



Case Studies from the Industry

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The Emergence of the Convenient Care Industry

- Convenient Care is an emerging segment of the rapidly growing \$2 trillion U.S. healthcare market
 - According to HealthLeaders' white paper entitled Top 10 Predictions for Managed Care in 2007, "Retail based clinics will boom...[and] an increasing number of insurance companies are offering coverage for the services, seeing the clinics as a low-cost way to deliver primary care."
 - According to Goldman Sachs, "We have consistently described in-store clinics as 'the next big thing' in health care retailing...these clinics possess very favorable economics with estimated EBIT margins of 20%-25% and an ROIC that could approach 100%. Finally, they provide valuable incremental store traffic – they could add 3%-4% to pharmacy comparables in individual stores."
- Faster growth than overall healthcare market due to the convergence of a primary care physician shortage and three irreversible trends
 - Increasing shortage of primary care physicians
 - 35% of current physicians are nearing retirement
 - Less than 30% of current medical students say they intend to be primary care physicians
 - Irreversible economic, technological and lifestyle trends
 - Shrinking traditional indemnity insurance plans, increasing CDHPs and a growing uninsured population
 - Increased Web-based consumer access to health care information
 - Growing number of less expensive, outpatient medical tests
 - Increasing time pressure on consumers with premium placed on speed and convenience
- A 2005 Harris Poll found that, while only 7% of consumers had used a Convenient Care clinic, 41% said that they expected to use one in the near future



Company Overview

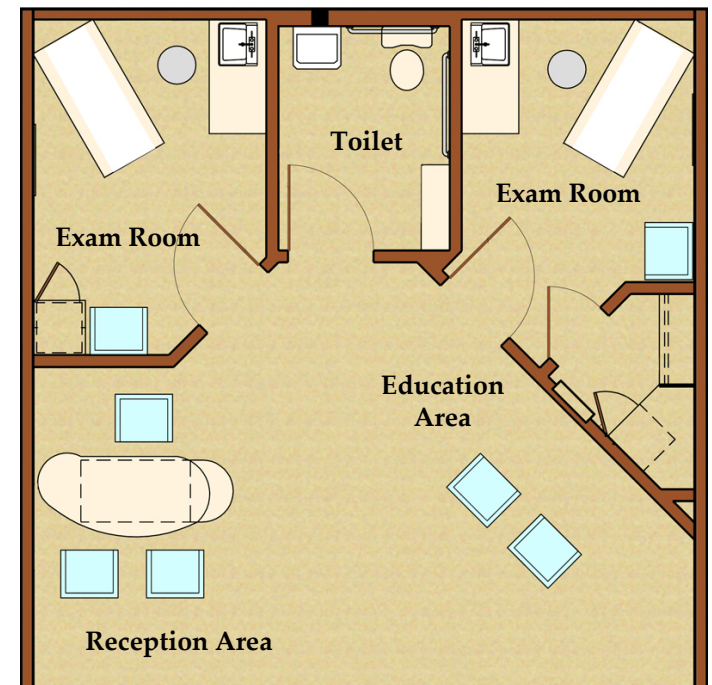
- RediClinic is the largest private company in the United States in the emerging Convenient Care Industry
- RediClinic is a Division of RediClinic, LLC with two divisions --- “Hub and Spoke” Model
 - RediClinic Services --- a leading national provider of wellness events for retailers and employers
 - Founded in 1989 --- “Spoke”
 - RediClinic --- the nation’s largest private operator of convenient care clinics
 - Founded in 2005 --- “Hub”
- Revolution Health Group (founded by AOL co-founder Steve Case) is the largest investor
- Significant experience with major retailers over the past 10 years, including Duane Reade, H.E.B, Rite Aid, Safeway, SUPERVALU (Albertsons), Walgreens, and Wal-Mart
 - Implemented the largest one-day retail screening and flu shot events in history (2004 & 2005)
 - Currently operating 46 RediClinics in Wal-Mart, H.E.B. and Walgreens stores in 5 states
- Substantial investments in technology and training, including
 - Proprietary electronic medical record (RediRecord) system and on-line test result reporting
 - In-house recruiting, credentialing and training departments with electronic staffing system
- Contracts with national managed care organizations, including Aetna, CIGNA, Humana, and United Healthcare as well as Medicare and a variety of national PPOs
- Non-exclusive partnership with Quest to provide laboratory services
- Institutional medical partnerships with top-tier health care systems, including Memorial Hermann (Houston), Bon Secours (Richmond) and HCA St. David’s (Austin) in order to provide local physician oversight, as well as consumer and employer marketing leverage



