



555 Prospect Ave. | P.O. Box 2740 | Estes Park, CO 80517

URGENT CARE CENTER

Business Plan

July 2019

Executive Summary

Estes Park Health after closely reviewing Estes Valley community studies (Navigant Consulting and Community Needs Health Assessment) and researching healthcare trends, identified the need for true urgent care as a strategic priority and a key to long-term success in the Estes Park Health 2018 Strategic Plan. Currently in the Estes Valley, healthcare facilities do not provide an affordable option to the population seeking non-emergent care after regular clinic hours. The only option for after-hours care is the Estes Park Health Emergency Department. This is the most expensive form of healthcare and many insurance companies are likely to deny paying claims from Emergency Departments for non-emergent care. Estes Park Health is in a unique position to offer urgent care services for a resident population of approximately 12,750, a seasonal resident population of around 19,000, and a visiting population in 2018 was over 4.6 million. We believe that many of the seasonal population and all of the visiting population do not likely have an established relationship with an Estes Park physician, therefore an urgent care option in Estes Park would be very attractive for meeting their non-emergent healthcare needs. Research shows that 70 percent of our resident population travel to the front range for primary physician care, and this group also needs an option for non-emergent, after-hours care. Therefore, Estes Park Health is making a preemptive move to offer urgent care in a strategic location for the Estes Valley before competitors offer this service and take the business away, bypassing Estes Park Health in the process.

The Estes Park Health Urgent Care Center, while strategic, will also be expensive. But it is felt that providing urgent care at this location will be beneficial to Estes Park Health in establishing us as a trusted healthcare provider in the community where we live and do business. Providing an urgent care service will have a significant impact on the future of Estes Park Health. In addition to the urgent care service itself, it will drive additional patients to the Emergency Department, Physician Clinic, and hospital for services. The greatest impact will be in blocking a competitor from establishing a competing urgent care service in our community and taking away an estimated \$15-\$20 million worth of healthcare services annually.

Estes Park Health is uniquely positioned to provide this service as an extension of our Critical Access Hospital status. All the services in this project will be clinically based so the additional costs associated with this project will be considered an allowable cost on the EPH Medicare cost report. As such, almost half of the cost of operating these services will be reimbursed by Medicare. In addition, there will be significant benefits for our residents, the summer population, and visitors to be able to receive immediate care when it's needed at a lower cost, provided in a convenient, easily accessible location at the time and in the place where care is needed. Estes Park Health realizes that healthcare competition exists, even in our mountain community. Estes Park Health's desire is to remain, strong, independent and community owned, therefore we must move toward increasing and introducing services that provide a competitive advantage. The community need for Inpatient services continue to grow at EPH, and with the forecasted increase in population, along with the anticipated Urgent Care Center, the availability of inpatient hospitalization is important.

Assumptions, as noted within the Stroudwater Analysis, assume a conservative perspective with respect to estimated visits and revenues.

Table of Contents

Part I – The Organizational Plan

- A. History of the Business
- B. Definition of Urgent Care
- C. Objectives and Key Results
- D. Description of the Business
- E. Products and Services
- F. Legal Structure
- G. Location
- H. Management
- I. Personnel

Part II – The Marketing Plan

- A. Target Market
- B. Competition
- C. Methods of Distribution
- D. Promotion
- E. Product Design
- F. Timing of Entry
- G. Location
- H. Industry Trends

Part III – Financial Documents

- A. Summary of Financial Needs
- B. Loan Funds Dispersal Statement
- C. Pro Forma Cash Flow Statement (Budget)
- D. Income Projection
- E. Lease Terms

Part IV – Supporting Documents

- A. Lease
- B. Schematic of the Building
- C. Artist Rendering of the Building
- D. Gantt Chart

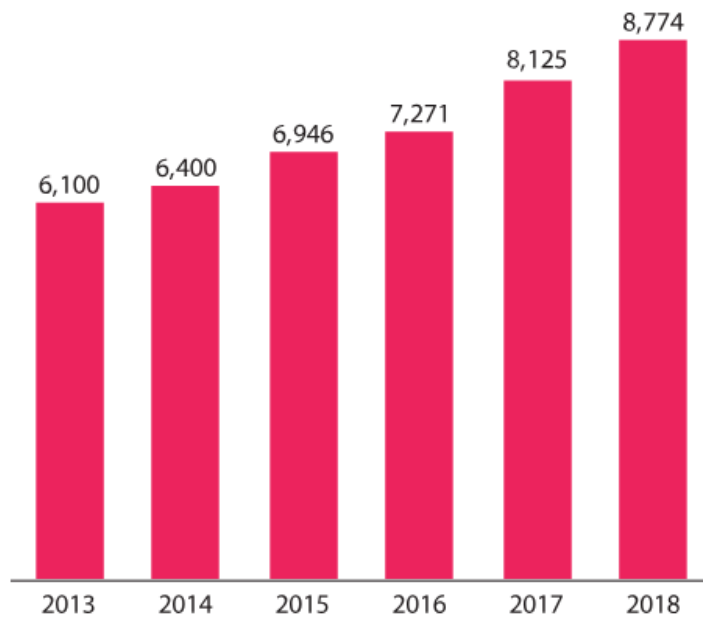
Part I – The Organizational Plan

A. Introduction

This project is the result of the 2018 Strategic Plan analysis by Navigant Consulting¹ as well as the Community Health Needs Assessment. Both studies identified access to urgent, affordable healthcare in our community as a key to the long-term success of Estes Park Health (EPH).

The urgent care market is growing rapidly as individuals and health insurers demand greater access to convenient low-cost primary care for minor healthcare needs.

