Consumerism and the Convenient Care Industry

Charles A. Peck, MD FACP
Chief Medical Officer
Take Care Health Systems
March 2006 Gallup Poll

“Availability and Affordability of healthcare” is America’s #1 concern

68% of Americans said they worried about health care a “great deal”

Healthcare was a greater worry than:
  Social security (51%)
  Affordability and availability of energy
  Crime & violence
  Possibility of a terrorist attack in the US (45%)
“Healthcare System is Dysfunctional”

**Managed Care**
- Increasing provider costs
- High non-urgent ER visits cost
- Growing demand by members/employers for cost-effective/convenient alternative healthcare delivery vehicle

**Employers**
- Skyrocketing costs for ER visits
- Expense of healthcare far outpacing inflation
- Lost productivity of employees with common ailments
- Growing expenditures for self-insured
“Healthcare System is Dysfunctional

Consumers / Patient

- Limited physician appointment availability
- Long wait-times
- Inflexible/Inconvenient hours for episodic care
- Increasing out-of-pocket expenditures
- Large population with limited / no health insurance (46MM)
“Healthcare System is Dysfunctional”

Physicians
- Capacity-constrained
- Lower reimbursement rates
- Increasing practice costs
- Pool of family practitioners is shrinking drastically

Nurse Practitioners
- Underutilized

Source: CBS News: Too Sick to Work, October 6, 2004
Take Care Health Systems

- High-quality, low-cost, highly accessible health care delivery system
- Patient-centered, team-based approach
- Advanced information systems
- Focus on quality and outcomes
- Utilizing NPs to manage carefully prescribed list of conditions/services
- Focus on acute, self-limited and well-defined illnesses and ailments
Value Proposition – Patient

- Make healthcare more convenient
  - Provide healthcare services where the consumer lives
  - Reduce the time it takes to access and receive healthcare services

- Decrease the cost of care
  - Reduce the cost of episodic illnesses by providing services through a lower cost delivery model
  - Enable the consumer to leverage their healthcare dollar

- Provide a great service experience for patients
  - Comfortable environment, compassionate service
  - Price transparency
  - Engage the consumer in managing their healthcare
    - Copy of visit documentation
    - Integration with patient’s primary care provider
Convenient Care Clinics

**Access**

- First point of care for those without access to regular provider, those without insurance or those unable to get the care they need in a timely fashion
- CCCs encourage a “medical home” and serve as an entry point into the health care system
- Can be “first responders” for vaccines, screenings, and other health care needs
An “Innovative” Approach to Patient Care

- Success will depend on ability to “delight” patients
- Integration of care critical
- Advanced technology system
- Medical consultants: protocol guidance
- National Medical Advisory Board to ensure:
  - Highest quality of care
  - Feedback and Alignment with medical community
Services and Offerings

- **Treatments - “Acute, Self-Limited and Well-Defined” Illness and Injury**
  - Strep Throat, Ear infections, Mono, Sinus infection, Pink eye, Poison Ivy, Impetigo, Ringworm, Seasonal Allergies, Urinary Tract Infection, Tick Bite, Cold Sores, Flu Treatment, Acne, Warts, Insect Bites, Skin Rashes, Eczema

- **Screenings**
  - Blood Pressure, Diabetes, Sports Physicals, pregnancy

- **Vaccines**
  - Hepatitis, Tetanus-pertussis booster, Flu, Meningitis,
  - Travel vaccines in selected sites
Top Diagnostic Categories

- Acute sinusitis – 23%
- Acute pharyngitis – 10%
- Acute upper respiratory infection – 7%
- Acute bronchitis – 7%
- Otitis media – 6%
- Conjunctivitis – 4%
- Dermatitis – 2%
- Cystitis – 2%
Protocol Development Process

- Team of physicians reviewed literature for best available guidelines and established protocols.
- Protocols developed for TCHS setting, with emphasis on referring patients with symptoms/signs suggesting potential for more concerning or significant levels of illness out of centers.
- Evidence-based guidelines, such as those for otitis media and strep pharyngitis, incorporated unchanged into TCHS protocols.
- TCHS protocols reviewed by panel of expert clinicians and protocol developers.
Integration with Medical Community

- Integration of care with patients’ primary care physicians/providers:
  - Copies of records to give to their primary care physicians (fax possible as well)
  - Goal of access to visit records via Web based EMR
- Strong referral network for each center:
  - For patients outside scope of practice
  - For primary care
  - For low-cost care options
  - All patients advised to have “medical home”
- Communications to all primary care physicians in the market to educate on the model
Public Health and Safety Issues

- 110 million ED visits in 2004
  - 79M visits (72%) classified as non-emergent where the patient could have been seen in an urgent-care setting or PCP’s office

Source: 2006 CDC Report: National Hospital Ambulatory Medical Care Survey: 2004 Emergency Department Summary
Market Need

