

SCALE Case Study

Business Performance & Financial Forecast – Urgent Care

Client Profile

Size
170+ locations

Location
12 states

Specialty
Urgent Care

Services Deployed



Data Analytics



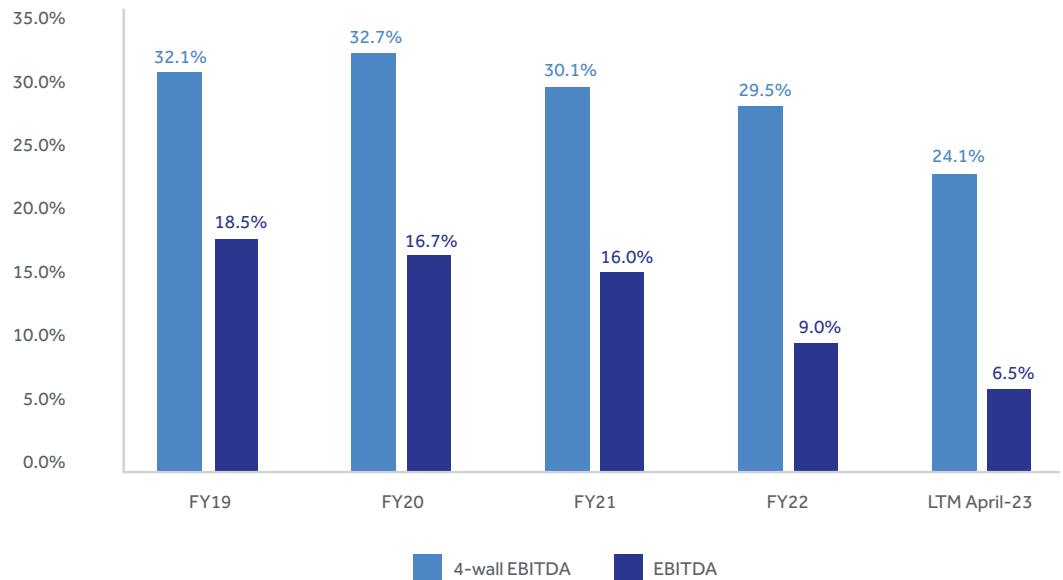
Strategy & Performance Optimization



Revenue Cycle Management

Overview

A national Urgent Care provider with 170+ locations throughout 12 states faced a series of financial challenges following epidemiology changes with flu and Covid visits dropping significantly and unexpectedly in late December '22 and January '23. Other underperformance due to rising labor costs and underperforming acquisitions + de novo clinics led its lenders to engage SCALE to better understand why the company wasn't doing well, how it could improve, and if the plan to improve would work. They also wanted to know how long a turnaround would take, and whether the company had enough money to recover without having to borrow more or delay paying its bills.



Execution

In the span of 6 weeks, SCALE evaluated clinical and financial performance by site through a process of iterative data collection, analysis, and client conferences. This process assured data reliability and client and stakeholder agreement in the final deliverable and recommendations. The process included expertise across SCALE in operational performance, financial reporting, and revenue cycle to analyze each distinct division and give clarity to overall company performance, liquidity, and RCM. SCALE also conducted research using our broad network of experts to compare the client's performance to like businesses and add insight to national trends.

Results

SCALE addressed the fundamental issues behind the Urgent Care's underperformance and strategically crafted a roadmap for an impactful turnaround. This encompassed a thorough assessment of the likelihood of an effective plan execution, a comprehensive understanding of associated risks, and the provision of a clear timeline for achieving success. SCALE pinpointed opportunities for both cost savings and heightened performance, and showcased the tangible impact of these findings to financial stakeholders and leadership (examples outlined below). The meticulous analysis by SCALE not only validated the client's existing performance improvement initiatives, but also provided lenders and management with actionable insights to optimize and refine their strategies. By illuminating new avenues for efficiency and financial gains, SCALE brought clarity to the company's plan, which was well-received by the company, its private equity sponsors and lenders, as they worked through navigating a turnaround. This engagement underscores SCALE's expertise in facilitating successful turnarounds and driving strategic, measurable improvements for the client.

- + **Debt Management and Liquidity Enhancement:** Exploring asset sales to address the significant debt burden and bolster financial stability by allowing local operators to focus on high density.
- + **Operational Efficiency & Cost Reduction:** Closing underperforming sites with near-term lease expirations to optimize clinic portfolio. Realigning corporate spending to reflect a rationalized clinic base, including personnel and supplies utilization.
- + **Real Estate Optimization:** SCALE identified clinics with potentially above-market lease terms that can explore renegotiation options and capital improvements.
- + **RCM:** Process improvements such as implementing better eligibility verification and denial management practices to expedite collection efforts and reduce the risk of bad debt write-offs. Additionally, SCALE evaluated the collectability of the A/R and the staffing plan required to achieve that plan.
- + **Strategic Alternatives:** The exploration of joint ventures by using transaction proceeds to deleverage and realize organic growth from joint ventures resulting from patient referrals and improved payer rates.
- + **Financial Reporting:** Improved the methodology of the client's 13-week cash flow for a more reliable forecast liquidity and identified key opportunities and risks inherent in the client's FY24 financial forecast.