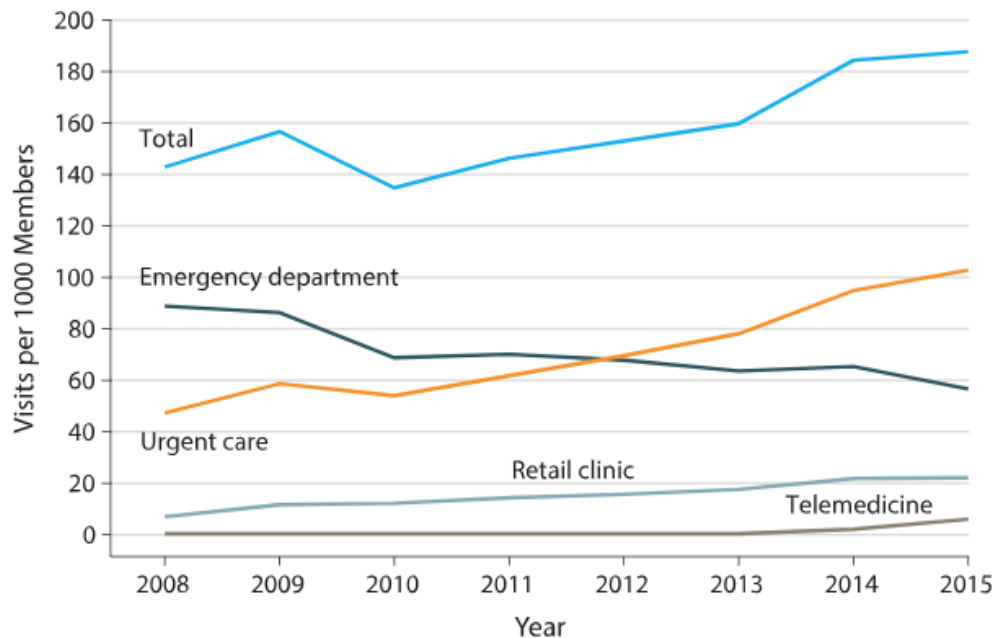
Urgent Care Association surveys show a 44% growth in the number of urgent care centers since 2013.



Source: Urgent Care Association, 2018 survey responses, March 2019

In fact, the number of urgent care visit per 1,000 exceeded the number of ED visits starting in 2012 and continues to increase.

Urgent care visits for low-acuity conditions overtook ED visits for those conditions in 2012.



Source: Poon SJ et al., *JAMA Internal Medicine*, October 2018

A study published in the October 2018 *Journal of Internal Medicine* looked at ED utilization from 2008–2015 for low-acuity or minor conditions. Their conclusion was that utilization of non-ED, or urgent care, services increased rapidly suggesting that patients are more likely to visit urgent care centers than EDs for the treatment of low-acuity conditions.

The demand for urgent care services is definitely growing and there are large healthcare systems, on the front range, (UCHealth, Banner Health, and others) that are known to be investigating the Estes Park area as an opportunity for capitalizing on the absence of urgent care. A strategically located Urgent Care Center (UCC) from a competing third party would likely direct most health-related needs to other communities down the valley to the extreme detriment of EPH. Health insurers are also getting into the urgent care business to reduce their members dependence on higher cost emergency departments.

EPH intends to implement this plan to build an Urgent Care Center in Estes Park to facilitate local access to care and secure the future operations and financial stability of EPH. The location of the proposed EPH UCC would be in the Alarado Business Park building currently under construction. This location is perfectly situated for optimum visibility and accessibility. The number one reason cited by patients for choosing urgent care is convenience. The most common urgent care locations include shopping centers (34.1%) and freestanding buildings (33.2%). Attempting to locate a UCC at the hospital's main campus is less than optimal because the hospital is not convenient, difficult to find, lacks readily available parking, and would be confusing to patients used to a different delivery of urgent care – outside the hospital setting. These are likely the chief reasons for the very low market share that the hospital currently realizes with the walk-in services it provides.

Expectations are high that the proposed UCC will protect access to current EPH services and capture a significant new volume of healthcare needs for the community and visitors. Studies indicate that about one third of patients visiting urgent care centers have no primary care physician and this creates an opportunity to steer these patients to the EPH Physician Clinic for follow-up visits when necessary. One study indicated

that 3% of urgent care patients need to be transferred to and ED. This provides another opportunity to capture ED business especially from the visiting public that would likely leave the area for urgent care.

Further studies of the volume of visitors to Rocky Mountain National Park indicate 4.6 million visits in 2018. (<https://www.nps.gov/romo/learn/news/record-visitation-at-rocky-mountain-national-park-in-2018.htm>) It is also noted that Estes Park captures 80% of those visits and Granby/Grand Lake area captures the other 20%. The Consulting firm of Stroudwater has conducted studies in other tourist-oriented communities and has developed an urgent medicine need of approximately 10% of visits. Discounting this further still indicates a significant market available for capture. Stroudwater has incorporated this metric into the Proforma financials.

The cost of this enterprise is expensive. However, Management feels that the cost of not doing this project is much greater, over the long run, due to competitive and local economic trends. Estimates of lost revenue from not executing this plan could amount to \$15–20 million annually.

B. History of the Business

EPH initiated a strategic planning process in the Fall of 2017 that identified a significant community need for access to urgent care services. At the time all three medical clinics in Estes Park were advertising and providing same day, walk-in care and calling it Urgent Care, but the service provided is actually a physician's office visit and only available during clinic hours. The only available resource for urgent care after 5 p.m. weekdays, weekends, and holidays is the EPH Emergency Department. This results in a large hospital bill that may not be covered by the patient's health insurance because the service a person received technically isn't a medical condition to treat in a hospital emergency department.

