



Q4-2009 URGENT CARE INDUSTRY UPDATE

Urgent Care: A Year in Review & A Look at 2010 and Beyond

In 2009, the urgent care industry continued to experience tremendous growth despite a troubled economy. According to the Urgent Care Association Of America, approximately 100 urgent care centers open every year, and the number is projected to rise as urgent care becomes an increasingly viable alternative to the emergency room. As hospitals struggled to contain costs, new openings, joint ventures, and partnerships led by hospitals with urgent care facilities became increasingly common. While there were a number of notable mergers and acquisitions in 2009, consolidation activity slowed as the capital and credit markets tightened, but with the recovery in the markets in Q4 2009, a number of transactions have occurred, with occupational medicine providers leading the way.

Looking to 2010 and beyond, the prospects for the urgent care market remain very positive. As the urgent care industry continues to evolve, a more comprehensive service model is beginning to take shape. Increasingly, urgent care and occupational medicine providers are no longer simply providing one service or the other. As shown in the transactions below, while many of the companies focus primarily on occupational medicine, it should be noted that urgent care is a major component of the business as well. Other notable service models combining urgent care and concierge medicine have also begun to develop, and a number of companies, including Doctors Express and Physicians Immediate Care, are offering franchise opportunities. Additionally, a number of industry associations are offering certification and accreditation for urgent care clinics and physicians. These are signs that the changes in the urgent care industry are paving the way for what may eventually be a more sustainable cost-effective solution to non-emergency medical issues.

Healthcare Reform and Urgent Care

With the public's attention firmly focused on healthcare reform, urgent care is finally receiving some overdue recognition as a high-quality, lower cost solution for minor medical issues. There are a number of challenges facing the U.S. healthcare system today, especially in emergency and primary medicine, ranging from increasing costs, declining profits, quality of services, and the potential shortage of primary care physicians.

With the potential flood of newly insured under a healthcare bill, the healthcare system will be forced to adapt to address the additional healthcare costs of this demographic. It is already clear that the current system of visiting the ER for a minor medical issue or primary care physicians seeing thousands of patients a year cannot be maintained.

Public awareness and a change in medical habits is the key to the future of urgent care. Now is an excellent time to promote urgent care as an effective and cheaper alternative to the ER, not just to patients, but to businesses and even local legislators. In the United Kingdom, dialing 111 in non-emergency situations will direct the caller to a trained medical operator, who can inform the caller of the nearest walk-in center, or divert them to the nearest ER or ambulance service if more serious treatment is warranted.

So why is a service like this not available in the United States? A lack of awareness is one major factor, and it will ultimately be up to the urgent care industry and professionals to help usher in beneficial changes to the U.S. healthcare system.

RECENT TRANSACTIONS

Month	Acquirer	Target Company	Details
December 2009	Cerner Corporation	IMC HealthCare	Cerner Corporation (NASDAQ: CERN) has announced an agreement to acquire IMC HealthCare, a Florida-based provider of employer sponsored on-site health centers. The proposed acquisition will expand Cerner's employer health initiatives, such as on-site employer health centers, pharmacies and wellness programs, highlighting Cerner's commitment to minimizing costs and increasing efficiencies in the workplace. Interestingly, Cerner's primary focus is on healthcare information technology – the acquisition demonstrates market confidence in the urgent care and occupational medicine business models and is expected to close in the first quarter of 2010.
December 2009	U.S. HealthWorks Medical Group	HealthForce Partners	U.S. HealthWorks Medical Group, a major provider of occupational and urgent care services, has acquired four centers of HealthForce Partners in Washington. The medical centers are focused on providing injury and illness diagnosis and treatment, walk-in and urgent medical care, preventive services, pre-placement and post-offer exams and testing, and return-to-work programs. The acquisition further expands U.S. HealthWorks' footprint in the Washington area, with 17 medical centers in the state total and 128 worldwide.
December 2009	U.S. HealthWorks Medical Group	Bayport Occupational Medical Center	U.S. HealthWorks Medical Group has announced the acquisition of Bayport Occupational Medical Center, a provider of comprehensive occupational medicine services in Texas. The acquisition further expands U.S. HealthWorks' presence in the southeast Houston area. The acquisition will represent the ninth U.S. HealthWorks facility in Texas.
December 2009	TeamHealth	Emergency Physicians of Naples (EPN)	TeamHealth has acquired Emergency Physicians of Naples (EPN) for \$13.5 million, consisting of \$10.1 million in cash and a \$3.4 million earnout contingent. EPN is a Naples-based emergency medicine staffing group which staffs a number of healthcare facilities in the NCH Healthcare System, as well as two stand-alone urgent care centers. EPN cares for approximately 100,000 patients annually.
November 2009	Lakeside Occupational Medical Centers	Family Medical Centers	Lakeside Occupational Medical Centers, a Florida-based provider of occupational and urgent care services, has acquired four of the eight clinics of Family Medical Centers in the metro Orlando area. FMC offers comprehensive services for urgent, occupational, and primary care. The acquisition by Lakeside brings the total number of facilities serving Southwest and Central Florida to 14 locations.