RediClinic Concept

- Small clinics located in high-traffic retail outlets with pharmacies
- Staffed by Family Nurse Practitioners
- Medical oversight provided by local physicians and supported by local healthcare systems
- Serving store shoppers, retailer employees and other local consumers
- Limited service offering
- Less than 15 minutes per customer/patient
- Open seven days a week with extended hours
- Affordable and transparent prices

Store Design & Floor Plan



Service Offering



Ask your nurse practitioner for more details.

Get Well Services

Get Well
\$59

Respiratory Conditions

Colds, Flu, Coughs, Sinus Infections, Strep Throat, Bronchitis, Sore Throat

Head, Ear, and Eye

Headaches, Earaches, Ear Infections, Pink Eye, Styes

Skin, Hair, and Nail

Minor Skin Infections and Rashes, Poison Ivy, Insect Bites, Lice

Digestive and Urinary

Nausea, Vomiting, Diarrhea, Urinary Tract and Bladder Infections

Stay Well Services

Starting at
\$19

Men's and Women's Diagnostic Screenings

Allergy Testing, Cholesterol Profile*, Hepatitis Panel, Liver and Kidney Function Tests and Electrolytes, Osteoporosis Screening, Prostate Specific Antigen (PSA) for Men, Testosterone, Thyroid Panel, and many more

Heart Health

C-Reactive Protein, Homocysteine*, VAP Cholesterol Profile*

Diabetes Testing

Glucose Screening*, Hemoglobin A1c

Vaccinations

Flu Shots (Seasonal), Childhood and Adult Vaccinations, Travel Vaccinations

Physicals (2 years and up)

Camp, Routine, School, Sports

* Nine-hour fast recommended for most accurate results.