Most people know what an Urgent Care Center is and what to expect. Most health insurance plans have an urgent care component with a smaller copay than emergency department services copay, but that benefit isn't available to them in the current setting. Any diagnostic services (lab and diagnostic imaging) provided during a physician's office visit is billed as hospital outpatient procedure and are applied to the patient's hospital deductible. This also creates a problem for the visiting public because their non-local health insurance would consider an EPH physician visit out of network. This often results in a much higher portion of the bill coming out of the patient's pocket.

A true urgent care center would be able to provide all urgent services, lab and diagnostics on site, and the bill would be recognized as an urgent care visit leaving the patient with only a copay. The public demand for this service is high and it would provide a significant benefit to local residents, seasonal residents and visitors.

EPH administration began looking for a location to provide urgent care services in early 2018. Several options were considered:

1. Provide urgent care services in the EPH Emergency Department
2. Provide urgent care services in the hospital near the existing EPH Physician's Clinic.
3. Provide urgent care services in another location within Estes Park.

The **Emergency Department** option was examined and determined not to be the optimal place for urgent care.

Pros:

- Close to existing resources
- Already staffed 24/7
- Physician backup is immediately available

Cons:

- Requires dedicated urgent care space in the Emergency Department. Regulations would prohibit us from using the existing rooms and equipment.
- Requires dedicated staffing. Regulations require staffing separate from the ED staffing.
- Requires separation of lab and diagnostic imaging. This leads to the duplication of services and equipment.
- ED is land locked with no place to expand.
- Lack of parking and no visibility from the traveling public.

Expanding the **Physician's Clinic** was examined and determined not to be the optimal location for urgent care.

Pros:

- Close to existing resources
- Physician backup is near by

Cons:

- Requires dedicated urgent care space in the Physician Clinic. Regulations would prohibit us from using the existing rooms and equipment.
- Requires dedicated staffing. Regulations require staffing separate from the ED staffing.
- Requires separation of lab and diagnostic imaging. This leads to the duplication of services and equipment.
- The clinic is already at capacity and in need of expansion.
- Lack of parking and no visibility from the traveling public.
-

The **Remote Location** for urgent care was determined to be the better option assuming the following:

Pros:

- Highly visible location, especially for the traveling public.
- Better signage from the major highways
- Ample parking
- Dedicated space and staffing not used for any other purpose.
- Larger waiting area and number of exam rooms designed to handle the anticipated business traffic during the summer.
- Urgent care laboratory and X-rays on site.
- Urgent dose pharmacy available.

Cons:

- Cost of leasing and construction
- Distance from the main hospital campus
- Transportation of supplies, linen, and pharmaceuticals from the hospital to the location
- Staff having to drive to another location.

Based on our research of successful urgent care centers and visits to existing urgent care centers on the front range, it became obvious that to ensure the success of the urgent care center it needed to be:

- Easy to see by the traveling public
- Located in a high traffic part of town

- Have good signage
- Convenient parking
- Extended hours especially in the evenings, weekends, and holidays.
- One-stop shop for all urgent care needs including lab, X-ray, and pharmacy.
-

Administration contacted local Realtors and began the search for possible locations. Alternative locations evaluated included:

- The building next to Cousin Pat’s restaurant. (451 S St. Vrain Ave)
- The old Senior Center building. (220 4th St)
- The ground floor of the U.S. Bank building. (363 E Elkhorn Ave)
- Rocky Mountain Health Club. (1230 Big Thompson Ave)

Gerald Mayo put us in contact with Ryan Wells and Phil Hinrichs from Alarado. Ryan and Phil had entered into an agreement to purchase a lot of land at the corner of Hwy 34 and Steamer Drive with the intent of building a retail shopping center to contain one of their Jimmy Johns sandwich shops. This lot was considered one of the most visible lots, in the heaviest traffic pattern in Estes Park and quickly became our best option for building a successful EPH urgent care center.

C. Definition of Urgent Care

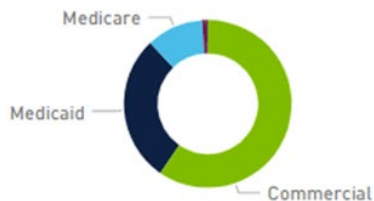
Urgent care is a category of walk-in clinic or service that is focused on delivering minor, yet urgent, care in a dedicated medical facility outside of a traditional hospital emergency department. Urgent care centers primarily treat injuries or illnesses that require immediate care, but not serious enough to require a visit to the emergency department.

Urgent medical conditions are ones that are not considered emergencies but still require care within 24 hours. Some examples include:

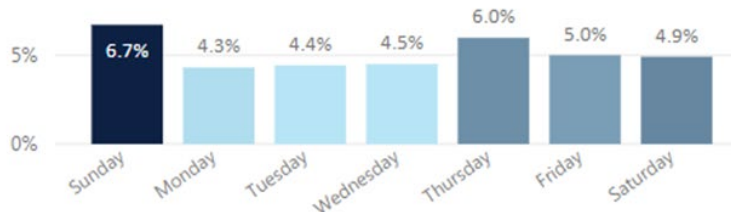
- Accidents and falls
- Cuts that don’t involve much blood but might need stitches
- Breathing difficulties, such as mild to moderate asthma
- Diagnostic services, including X-rays and laboratory tests
- Eye irritation and redness
- Fever or flu
- Minor broken bones and fractures in fingers or toes
- Moderate back problems
- Severe sore throat or cough
- Skin rashes and infections
- Sprains and strains
- Urinary tract infections
- Vomiting, diarrhea, or dehydration

When people come the Emergency Department for urgent care, even though the patient knows it is not an emergency visit, these are often called Canary Visits. The following graphs demonstrate the number and kinds of Canary Visits to the Estes Park Health Emergency Department in calendar year 2018.

