Urgent Care Industry Overview
The $14.5 billion urgent care industry is expected to grow 5.8% annually through 2018P.

- The U.S. healthcare system is facing numerous systemic challenges, positioning urgent care for growth.

### Industry Challenges

- Aging U.S. population
- Expansion of insured population
- Rising cost
- Lack of access to primary care
- Trend towards accountable care

### Urgent Care as a Solution

- High-quality, cost-effective medical care
- Provides primary care capacity
- Lower cost
- Scheduling flexibility

### Urgent Care Market

For the Years Ended and Ending December 31, 2008 – 2018P
($ in billions)

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<tbody>
<tr>
<td></td>
<td>$11.1</td>
<td>$11.9</td>
<td>$12.3</td>
<td>$13.0</td>
<td>$13.7</td>
<td>$14.5</td>
<td>$15.3</td>
<td>$16.2</td>
<td>$17.0</td>
<td>$18.2</td>
<td>$18.8</td>
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**2008-2013E**  
CAGR: 5.4%

**2013E-2018P**  
CAGR: 5.8%

Source: IBISWorld.
The urgent care industry is heavily fragmented with the large urgent care chains comprising less than 1% of the total market.

- The industry consists of approximately 9,900 total urgent care centers.
- Traditionally competes with:
  - Primary care
  - Hospital and free-standing emergency rooms
  - Pure-play occupational health clinics
  - Retail medical clinics
  - After-hour pediatrics

### Urgent Care Ownership

<table>
<thead>
<tr>
<th>Ownership Type</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Physician(s)</td>
<td>50%</td>
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<tr>
<td>Hospitals</td>
<td>28%</td>
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<tr>
<td>Corporation</td>
<td>14%</td>
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<tr>
<td>Non-Physician Individuals</td>
<td>8%</td>
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<tr>
<td>Franchises</td>
<td>1%</td>
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Sources: CapitalIQ, IBISWorld, and Urgent Care Association of America.
Growth in urgent care patient volume will be driven by favorable demographic trends.

- From 2005 to 2025, the population of individuals over age 65 will double to approximately 80 million.
  - Increases utilization of healthcare services
- Seniors 65 years and older represent 13% of the U.S. population, but account for:
  - 26% of physician hospital visits
  - 35% of hospital stays
  - 38% of emergency medical responses

Sources: Department of Health and Human Services and the National Ambulatory Medical Care Survey.
The expansion of private insurance coverage in the U.S. presents a sustainable tailwind for growth in the urgent care industry.

- Approximately 55% of urgent care revenue is currently reimbursed by private insurance.
- Individuals with private insurance are more likely to seek medical treatment at an urgent care center than a hospital setting.
- Private insurance companies are more likely to contract with urgent care providers to:
  - Drive cost savings
  - Maintain high-quality medical care
- The Patient Protection and Affordable Care Act is expected to add 32 million individuals with private health insurance beginning in 2014, which will drive demand for urgent care services.

Source: IBISWorld.
As the cost of healthcare treatment continues to rise, urgent care offers a compelling low cost alternative for delivering care outside the hospital.

- Total U.S. spend on healthcare is expected to grow 6.2% annually, with 32% occurring in hospital settings.

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<thead>
<tr>
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<th>2013E</th>
<th>2021P</th>
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<tbody>
<tr>
<td>Indicators</td>
<td>$2.9 trillion</td>
<td>$4.8 trillion</td>
</tr>
<tr>
<td>Share</td>
<td>18% of GDP</td>
<td>20% of GDP</td>
</tr>
<tr>
<td>Growth</td>
<td>6.2% growth per annum</td>
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</table>

- $18 billion in potential savings by transitioning unnecessary emergency department visits to urgent care.

Sources: Centers for Medicare and Medicaid Services and Aetna.
The growing lack of access to primary care in the U.S. is driving the heightened demand for urgent care utilization.

- Approximately 60 million individuals in the U.S. lack access to primary care, an increase from 56 million in 2007.

- The lack of access is driven by a number of factors including:
  - Inconvenient hours
  - Stringent scheduling requirements
  - Overcapacity at primary care physician offices

### Change in General Physicians vs. Adult Patient Population

For the Years Ending December 31, 2005 – 2025P
(% change relative to 2005)

- Patient visits are projected to grow 30% while the supply of generalist physicians will only grow 12%.

Source: Bureau of Health Professionals.
The urgent care industry is well positioned to embrace the trend towards accountable care.

- Healthcare industry is evolving to a value-based reimbursement system.
  - Urgent care will receive increased patient volume from health systems

- Health systems are becoming more involved in patient management and care delivery.
  - Drives collaboration between pre- and post-acute providers such as urgent care
  - Hospitals are financially incentivized to reduce admissions

- Payors are networking with providers that can provide high-quality, cost-effective care.

### ACO Challenges

- Prevent readmissions
- Reduce costs across a patient population over time
- Ensure access to care

### Urgent Care is the Solution

- Provide alternative to E.R. visits
- Allow primary care physicians to focus on chronic care management
- Hospital avoidances
- More flexible operating times and ease of access
The urgent care industry benefits from an attractive payor mix.

- Private insurance is the largest payor for urgent care services.
  - Accounts for approximately 55% of urgent care revenue

- Medicare and Medicaid account for 17% and 5%, respectively, of reimbursement for urgent care.

- Approximately 10% of the industry’s payor mix is self-pay.
  - Payors have shifted a greater percent of the cost burden to individuals, increasing demand for lower-cost urgent care services

### Urgent Care Payor Mix

*For the Year Ending December 31, 2013E*

- **Private Insurance** 55%
- **Medicare** 17%
- **Medicaid** 5%
- **Medicare Out-of-Pocket Payments** 10%
- Other Government 4%
- Other 5%
- Workers’ Compensation 5%

Source: IBISWorld.