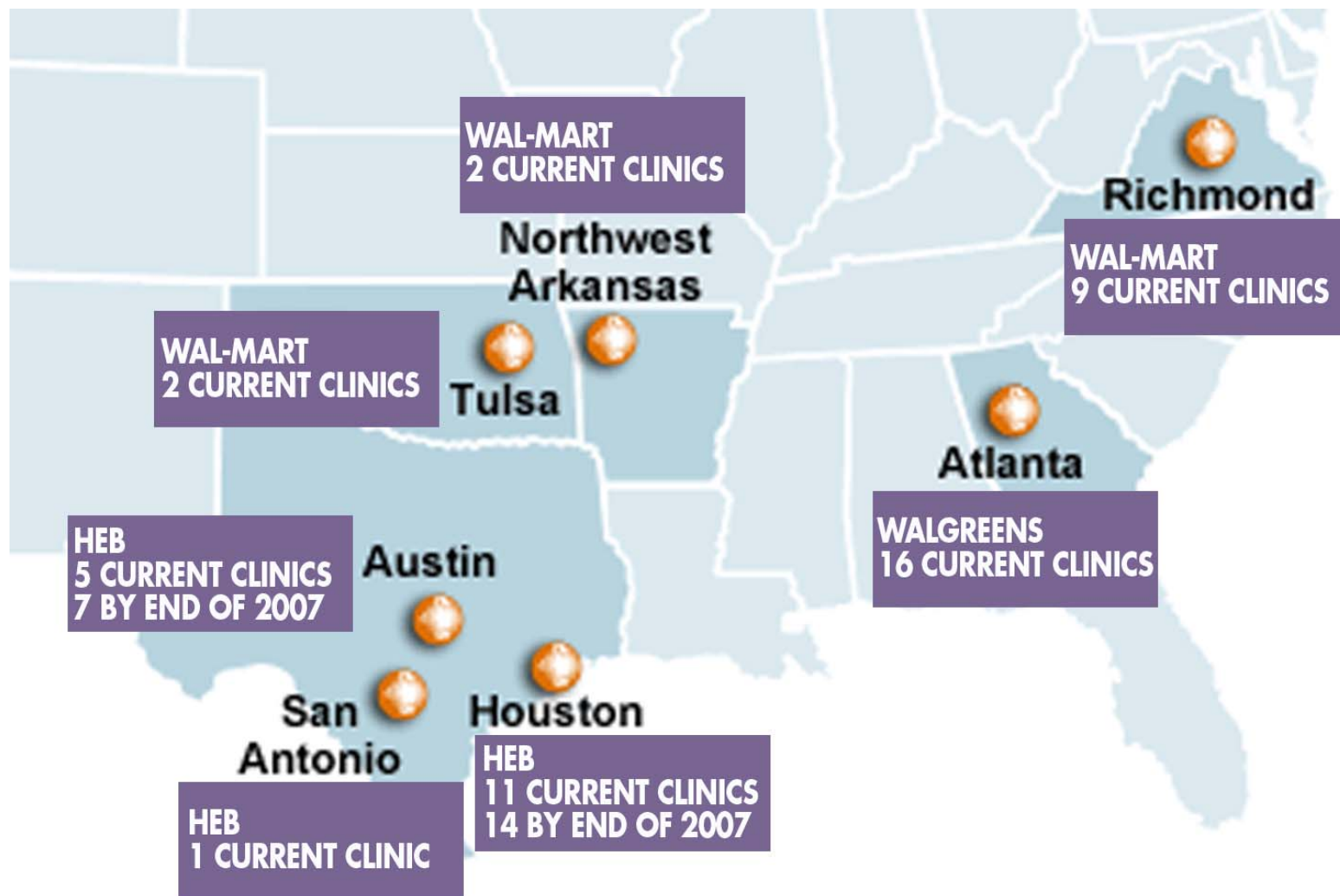
Simple, Affordable & Transparent Pricing

- Get Well services are \$59
- Stay Well services start at \$15
- Substantially less expensive than most physicians, urgent care clinics, and ERs
- Prices are prominently displayed, so consumers know exactly what they will pay before they are treated
- Co-payments accepted today from CIGNA, Aetna, Humana, and UnitedHealthcare members, from Medicare members, and from members of many regional plans
 - More managed care agreements to come



- Contracts with small, medium and jumbo employers who encourage their employees to use RediClinics in order to reduce costs and increase productivity

Current Markets & Retail Partners



Clinical Quality Program

- Quality Assurance
- Partial List of Ongoing Clinical Quality Initiatives
 - Payer Accreditation and Certification
 - Credentialing Committee
 - NP Peer Review Committee
 - Patient Satisfaction Surveys
- RediRecord (electronic medical record)
- AAFP Recognition Statement
- RediClinic – Memorial Herman Joint Venture
- Follow-Up Quality Report
- Mechanisms for Follow-On Care
- Patient Safety Initiative
- Clinical Risk Management Program
- Physician Clinical Feedback Committee

Quality Assurance

- Redundant clinical oversight provided by
 - Clinic Managers
 - Nurse Practitioners with > 5 years of management experience and > 2 years of clinical experience in a family practice setting
- Additional clinical oversight provided by
 - local MDs and healthcare systems (according to state laws)
 - Regular physician site visits
 - Random chart reviews
- Use of standard, nationally-published protocols reinforced by a proprietary electronic medical 'RediRecord' system
- Additional monitoring through regular outcomes research and patient satisfaction surveys
- National Advisory Board for Clinical Quality includes representatives from the American Academy of Family Physicians (AAFP), the American Academy of Nurse Practitioners (AANP), the American College of Nurse Practitioners (ACNP), and the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO)