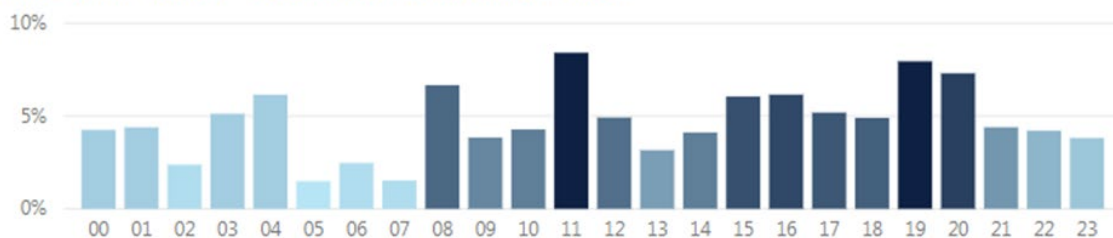
Canary Visits by Primary Payer



Rate of All "Canary" Urgent Care Visits Day of the Week



Rate of All "Canary" Urgent Care Visits by Admit Hour



This information is helpful in anticipating staffing needs and demonstrates the anticipated payor mix. Furthermore, according to Navigant Consulting, overall National Urgent Care volume is projected to grow by 16% over the next 5 years.

D. Objectives and Key Results

Objective: To capture a higher percentage of the healthcare market share at Estes Park Health. (Stroudwater is reporting, from the Community Health Needs assessment in 2017 that EPH is currently capturing only 27% of the market compared to 36% in 2013.)

Key Result: Increase the percentage of hospital market share in each of the following metrics by 1% per year over the first three years of UCC operation.

* Hospital market share only represents those service provided by competing hospitals. It does not include services provided in physician’s offices or non-hospital providers.

Objective: To increase the number of Urgent Care visits to the EPH facility.

Key Result: The number of Urgent Care visits per month over time.

E. Description of the Business

As identified in the EPH 2018 Strategic Plan, access to affordable care emerged as a top priority. EPH intends to open an Urgent Care Center in leased space in the newly constructed Alarado Business Park building, in the strategic location near the middle of town, approximately one mile away from EPH.

In late 2017, owners of the Alarado Business Park project approached EPH with the concept of their new building to house their Jimmy Johns sandwich shop and inquired of our possible interest in leasing space in the building. We expressed our interest and work ensued toward getting approval from Town Planning. The

Alarado Business Park project was approved in late 2018. An architect and contractor are now engaged in the design and build of the project.

The current plan, under construction, is for a 43,000 square foot building with approximately 14,000 square feet on the first floor. The developers, owners of several Jimmy Johns in the Longmont and Boulder area, intend to use approximately 1,800 square feet of the first floor of the project for another Jimmy Johns. EPH intends to lease the remainder of the first floor, or 12,200 square feet. The remainder of the building, both second and third floors, are intended for two-story employee housing. EPH may be interested in leasing employee housing units in the building, at a later date.

Of the 12,200 square feet available for rent, EPH proposes to use approximately 3,500 for the purposes of an Urgent Care Center. Another 4,000 square feet is planned for Outpatient Rehabilitation Services, relocated from the first floor of the main hospital. An additional 2,800 square feet is planned for Specialty Physicians Clinic, also to be relocated from the main campus. The Specialty Physician Clinic space would principally become available for sub-leasing. The remainder of the space is used for back office, supplies, staff break rooms.

Square Feet of Building	
Jimmy Johns	1,800
Urgent Care	3,500
Rehabilitation Services	4,000
Specialty Clinic	2,800
Support Services	1,900
Total	14,000

The primary objective of this project is to capture a higher percentage of the healthcare market share, to provide for easier and more affordable urgent care and to establish Estes Park Health as the trusted provider of healthcare services in the Estes Valley. Results can be measured in the quality of care provided and the number of visits. Objectives and key results will be developed for each enterprise to track growth in market share.

A second key objective is to free up additional space in the main campus to allow for growth in the Physician Clinic space and to free up valuable space in the front of the hospital building. This space on the first floor of the hospital could be used for expanding patient care services such as outpatient infusion, wound care, Coumadin clinic, and cardiac rehabilitation. The relocation of Outpatient Rehabilitation Services and some of the Specialty Clinic providers will help to accomplish this objective and ease the parking congestion on the main campus.

The Alarado Business Park building is perfectly located in the town to allow for maximum visibility and accessibility. It is new construction and it is expensive. EPH intends to rent 85% of the first floor with a 10-year Master Lease and subsequent renewals. The lease allows the hospital to maintain control of the retail healthcare space in Estes Park. It is known that other large healthcare systems, including UCHHealth, Banner etc., are looking for space to establish a presence in Estes Park. The lease agreement allows EPH to maintain its role as the leading community provider for healthcare.

The UCC is the primary focus of this project and will establish highly visible brand identity, as well as, ease of access to urgent care. Rehabilitation Services will have a larger space and easier parking access in the new

building to provide Physical, Occupational, and Speech therapy. Plans include building clinic space to relocate some of our visiting Specialty Physicians, including Dermatology, Podiatry, and Pulmonology, among others. Each will consume approximately one-third (1/3rd) of the space. There are no planned expectations for any changes in financial impact. These two services should continue as currently budgeted.

