a large number of providers through an urgent care site.

## INSURANCE STRATEGY (URGENT CARE VS. PRIMARY CARE)

Successful urgent care centers must seek accreditation with the major insurance companies that have patients in your particular community. Dependence on “cash only” patients has not proven to be a viable long-term strategy in the urgent care industry. It is our recommendation to credential the urgent care center as a “facility” with insurance companies so each physician who works in the center does not need to be credentialed. This step will greatly simplify the protocol should the need arise to use a temporary physician.

Licensure and reimbursement can vary greatly by state and insurance company. Some Medicaid HMO's will pay an urgent care center credentialed as “facility” as much as \$80 per visit. A facility license is required in some states. Some payors do a site survey. We recommend that for the place of service on the “1500” form, an urgent care center enter the code “20” (facility) versus an “11” (physician office). It is important to communicate with your patients that an urgent care visit will likely require a higher co-pay – perhaps in the range of \$36 to \$65 per visit - \$10 to \$20 more than in a primary care setting.

## X-RAY STRATEGY

One of the most common reasons for a visit to an urgent care center is to diagnose a fracture. Given the frequency of patients presenting with this type of symptom, the necessity and viability of providing x-ray services at an urgent care center is a subject of debate. Many successful privately owned urgent care centers do not believe that it is in the best interest of the practice or the patient to provide x-ray services. Films must be sent out to a radiologist for reading, adding expense and delay. Additionally, the regulations for maintaining x-ray equipment are complicated, expensive and difficult to manage. Many urgent care centers see the patient and then write an order for an x-ray that can be performed in an outpatient imaging center or a hospital. At the same time, patients are perhaps given a prescription for pain relief as well as a list of orthopedic physicians to see in case the x-ray reading is positive for a fracture. A successful urgent care center will send out about 100 x-rays per month. Urgent care centers that are owned by health systems typically provide x-ray services.

## VOLUMES, NUMBER OF PROVIDERS, EQUIPMENT

A successful urgent care center will have 12,000 to 13,000 visits per year with one provider available for a 10 to 11 hour day, seven days per week. With this volume level you will need four exam rooms and one physician available during the open hours. A successful urgent care center will want to have an EKG machine, AED automatic electronic defibrillator, sterilizer, breathing machine, and microscope. Used equipment can generally be purchased for approximately \$25,000 (without imaging equipment). New equipment may cost approximately \$75,000. The center will want to get a pharmacy license so that charges can be assessed for prescribing some medications. The center will need to stock an ample volume of supplies to treat cuts and abrasions. Because of limited reimbursement, most successful urgent care centers keep very little

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durable medical equipment (DME). The physician will give the patient a prescription and refer them to a local drug store.

## **NUMBER OF CHAIRS IN WAITING ROOMS**

A successful urgent care will need 18 to 25 chairs in the waiting room. No one comes alone.

## **HOW TO HANDLE THE PATIENT FILES**

Economics dictate that urgent care centers manage files differently from other medical office settings. First, an urgent care center needs to file daily as every patient seen today represents one file folder, stored by date. Daily filing represents a savings of one FTE.

## **Urgent Care Medical Records Process**

1. Create a chart for the patient on each visit.
2. After the patient leaves, remove the files and staple together.
3. Put the stapled record in the daily file.
4. Use only one file folder for each date.

When finding files, a typical urgent care center will use a database to locate the date of the last visit and pull the record from that file if a repeat patient comes in. Payors don't have an issue with this method of filing since one can easily find records. The process saves on folder and staff costs.

Please note that increasingly more urgent care centers are using electronic medical records (EMR). There are special EMR systems for urgent care centers.

## **DICTATION**

Contrary to a traditional physician office, a successful urgent care center will not dictate office notes but will utilize handwritten templates to save on the cost of dictation and filing. Templates are available through special EMR systems for urgent care centers.

## **PROVIDING COPIES OF REPORTS TO THE PRIMARY CARE PHYSICIANS**

On the office note, the physician attendant or nurse should be prompted to ask for the name and address of patient's primary care physician. If the answer is positive, a copy of the office note is faxed. Insurance companies prefer to have this process in place in order to meet HIPAA requirements. This is in contrast to older conventional thinking that called for a note to be sent as a matter of course to the primary care physician. Some of the payors have taken the position that an automatic process of sending the patient's notes to their primary physician is a violation of privacy.

## **FINANCIAL**

To make payment easy, a successful urgent care setting will use a credit card machine and have a check clearing machine.

## **USE OF RESIDENTS**

Although it may seem like a good idea, a successful urgent care center should not use residents. The urgent care industry has tried using residents but generally discover that inexperienced physicians cannot see sufficient volumes of patients and struggle with diagnostic work without constant phone support. Also, urgent care centers generally cannot get residents, PAs, or NPs credentialed with the payors.

## **PHYSICIAN COMPENSATION**

Beyond a single physician owner or one employed physician permanently assigned to the urgent care center, a successful urgent care center typically compensates any additional part-time physicians approximately \$70 per hour (if the physician buys their own malpractice insurance). If the urgent care center has to purchase the malpractice insurance, a reasonable rate of hourly pay for the physician is \$50 per hour. Rates will vary in different regions of the country.

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## HOURS

Successful urgent care centers are generally open 10 to 11 hours per day. For example, the typical hours may be from 9:00 a.m. to 8:00 p.m. (seven days per week) to generate a visit load of 12,000 to 13,000 visits per year. If there is sufficient demand it will usually take 24 to 36 months to build a patient base to a break even point. Some communities accept urgent care centers faster than others.

## ADVERTISEMENT

To raise awareness of the facility, it will be necessary to conduct a marketing program that includes such tactics as advertisements, billboards, community outreach, direct mail, promotions, etc. The cost for advertising alone in the first year may cost \$18,000 to \$38,000 depending upon the community. Although it may seem counterintuitive, sometimes the

traditional methods of practice development for a medical clinic do not work well for an urgent care center. Successful marketing strategies for an urgent care center resemble marketing of a retail organization. Additionally, some urgent care centers may start to see more patients, sooner than normal, if the area has a shortage of primary care physicians.

## EFFECT ON HOSPITAL EMERGENCY DEPARTMENT

We have seen little to no effect on the volumes in local EDs when there is a successful urgent care center in the area. Additionally, we have found that most successful urgent care sites have less than seven percent Medicaid patients. Medicaid patients rarely use urgent care centers. Most successful standalone urgent care centers are, in all reality, family practice offices with open access.

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