Partial List of Ongoing Clinical Quality Initiatives

Payer Accreditation and Certification

Successful On-Site Audits and Credentialing Assessments
Conducted by Largest Four National Payers (Aetna, CIGNA, Humana and United)
Additional Payers Being Added Weekly

Credentialing Committee

Monthly Meetings
Chaired by Medical Director of Memorial Hermann (9th largest NFP system in the U.S.)
All providers NCQA Certified
Medical error tracking (both in terms of drugs and diagnoses)
Incident reporting mechanism

NP Peer Review Committee

Monthly Meetings
Co-Chaired by RediClinic's Chief Nurse Practitioner Officer and Texas Clinic Manager
Implementation of Medical Error Tracking (both in terms of drugs and diagnoses)
Incident Reporting Mechanism With Recommendations to Chief Medical Officer and Medical Directors

Electronic Compliance Features for Oversight Physicians

Electronic Check-In and Flagging of Results/Questions

Patient Satisfaction Surveys

At end of clinic visit
In follow-up phone call to patient (as part of the Follow-Up Quality Report)

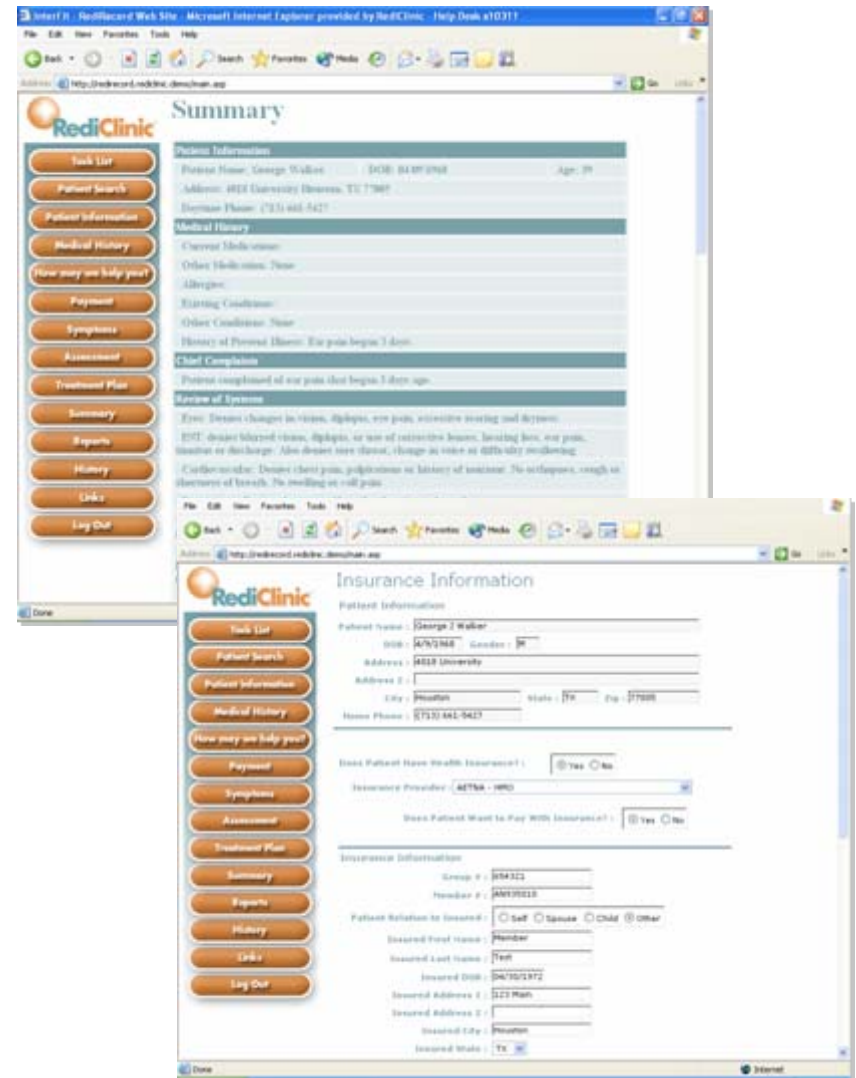
Evidence-Based Medicine and Clinical Outcomes Studies

e.g. comparison of antibiotic use for respiratory infections
e.g. % systemic steroid prescription for acute pharyngitis
e.g. % acute otitis media diagnoses adhering to AAP clinical protocols