With respect to Milestones, there are numerous items including:

1. Successful completion of the building and the finish of retail space for Urgent Care, Rehabilitation Services and Specialty Physician Clinic space.
 - a. Urgent Care Center is scheduled for completion and opening March 1, 2020
 - i. UCC Sub-committee meets bi-weekly to work on building finish, structure, staffing and operations plan.
 - ii. UCC Steering Committee also meets bi-weekly with the Architect, Senior Management and building Contractor to complete design and manage the project.
 - b. Rehabilitation Services space should be ready in March, with occupancy in April, following the opening of Urgent Care
 - i. Sub-committee meets periodically to work on clinic design, structure, staffing and operations plan.
 - ii. Sub-committee meets with Steering Committee bi-weekly with the Architect, building Contractor and Senior Management.
 - c. Specialty Clinic will also be completed by March, with occupancy shortly thereafter.
 - d. Development of adequate space for support services including Registration and Reception; Housekeeping; Supplies; Maintenance; Staff break rooms; IT closet etc. are being considered in the design and will be completed prior to opening.
2. Completion of staffing and training for EPH UCC by March 1.
3. Measurement of Urgent Care visits will occur monthly.
4. Measurement on the impact to the hospital Emergency Department will occur monthly.
5. Successful relocation of Rehabilitation Services (Physical, Occupational and Speech Therapy)
 - a. Completion of the new Rehabilitation Services space.
 - b. Rehabilitation staffing considerations for Outpatient vs Inpatient and Living Center will be determined.
 - c. Identify space for appropriate treatment of patients in the main Hospital for Inpatient, Cardiac Rehab and Living Center.
6. Measurements of fiscal responsibility will be measured and reported monthly and annually. This includes the ability to handle the added cost of new space (ie Rent and expenses).

Capturing a much larger percentage of the market is the key objective. According to the 2018 Navigant Strategic Plan, EPH is capturing approximately 30% of the market share, for physician office visits. Some of this is due to historical reputation, some is due to location, and some is due to patient preference. Data analysis from the study indicates that there is considerable leakage to the providers down the respective valleys. The Community Health Needs Assessment, performed in 2017, also identified access to care as a primary community concern.

The concept of the urgent care is to capture more of the market share and, more importantly, capture tourism visits that bypass EPH and obtain care down the road in the metro area. Expectations include an estimate of additional visits and the capture of transferred emergency room visits. Nationwide, the consumer use of urgent care centers is reporting higher utilization as healthcare consumers continue to seek opportunities for more affordable care.

Cost Report impact. As the facility is fully intended for clinical use, it is anticipated that the hospital's status as Critical Access and as Provider Based will aid to the cost basis and therefore be helpful in the overall reimbursement from Medicare and Medicaid. This impact is noted in the attached Proforma Statements. Additionally, there are plans for further investigation into other rural designations that may be available.

Finally, the proposed move of the Specialty Clinic physicians is principally intended to free up space in the EPH Physician Clinic area, to be used for further Provider Based Clinic expansion and services. There are Physician Specialists from the Metro area that rent space during the week, principally Dermatology, Podiatry, Pulmonology, etc. There may also be the opportunity for local healthcare providers (Audiology, Dental, Chiropractic etc.) to sub-lease space, depending on timing and availability.

F. Products or Services

EPH intends to manage the three distinct departments individually. While the Proforma directly addresses the Urgent Care Center with respect to financial impact to the hospital, the Rehabilitation Services department and the Specialty Clinic do not have separately identifiable proformas because they are existing departments and simply moving to the new location. However, the UCC is the primary reason for this planned lease.

G. Legal Structure

The UCC will be operated as a department of Estes Park Health in a remote location. This provides the advantage of it being a Critical Access Hospital department and thus receive cost-based reimbursement from Medicare and Medicaid.

H. Location

The location of the proposed construction is at 420 Steamer Drive, at the corner of Highway 34 and Steamer Drive.



I. Management

The UCC is a function of the Emergency Department (ED) and, accordingly, will be managed by the Director of the Emergency Department and the Medical Direction will be provided by the Emergency Department Physicians. It is anticipated that up to 30% of the hospital's Emergency Department visits will move to the Urgent Care Center. This is based upon a study of the acuity levels in one year, that very likely would prefer urgent care services, principally based on the cost of care. The anticipated average charge for an urgent care visit is approximately \$300 vs the average charge in the emergency department of \$1,500. Net reimbursement, using Medicare methodology, should return approximately \$136 per visit, according to Stroudwater. During the busy times of May through October, the UCC will remain open at least 12 hours per day, 7 days per week. The off season will likely adjust those hours to save labor cost.

Rehabilitation Services is planned to move the department from the first floor of the hospital to the Alarado Business Park and provide Outpatient Physical, Occupational, and Speech Therapy. Inpatient and Living Center (SNF) Rehab services will remain on the EPH main campus. Inpatient therapy, Cardiac Rehab and Living Center support will remain on main campus. It is anticipated, but not budgeted, that due to the ease and visibility of the location, Rehabilitation services will continue to grow. The design and build of the space is specifically intended to take advantage of the ease of access, large windows facing south, and a healing environment. The Director of Rehabilitation Services will move to the new building and continue to manage the workflow consistent with current policy.

The Physician Specialty Clinic, currently located inside the Physician Clinic, will move to new space in the Alarado Business Park building. Principally, two specialty clinics, Dermatology and Podiatry, are planned to move. It is understood that these Clinics intend to increase their time in Estes Park. These Specialty Clinics will manage their own enterprises, requiring very little administrative support from EPH.

J. Personnel

The UCC staffing is currently planned with Licensed Nurse Practitioners, Paramedics, Medical Assistants, and front desk administrative support personnel. EPH and Estes Park Emergency Physicians Association are discussing back-up coverage.

There will also be Radiologic Technologists available to provide X-ray services. Ambulance services will be staffed and available for any emergent transport needs. There will not be any ambulance deliveries to the UCC, only transports from UCC to EPH.

Front desk Reception and Registration is intended to staff and support principally the Urgent Care Center, Rehabilitation Services, and the Specialty Clinic. This is the location for patient registration, authorizations and patient check out, including the location for payment receipts, phone management, and patient flow. Patient Financial Services will supervise and manage this function. Administratively, each entity is responsible for business management. EPH will provide housekeeping and other environmental services. IT Department will coordinate technology functions as well as facility maintenance support.