Financial and Economic Consequences

- Hospital perspective
  - Lost revenues due to throughput constraints
    - A 2007 study by WellSpan Health System and Johns Hopkins projects an estimated loss of $8,600/bed/year in net revenues as a result of ED throughput delays
  - Rising costs and decreasing compensation
  - Acuity mix and visit profitability
  - Staff and patient satisfaction issues

- Purchaser’s perspective
  - Average cost of an emergency room visit in 2004 was $560
    - Compared to an average charge of a physician office visit of $121
    - Median ED visit cost was $299 compared to the median office visit of $63
Existing Solution Framework

**Access Improvements**

- Improve PCP Access
  - Referral arrangements to PCPs
  - Hiring new PCPs into community
  - Patient education and communication

- Develop ED Alternatives
  - Development of Urgent Care centers
  - Telephone-based nurse triage

**Throughput Improvements**

- Improve ED Throughput
  - Increase ED size
  - Add observation beds
  - Fast-track units
  - Hire more ED staff

- Improve Core Hospital Ops
  - Re-engineer O.R. scheduling
  - Improve bed management and LOS
  - Increase # beds
TCHS Targeted Areas

### Access Improvements

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### Throughput Improvements

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- **Convenient ED Concept**
  - Absorb non-emergent patient visits
  - Educate patients about medical home
  - Refer into hospital physician base
  - Serve as medical home for “frequent-flyers”
  - Improve patient satisfaction
“Convenient Care ED” Concept

- TCHS and hospitals work together to co-locate a Take Care Health Center (TCHC) adjacent to the hospital ED
  - Build-out space within existing facility footprint
  - Mobile/modular TCHC unit
- Space requirements will vary according to:
  - Scope of practice
  - ED patient volumes of non-urgent visits
  - Physical plant limitations or other space constraints
- TCHC staffed and managed by TCHS with NPs and PAs
- Financial arrangements
  - TCHS bills patient insurance directly
  - TCHS enters into management fee arrangement with hospital
    - Potentially more favorable with respect to Medicare Cost Reporting impact
- Based on existing TCHS market data, we estimate we could absorb 30-50% of non-emergent cases for hospital EDs
### Consumer Overview

**Key Users are Moms w/ Kids ; Young Adults**

| Gender  | 62% Female  
|         | 38% Male  

| Age      | Under 18 ** Overindexes  
|         | 19-25 ** Overindexes  
|         | 26-35  
|         | 36-45  
|         | 46-55  
|         | 55-plus * Underindexes  

| Top Ailments | Sore/Strep Throat, Sinus Infection, URI, Ear Infection, Bronchitis, Dermatitis/Poison Ivy  

| Top Reasons for Visit | More convenient than going to a doctor  
|                       | Don’t have insurance/regular doctor  
|                       | Doctor closed/couldn’t get appointment  

| Time of Visit  | 9 a.m. to 1 p.m.  
|               | 4 p.m. to 7 p.m.  

Referral Status

- Referred to PCP – 15%
- Referral to specialist – 18%
- Referral to ER – 12%
- Referral to Urgent Care – 5%

- Majority of referrals are to patients without a medical home
Alternative Sites of Care

Where would you have gone if you could not have been seen here?
- ER – 10%
- Urgent Care – 30%
- Wait for PCP – 50%
- No treatment – 10%
Costs

- Visits cost averages $59 to $74
- Most major insurance in a market accepted (70 to 90% covered lives at opening)
- Most patients pay Insurance Copay (70%)
- About 30% pay cash
- Considerable Savings to Industry / Individual versus ER

### Cost to Treat Strep

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Department</td>
<td>$310</td>
</tr>
<tr>
<td>Urgent Care</td>
<td>$106</td>
</tr>
<tr>
<td>Doctor’s Office</td>
<td>$91</td>
</tr>
<tr>
<td>Take Care Health Clinic</td>
<td>$59 to $74</td>
</tr>
</tbody>
</table>

Source: Health Partners 2005
Clinics – Offer Health Care Cost Reduction

Over 33% of Patients would have gone to Urgent Care/ER
10% would have "Done Nothing" / potentially gotten worse
2007 Goals and Objectives

- Roll-out 250 additional retail clinics with Walgreens
- Hire more than 1,000 NPs in 15+ new markets
- Continue to demonstrate our value proposition to key stakeholders
  - Same store growth and service expansion
  - Referral patterns to physician and hospital partners
  - Increased access and quality of care to patients
  - EMPLOYER OF CHOICE TO NPs
- Expand footprint and scope of TCHS care delivery model
  - Employers: on-site/near-site clinics
  - Schools: collegiate health centers
  - Hospitals: “Convenient Care ED”
Summary

- Cost effective, accessible, quality care
- Safe care – electronic record and multiple care quality check, clinical guidelines
- Can significantly cut ED utilization and cost
- Can be an integral part of a community health network
- Extremely high patient satisfaction and acceptance
- Provides access to uninsured, underinsured, hourly and temporary workers without benefits or with minimal benefits
- Partial solution to ED crisis