RediRecord

- Proprietary EMR
- Captures key patient data
 - PCP contact information
 - Medical history
 - Signs and symptoms
- Reinforces protocols
 - Assures patient suitability
 - Facilitates follow-on care to PCP or medical partner
- Generates prescriptions that are free of potentially harmful interactions
 - Drug to drug
 - Drug to existing conditions, including allergies
- Documents outcomes
 - Prescriptions
 - Self-care advice, including OTC drug recommendations
 - Follow-on Care Suggestions
- Processes credit card payments and third-party payments (in process)
- Generates receipts that are formatted for reimbursement
- Generates patient and MD summary reports
- Facilitates physician oversight



AAFP Recognition Statement

American Academy
of Family Physicians

REDICLINIC SIGNS AGREEMENT TO SUPPORT AMERICAN ACADEMY OF FAMILY PHYSICIANS' 'DESIRED ATTRIBUTES' FOR RETAIL HEALTH CLINICS

HOUSTON (September 25, 2006) – RediClinic LLC, a leading provider of high-quality, convenient health care for routine medical issues, has been recognized by the American Academy of Family Physicians (AAFP) for its support of and compliance with the AAFP's desired attributes of retail health clinics. RediClinic is the first retail health care provider to sign this official agreement.

"We are honored to be recognized by the AAFP for our compliance with the organization's 'desired attributes' for retail health clinics," said Web Golinkin, RediClinic's Chief Executive Officer. "Providing high-quality care to patients is the most important objective of all convenient care providers, and we appreciate the AAFP's role in helping to ensure this objective is achieved."

The AAFP has identified the following attributes important to patient care offered by retail health clinics:

- 1) Scope of Service** – Retail clinics must have a well-defined and limited scope of clinical services.
- 2) Evidence-based Medicine** – Clinical services and treatment must be evidence-based and quality-oriented.
- 3) Team-based Approach** – The clinic should have a formal connection with physician practices in the local community, preferably with family physicians, to provide continuity of care. Other health professionals, such as nurse practitioners, should only operate in accordance with state and local regulations, as part of a "team-based" approach to health care and under responsible supervision of a practicing, licensed physician.
- 4) Follow-On Care** – The clinic must have a system to suggest follow-on care options for patients to physician practices or to other entities, appropriate to the patient's symptoms beyond the clinic's scope of work. The clinic encourages all patients to have a "medical home."
- 5) Electronic Health Records** – The clinic should include an EHR system sufficient to gather and communicate the patient's information with the family physician's office, preferably one that is compatible with the Continuity of Care Record supported by the AAFP and others.



Follow-Up Quality Report

- Each Patient Is Called Once Post-Visit BY the Treating NP
- There Are Four Components to the Phone Call

<u>Component</u>	<u>Question Asked of the RediClinic Customer</u>
Utilization Review (Alternate Provider Options for RediClinic Customers)	<p>“Where would you have gone if you hadn’t visited RediClinic?”</p> <ul style="list-style-type: none"> • “Emergency Room” • “Urgent Care Center” • My Primary Care Physician” • “My Free Neighborhood Clinic” • “Nowhere (I would have not seen any provider)”
Timeline for Resolution of Symptoms	<p>“Are you feeling better and when did you begin to feel better?” (between 1 and 5 days)</p>
Follow-On Care Suggestions	<p>“Did you follow RediClinic’s instructions to see the doctor?”</p> <ul style="list-style-type: none"> • “Yes” • “No” <p>If no, why not?</p> <ul style="list-style-type: none"> • “I was feeling better and did not need to go the doctor” • “I lost my follow-on care information” • Other reason stated. • “I don’t know”
Customer Satisfaction Indices	<p>On a scale of 1-10, how would you rate your RediClinic in terms of convenience, price, quality and overall customer service?”</p>