ESTES PARK HEALTH					
URGENT CARE CENTER					
	Proforma				
	2020	2021	2022	2023	2024
Salary - Urgent Care Center	716,040	737,521	759,647	782,436	805,909
Health Benefits	179,010	184,380	189,912	195,609	201,477
Total Wages & Benefits	895,050	921,902	949,559	978,045	1,007,387
Labor/Wages	FTE	Cost			
Nurse Practitioner	2.50	332,800			
EMT-P	2.50	145,600			
Tech	2.00	74,880			
Reception	2.50	93,600			
Radiology	0.50	37,440			
Pharmacy	0.25	31,720			
	10.25	\$ 716,040			

Part II – The Marketing Plan

A. Target Market

The Estes Park Health Urgent Care Center (EPH UCC) will help to fill the void of affordable access to healthcare needs for full-time Estes Valley residents (approx. 12,750) that have non-emergent health care needs, a desire for immediate access to care (outside of seeing their primary care physician) and want services covered by insurance. The EPH UCC will provide the seasonal, summer population (approximately 19,093 according to Estes Park EDC) with an affordable care option for their non-emergent needs and who don't have a primary care physician in the area, but want services covered by insurance. The EPH UCC will give tourists to the Estes Valley (approx. 4.7 million) that have an incident while visiting, an affordable option in Estes Park to care for their non-emergent needs, be covered by their insurance company and keep the business in Estes Park – both for EPH and Estes Park.

The demographics of the Estes Valley are skewed toward an older, Caucasian, affluent and highly educated population. 50 percent of the population is 55+ and 28 percent is 65+. The community is predominantly female at 5 percent and 66 percent are married. Over 60 percent of the households earn between \$50K - \$100K and 56 percent have an undergrad degree of higher. Relevant to EPH is the type of health insurance held by the population and that includes 51 percent private insurer, 18 percent HMO, 34 percent Medicare and 11 percent Medicaid. EPH believes that this population is very informed and understand the benefits of the affordable care that can be provided in an urgent care setting. Currently the majority of the payers at EPH are Medicare and Medicaid. *(Source: DP05: ACS Demographic and Housing, 2011-2015 American Community Survey 5-Year Estimates)*

The 2017 Community Health Needs Assessment results identified increased urgent care, increased appointment ability, reduced outmigration for services, increased primary care clinic hours and improved cost and billing as high priority areas of need in the community.

In the Community Perception Study, conducted in 2017 by Aspen Media in Lafayette, CO, it was identified that the Community preferred urgent care services provided by Estes Park Health (46%) over Timberline (23%) and Salud (6%).

It is important that EPH fill the urgent care need, as urgent care needs are projected to grow by 16 percent, nationally, in the next four years. It is perceived that if we don't fill the need, a competitor will. Currently the only option for care after the Physician Clinic closes (Monday-Friday at 5 p.m., Saturday at 12 noon and closed on Sunday) is the Emergency Department (ED). The ED is a very expensive option for someone with an urgent care need and some insurance companies are refusing to pay for urgent care treatments that happen in the ED.

Access to affordable patient care through urgent care services was identified as a top strategic priority in the Estes Park Health 2018 Strategic Plan. EPH currently offers a walk-in, Doc-of-the-Day visit that is generally not covered under an urgent care co-pay and visitors end up paying for an out of network physician bill. The EPH Physician Clinic sets aside one rotating physician each day for walk-in, urgent care needs; and this limits accessibility for an established patient to see their physician who may be Doc-of-the-Day. The current system reduces access to patient care instead of increasing it.

EPH cannot accommodate a true urgent care at its current location because there is no interior space to accommodate additional patient volume, no parking, no additional designated space for UCC lab and diagnostic

imaging, and additional volume for other services would disrupt patient care in the Physician Clinic, Emergency Department and Outpatient Services.

There will be many significant benefits to the Estes Valley for residents, the summer population and visitors from the new EPH UCC. Our local community members (full-time and seasonal) will benefit by being able to receive immediate care when it's needed, without additional impact to their insurance costs and in a convenient location. For the visiting public, EPH UCC will be a resource to treat less severe, non-life-threatening conditions in a timely manner, without additional cost to their insurance and without having to leave Estes Park, CO, to travel down the hill for care. EPH believes everyone will benefit by the reduced charges for non-life-threatening services at the Urgent Care Center. Also everyone will benefit from the extended urgent care hours, 12 hours per day/7 days of the week, from May to October. It is expected the UCC will be able to generate between 20 to 30 visits per day.

Competition in healthcare is stiff, even in our mountain community. EPH has a strong desire to remain local, independent and community owned, therefore EPH must look toward increasing services where we can achieve a competitive advantage over larger systems. Establishing true urgent care services is one area where we can be competitive.

Currently UHealth Primary Care in Estes Park (Timberline Medical Center) offers "urgent care" services during the following times:

Monday – Friday 8 a.m. – 6 p.m.

Saturday and Sunday 9 a.m. – 3 p.m.

They offer Walk-in, reserve a spot online and UHealth's Virtual Visit for \$49. They treat the following conditions: altitude sickness, minor emergencies/surgeries, sports injuries, strains/sprains/fracture care, cuts/scrapes/bruises, workers compensation and skin lesions. They do not have lab or X-ray onsite. UHealth also has roots in surrounding communities including Longmont, Fort Collins and Loveland

The Salud Family Health Center focuses on low-income, medically underserved populations and aren't advertising urgent care. They offer medical and pharmacy hours:

Monday-Wednesday, Friday 7:30 a.m. – 5:00 p.m.

Thursday 7:30 a.m. – 8:00 p.m.

