



# Where Do You Start When Starting Your Urgent Care?

■ HEATHER REAL

There are many reasons to start your own urgent care, whether it be feeding your entrepreneurial spirit, investing in an industry that has proven to be stable and growing (even amidst multiple economic crises in the last three decades), or responding to the needs of a community. For many, the reasons include at least some of these, and more.

Realizing the desire to take on this project is the first step; however, there are many very important tasks that need to be addressed before you can start counting down to opening day.

It simply cannot be stated enough that choosing the location of your urgent care is the decision that will most determine if, and by what margin, you will succeed. These efforts cannot be guided emotionally, by targeting the trendiest districts or sites that are closest to home. This must be considered expertly and scientifically, using tried-and-true data and metrics from the thousands of urgent cares that have come before you.

What qualifiable and quantifiable attributes make a site more likely to host a successful urgent care? While an operator's business acumen is also critical, even the best operators can't typically turn a bad site into a great one. It is easy to get lured in by the aesthetically desirable characteristics of a site; just don't forget to assess the critical factors that can't be seen, yet still must be studied.

The highest priority among them is determining what the payer landscape may look like. Just because you build the urgent care, does not mean the payers will offer you contracts with rates and terms that work for your business model; furthermore, it is not uncommon to find markets where payers are closing their networks to new urgent care operations. This may mean you have to get creative and be flexible to ensure your business will succeed. In some cases, an unfavorable review of the payer climate may provide little evidence that success can be realized

here, and new markets should be studied. Your ability to drive revenue sits squarely with the collective quality of your chosen site.

Once you have identified the site and justified the business case, you'll need to take it to the bank, and in many cases the landlords, as well. You will need to compile personal financial information, as well as a detailed financial and business plan based on urgent care-specific models and with the help of industry experts.

This plan should blend your entrepreneurial spirit and your professional capabilities with custom projections based on the specifics of your startup. Ensuring you have prepared everything for the first pass will minimize delays at this stage.

In addition to addressing your initial investment, the operational expenses and thoughtfully prepared revenue projections will help to determine your working capital, or cash-on-hand needs.

Initial cash flows can be significantly impacted by delayed payer processes and visit volume ramp-up times. Knowing your baseline operating costs and developing a realistic reimbursement distribution for at least the first 6 months of operations will help you develop a solid financial plan to present to banks, investors, and/or landlords.

It is during this process that many operators find themselves overwhelmed by the financial needs of the startup project. With a general investment of \$1.2 million, sometimes even more, it may take some time to understand the optimal allocation of these funds and to develop a plan to raise the required capital.

It doesn't hurt to shop around for a startup-friendly lending product with a lender who understands the distinctive economics of medical businesses. Most urgent care startups take advantage of Small Business Association products because of the lending benefits this program offers. Generally, startup operators are securing a loan that allows for 75%-90% project funding, up to 10-year loan terms, and capped interest rates—an increasingly appealing benefit in today's lending environment.

You are finally almost ready to kick off that opening day countdown. Most projects will require 8 to 12 months to prepare for



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business operations, with most of that timeline eaten up by the process of contracting and credentialing with the payers. Every project is unique, however, and it's possible you could find yourself with a fully operational center before the effective dates on your payer contracts; resist the urge to throw the doors open to show off your new, shiny center and start taking care of those patients in need, though.

While the satisfaction of a job well done certainly feels amazing, it simply doesn't pay the bills; payer reimbursements will generate the bulk of your revenue and if those bridges are still being built when you open, even the most experienced billing specialists cannot compel insurance companies to pay on those visits. Remember, the carrying costs of a nonoperational, albeit functional, urgent care center are far less than the operational expenses of a functioning center. An out-of-network status can mean diminished visit volumes and reduced revenue per visit, overall negatively impacting your ability to generate revenue, while you're still incurring the same operational expenses as if you were in-network and realizing typical volume and revenue projections.

Opening prematurely will have immediate and longstanding impacts, as the patient's first experience using your center could be tainted with difficult out-of-network claims processing or

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paying cash for a visit that might otherwise be partially or fully covered by their insurance plan. Partnering with an experienced group of contracting and credentialing specialists can lessen these timeframes through their payer-specific application/process knowledge, as well as ensuring you get the best rates available to you.

If you are considering launching your own urgent care, be sure to start at the beginning and know that there are industry-specific experts and resources ready to guide you through the entire process. Be thorough and methodical as you move through this process; there will be plenty of time to exercise urgency when you are running your successful urgent care center. ■



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