Mechanisms for Follow-on Care

- Non-qualified patients are re-routed
 - To their primary care physician, or
 - To our medical partner's primary care physician network, or
 - To nearby free clinics, or
 - To nearby Emergency Rooms
- RediClinics are NOT resources for ongoing primary care
 - Episodic care only
 - Limited scope of services
- More than 50% of patients say they do not have a primary care physician
- More than 40% of patients say they do not have insurance
- Small minority of patients are pediatric

Patient Safety Initiative

RediClinic is implementing a company-wide Patient Safety Initiative consisting of the following ten items:

1. Designate a senior leader to serve as a “Patient Safety Director” for the system, e.g. the Chief Nurse Practitioner Officer. Ensure this person’s contact information is available to everyone.
2. Establish a Peer Review Committee of Nurse Practitioners to perform root cause analysis of the significant safety events (these should be few in number, perhaps only 1 or 2 for all of the clinics). Perform apparent cause analysis of the near misses.
3. Establish a telephone hotline for reporting safety and quality concerns.
4. Establish a new Company Mission Statement entitled “Safety First” or “Safety – Quality – Customer Satisfaction” that focuses on patient safety, then clinical quality and then patient satisfaction.
5. Write a Patient Safety Plan to describe all of the structures, job functions, and programs related to assuring patient safety. (FYI, the University of Michigan prepared a model plan that can be used as a best practice.)
6. Establish behavior-based expectations for training regarding patient safety issues, and leverage the oversight physicians at the clinics practice site as educators and mentors.
7. Review policy and protocol for compliance with the patient safety goals of associations like the IHI. Use an audit approach to gauge how close actual practice is to theoretical requirements.
8. Measure patient safety using a sentinel + other serious event rate measure. Volume adjust by the number of visits at the practice site and system. Consider showing the value as an annualized, 12-month rolling average.
9. Establish behavior-based expectations for self-checking using voluntary input and non-putative feedback from RediClinic’s NPs.
10. Leverage RediClinic’s National Advisory Board for Clinical Quality for additional best practices for the Patient Safety Initiative.



Clinical Risk Management Program

RediClinic believes a proactive, continuous and comprehensive Clinical Risk Management Program (CRMP) is an integral component of its Clinical Quality Program.

The CRMP is also an important part of effective overall corporate governance.

In that spirit, RediClinic has developed a CRMP in order to 1) standardize care across clinics, 2) monitor the quality of clinical care rendered by its providers and 3) electronically report risk occurrences.

Specific risk occurrences targeted include 1) chart review delinquency, 2) violation of evidence-based treatment protocols and 3) regulatory non-compliance.

RediClinic will aggressively investigate and analyze these risks on a preventative and retrospective basis.



Physician Clinical Feedback Committee

- Monthly Meetings with Chief Medical Officer, Medical Director(s) and Regional Oversight Physician(s)
- Goal: Discuss Any And All Issues/Concerns/Suggestions Voiced From the Approximately 30 Oversight Physicians
- These Issues Can Include the Following:
 - Trends in Patient Presentations
 - Atypical Prescription Patterns by NPs
 - Compliance and Monitoring Operational Issues
 - Pending State Regulations and Statutes
- Also, the NP Peer Review Committee Reports Its Conclusions and Recommendations to the Physician Clinical Feedback Committee
 - Therefore, the Physicians Can Monitor the Quality and Quantity of NP Peer Review
- This Committee Facilitates Physician Communication and Monitoring of RediClinic's Overall Clinical Quality Program

Recent RediClinic News

The New York Times

AOL Founder Hopes to Build New Giant Among a Bevy of Health Care Web Sites



Chris Rank/Bloomberg News

Amy Warner, a nurse practitioner, and Stephen M. Case at a Revolution Health clinic in Johns Creek, Ga.