After Hours Nurse Line

Banner Health, while not in Estes Park, remains a competitor with an urgent care location in Loveland. They offer urgent care services, seven days from 7:30 a.m. – 7:30 p.m. Patients can use their walk-in appointments or schedule a spot online. Conditions treated in the Banner Health urgent care include: sinus infections, respiratory infections, strep throat, insect bites and urinary tract infections. They also provide care for sprains, lacerations, headaches and other injuries. As a division of Banner Health, they can provide access to any type of care needed, including clinics and doctors who concentrate in acute medicine. Their urgent care services include, but are not limited to: flu shots, x-ray, sports physicals, stitches and diagnostic tests. Banner Health was reportedly in Estes Park looking for property, although there has been no confirmation that it was for urgent care.

EPH's proposed UCC, plans to operate seven days from 8 a.m. – 8 p.m during peak season. The EPH UCC will include Laboratory, Diagnostic Imaging and Pharmacy services onsite. Other benefits include: Emergency Department/Ambulance Services, follow-up care in the Physician Clinic, specialty physicians, Outpatient services, Transitional/Swing bed care and Home Health services are all available as needed.

B. Methods of Distribution

The EPH UCC, and additional EPH services, will do business in leased space in the Alarado Business Park building at 800 Big Thompson Ave. The location is visible from Hwy 34, central to all Estes Park traffic patterns and easily accessible from all main roads.

EPH UCC will be staffed by nurse practitioner, paramedics and office staff. There will be physician back-up call coverage and emergent conditions will be transferred to Estes Park Health Emergency Department via the Ambulance Service. EPH Ambulance Service will not bring cases to the Urgent Care Center.

EPH UCC will be open seven days May through October. In the beginning for 12 hours per day. Hours may be adjusted to meet the needs of the community. Winter scheduling is slated for five days per week and shorter hours. Hours may be adjusted to meet the needs of the community.

Additional EPH services may be in the building.

C. Promotion

Alarado business partners, with the help of EPH, held a groundbreaking event on April 4, 2019, and invited key stakeholders to attend that had been instrumental in successfully navigating the bureaucratic elements for putting up a new building in Estes Park.

To promote the event, we sent email invitation to key stakeholders, booked venue for the groundbreaking post party, sent out press releases pre and post-event to the newspapers, included the release in the News section on eph.org, added a web page on eph.org to track progress and house Q & As about the project, wrote Facebook and LinkedIn posts to cover event and created signage onsite to announce the project.

Urgent care as a strategic initiative has been discussed with Peri Marketing since the start of the UCC project. In our current SEM (Search Engine Marketing) campaign for It's My Privilege, a word search using "urgent care" shows up consistently as do, walk-in medical clinic, urgent care center, walk in urgent care, urgent care, urgent care near me. The number of people searching for urgent care remains consistent and hasn't been driven by seasonality, although number of searches are higher during the tourist season.

Campaign development is slated to begin in September 2019 and there has already been discussion surrounding this new service line. The brand we want to create is that EPH UCC will be a trusted community resource for immediate, affordable, quality and safe non-emergent care. Some initial ideas have included:

- For every "Uh-oh!" along your journey
- Uh-oh? Know the place to go
- We'll handle the unexpected. You handle the fun.
- Travel well.
- When you're away, we're always home.

It is our goal to establish EPH UCC as THE place to go for affordable, non-emergent services when Estes Park residents (permanent and seasonal) can't see their primary care physician, or don't have an established

primary care physician or it is after Physician Clinic hours. We want to establish a connection with our visitors, so that they know EPH UCC as a resource for affordable, timely, in network care for less severe, non-emergent care while they're away from home.

Campaign elements will begin to roll out in December 2019, but this could change depending on the building completion. We will continue to rely heavily on digital marketing and search engine marketing. 74 percent of patients needing urgent care will look for some form of "urgent care near me" using their mobile device. 84 percent of consumers first turn to an online search when they're trying to solve the healthcare queries. We need to make sure we "show up" ahead of our competition when that search occurs.

On eph.org we will optimize our site with informative and educational content about urgent care to make sure we have the right information readily available to help consumers make the decision to go to our urgent care center.

We will use email marketing to engage with current stakeholders and grow a list to stay in contact with health information with patients who visit the urgent care. Engaging the audience with social media including Facebook, LinkedIn and Instagram will be a part of the strategy. Print advertising in the local newspapers will be an element. We will keep the public informed with regular press releases on the EPH UCC happenings. To engage the residents, both permanent and seasonal, we will include a direct mail campaign.

Estimated marketing costs for Urgent Care Center Service Line: \$46,715

Overall Campaign Conceptual Development: \$2,000

Direct Mail:

Creative: \$8,837

Print and Send: \$13, 029

Print Ad

Creative: \$1,763

Media cost estimated:

Trail Gazette ½ page @\$600 x 8 ads = \$4,800

EPNews full page @\$528 x 8 ads = \$4,224

Digital:

Creative: \$2,062

Media Cost estimated

Digital = \$5,000

SEM = \$5,000

D. Product Design:

- a. Please see appendix B for exterior building design
- b. Please see appendix C for interior building design

E. Timing of Market Entry:

We anticipate the building completion to be in February/March 2020 – this completion date was provided by Alarado business partners. Occupancy of the proposed services – Urgent Care Center, Rehabilitation Services and Physician Specialty Clinic – will happen as soon as building (internal and external) is complete. EPH UCC Staff will begin serving the community prior to the start of tourist season beginning around Memorial Day.

F. Location: 420 Steamer Drive

G. Industry Trends:

Urgent care centers have become the Starbucks of the health care world. The number of urgent care facilities increased from 6,400 in 2014 to 8,100 in 2018. Five million online searches for urgent care keywords are conducted monthly – 74 percent are on a mobile device. 89 percent of consumers first turn to online search engine when looking to solve their healthcare queries. 62 percent of smartphone users use their device to look up health information. 82 percent of smartphone users used a search engine when looking for treatment. Trends show that urgent care is growing because it responds to what today’s consumers want – age does not seem to be a factor in choosing urgent care services. Consumers have become more selective about how, when and where they receive their healthcare, and they want to get it through digital interaction. Today’s patients expect convenience, up-front estimates, wireless connection while in-clinic and access to telehealth services. Consumers are embracing urgent care not only as an alternative to waiting to get an appointment with their physician, but as a lower-cost and time-saving alternative to visiting an emergency department. Patients are demanding more convenience, better value and an alternative to primary and emergency care during their healthcare journey. Younger and healthier patients aren’t looking for a long-term relationship with a care provider – they want to feel better fast and pay less. Some insurance companies are refusing to pay for non-emergent visits to the emergency department. ER/ED visits can cost up to 10X more than an urgent care visit.

Part III – Financial Documents

A. Summary of Financial Needs

Proforma statements are attached. Included is a 10 year look at Proforma Income Statement. There is a separately identifiable proforma for the Urgent Care alone. The estimated financial statement for the UCC is further rolled into the overall Estes Park Health financial statements.

Cost Report impact. As the facility is fully intended for clinical use, it is anticipated that the hospital’s status as Critical Access and as Provider Based will aid to the cost basis and therefore be helpful in the overall reimbursement from Medicare and Medicaid. Additionally, there are plans for further investigation into other rural designations that may be available.

Capital Equipment – There should be a minimum amount of Capital equipment required; only a Radiology unit is required, approximately \$250K which is planned for an Operating Lease. Everything else is below the capital threshold.

The overall financial needs of the respective services will be imbedded in the upcoming 2020 Budget. However, the only new expenses are the Urgent Care. Those costs are noted in the Proforma and anticipated to be covered by increase in Revenues. The Rehab department is simply moving to new location. Over the last two years, volumes (and revenues) have increased markedly and will easily cover the increase in costs (rent).

B. Loan Fund Dispersal Statement

The hospital intends to seek financing for capital needs including:

1. Completing the finish out of the interior space. This is not included in the lease. That cost is anticipated (and budgeted) at \$1.6M
2. Capital improvements at the main campus of the Hospital for the Facility Master Plan (FMP), including new Ambulance building; remodeling Clinic space, remodeling vacated Rehab Department space near

the front lobby; remodeling Surgery department to allow for better patient flow and multiple procedures.

The amount needed for the FMP is still in development, as is the Financing Plan. There are numerous options for financing including, Commercial loan, USDA options, Bond Issue, Internal financing. Upon planned successful completion of the proposed Lease, and completion of the FMP, Management intends to complete the RFP for financing options and initiate that project. This is anticipated to commence immediately upon the conclusion of the FMP

C. Pro Forma Cash Flow Statement (Budget)

Refer to Stroudwater Financial Projections and Analysis

D. Income Projection

Refer to Stroudwater Financial Projections and Analysis

E. Lease Terms

Brief Summary

Proposed lease with Alarado Properties, LLC of Nebraska. This company is behind the planned development of a new multi-purpose building located next to the Safeway Gas station on Hwy 34. Overall, the building is approx. 43,000 square feet, three stories. The 2nd and 3rd floors are two story work-force housing apartments. Estes Park Health plans to rent 85% of the first floor – retail space. The owners/developers (Alarado) plan to open Jimmy Johns sandwich shop also on the first floor, representing the other 15% of the space.

Proposed terms of the Lease:

- Initial 10-year lease, with subsequent 10-year renewals
- Rent is proposed at \$33.50/per square foot or a base rent of \$409,604.50 per year.
- Triple Net Lease
- Utilities and property taxes.
- Security deposit of 1 month rent (\$34,133.71)
- Annual Consumer Price Index Increases (estimated average of 3%) each year, after the first two years.
- Parking is shared with Jimmy Johns customers. Any residential vehicles have their own parking on the upper lot.

Part IV – Supporting Documents

A. Lease

Exhibit A

Part V – Summary

This project is the result of the Strategic Plan analysis by Navigant as well as the Community Health Needs Assessment. Predicated on the understanding that access to urgent, affordable healthcare to our community is the key to long-term success for Estes Park Health. There are large healthcare systems, on the front range, that are investigating the Estes Park area as an opportunity for additional referrals. A strategically located Urgent Care Center would likely direct most health-related needs to other communities down the valley. This enterprise intends to allow for local access to care and keep the hospital operationally and financially stable. The visibility and integrity of the Urgent Care Center intends to enhance the reputation of Estes Park Health.

The location of the Alarado building is perfectly situated for optimum visibility and accessibility. The hospital location is difficult to find, likely a chief reason (among several) for the very low market share that the hospital provides. Expectations are high that the proposed Urgent Care Center will capture a significant volume of healthcare needs for the community and visitors.

The space in the building provides for the opportunity to move outpatient services from the hospital main campus to a more accessible facility and free up valuable space for additional services.

Regarding Risk, the general view of the Management and Stroudwater Consulting is that the only real long-term risk is the cost of the Lease, at \$420K per year. While not necessarily viewed favorably on the hospital's financials, EPH can absorb this cost should the respective programs (Urgent Care and Rehab) fail to provide substantive income. Accordingly, the risk associated with not building an managing an Urgent Care Center is a potential loss of up to 30% of hospital ancillary services, representing \$15 to \$20M in lost revenues. Other long-term potential downside Risk includes the potential of a change in Ownership; it is expected that the building lease provides for options should this occur.

The cost of this enterprise is expensive. However, Management feels that the cost of not doing this project is much greater, over the long run, due to competitive and local economic trends.

This Analysis and Plan is intended to demonstrate the value of this project to the community. Hopefully sufficient quantitative and qualitative elements are demonstrated within these documents.