March 2007



RediClinic – Health Care System Partnerships

- RediClinics require local physician oversight in most markets
- RediClinic prefers to secure this through a leading healthcare system in each market rather than through individual physicians, mainly due to marketing and community relations benefits
- These partnerships confer a variety of benefits to the health care systems including
 - increased awareness through co-branding and new marketing channels
 - expanded distribution system for differentiation versus competitors
 - overflow outlet for overburdened ERs and MD practices, as well as weekend and holiday coverage
 - enhanced reputation through provision of easier and earlier access to healthcare
- Partnerships can be customized for each health care system (see next slide)
 - cost-sharing alliances
 - management service agreements
 - corporate joint ventures



Four Value Propositions for the Medical Community

1. Source of new patients
 - when diagnosis falls outside RediClinic's limited scope of practice
 - when ongoing care is necessary
2. Overflow outlet for
 - busy physician practices
 - evening/weekend/holiday coverage
 - overburdened emergency rooms
 - ~53% of ER patients could/should be treated in other clinical settings (2003 Harris County SafetyNet Report)
3. *Easier* access to health care
 - particularly for those individuals without a PCP and/or in underserved areas
4. *Earlier* access to health care
 - reduces illness severity and spreading of infections
 - encourages preventive care
 - reduces overall health care utilization



Menu of Options for Health Care Systems

	OPTION #1 "AFFILIATE PROGRAM"	OPTION #2 "MANAGEMENT SERVICES AGREEMENT"	OPTION #3 "CORPORATE JOINT VENTURE"
Medical Partner Commitments			
RediClinic Commitments			
Examples	<ul style="list-style-type: none"> • 6 LOIs signed with expected closings in Q3 and Q4 2007 • e.g. Top 5 Health Care System in Georgia (TBA) 	<ul style="list-style-type: none"> • 15 LOIs signed with expected closings in Q3 and Q4 2007 • e.g. Top 5 Health Care System in Pennsylvania (in discussions) 	<ul style="list-style-type: none"> • Largest Health Care System in Texas (Memorial Hermann Healthcare System, completed March 31, 2007) • 6 LOIs signed with expected closings in Q3 and Q4 2007

RediClinic – Memorial Hermann Joint Venture

HOUSTON
BUSINESS JOURNAL

RediClinic, Memorial Hermann partner on new clinics

Houston Business Journal - 9:46 AM CDT Wednesday, April 11, 2007

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RediClinic LLC and **Memorial Hermann Healthcare System** have created into a 50-50 partnership to handle operations of all RediClinics in the greater Houston area.

The new partnership, called **RCMH LLC**, includes physician oversight by Memorial Hermann-affiliated physicians, clinical quality initiatives and co-marketing.



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Houston-based Memorial Hermann will also support the expansion of RediClinics in Houston-area H-E-B stores over the next few years, while RediClinic will be the managing partner.

Houston-based RediClinic, a retail-based health care company formerly known as **InterFit Health**, has six current locations, with eight more planned to open in 2007.

"RediClinic and Memorial Hermann share similar philosophies with regard to the importance of increasing health care access and affordability, and we have worked closely together since the first RediClinic opened in Houston nearly two years ago, so it was a

logical next step for us to formalize and expand our partnership," said Walter Mischer Jr., chairman of RediClinic.

April 2007



Summary

- RediClinic is dedicated to delivering high-quality, convenient and affordable routine health care to its customers
- RediClinic has implemented a comprehensive Clinical Quality Program with various components and is always looking to partner with leading health care systems and physician groups to continuously improve its clinical processes, outcomes measurements and overall customer experience
- RediClinic is an early and well-capitalized leader in the convenient care industry with significant operating experience and strong relationships with leading retailers, third-party payers and health care systems around the country

