

GREATER  BATON ROUGE

Business Report



(Photography by Don Kadair: Premier Health CEO Steve Sellars)

Kings of Urgent Care

Baton Rouge's Premier Health is now the largest clinic operator in Louisiana – and one of the biggest in the nation

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During the late 1990s, Dr. Kevin DiBenedetto and Dr. Graham Tujague were emergency room physicians at Our Lady of the Lake Regional Medical Center. They began to wonder what could be done to relieve overcrowding in the ER, and how patients who weren't critically ill could be served more efficiently.

“These health systems recognize that [urgent care] is a very important component.”

STEVE SELLARS, CEO, Premier Health

They realized there was a need for a clinic that specialized in those illnesses and injuries—broken bones, sprains, fevers, cuts needing stitches and so on—that may not be serious enough for the emergency room but are too serious to wait for that next trip to the family doctor. That led them to investigate “urgent care” medicine, which DiBenedetto says was a relatively new concept at the time. “We really didn't have any research to go on,” he says. “The whole model, we kind of developed it as we went along.”

But thanks to a partnership with OLOL, they didn't have to go it alone. Their first venture, a Lake After Hours urgent care clinic that opened in 1999 at Perkins Road and Siegen Lane, led them to found a much

larger company called Premier Health with almost 40 clinics and about 650 employees. Those clinics are named after their partners, so Premier Health might be the fastest-growing local company that you've never heard of.

Urgent care began growing rapidly during the mid-1990s, according to the Academy of Urgent Care Medicine. Demand was fueled by frustration over long waits in the emergency room—often for nonemergency care—and a shortage in available primary care appointments that often forced patients to wait weeks before seeing their family doctor.

The federal Affordable Care Act extended insurance coverage to more people who don't have a regular primary care doctor, further stoking demand for urgent care. Since 2008, the number of facilities has increased from 8,000 to at least 9,300, the AUCM says.

Cost is a big factor in the sector's growth. The average cost of an ER visit is about seven times greater than what it would cost to treat that same condition in a doctor's office or clinic, according to the Center for Improving Value in Health Care. Insurance companies, once wary of urgent care, now encourage their members to utilize it and in some cases have acquired their own urgent care clinic networks.

A 50/50 PARTNERSHIP

When the co-founders launched Lake After Hours with OLOL, both sides were new to the urgent care clinic business. OLOL officials already knew and trusted DiBenedetto and Tujague, and the doctors benefited from the hospital's name recognition and financial support.



Kevin DiBenedetto, MD and Graham Tujague, MD; co-founders

That first successful Lake After Hours clinic grew into 16 clinics across the Baton Rouge region and in Covington, says Our Lady of the Lake CEO Scott Wester. Ownership is split 50/50 between OLOL and Premier, and a board with two people from each side and one businessperson from the community governs the clinics. DiBenedetto says the outsider was brought on in case someone needs to break a tie, although that hasn't been necessary since the board's decisions tend to be unanimous.

Some hospitals try and fail to run their own urgent care clinics, Wester says. Some urgent care networks are run by equity firms that may or may not have deep health care expertise. Premier prides itself on being "doctor-driven," and the co-founding medical directors still work "in the trenches" at the clinics, although DiBenedetto says he'll probably need to

spend more time in the office as the company grows.

"If we didn't have the Premier team to focus on the urgent care," Wester says, "we would not have done justice to these clinics, because we probably would have diluted management's time and understanding."



DiBenedetto and Tujague called their first company Convenient Care. As Lake After Hours took off, other hospitals began coming to the doctors seeking partnerships. Not surprisingly, the first to inquire were other members of the Franciscan Missionaries of Our Lady Health System, such as Our Lady of Lourdes Regional Medical Center in Lafayette and St. Elizabeth Hospital in Gonzales. They also have partnered with groups of doctors on clinics in LaPlace and Lake Charles, and they help run, but do not have an ownership stake in, LSU Health Baton Rouge.

Premier was developed for those joint ventures beyond Lake After Hours. As the company grew, it needed more capital. Rather than get in bed with a venture capital firm, company leaders accepted investment from folks they already knew:

OLOL and FMOL.

“They felt like they needed to put their money somewhere, so they might as well put it in something they know something about,” DiBenedetto says. “We felt the same way. We felt better about partnering up with them than with most of the venture capitalist companies.”

While Premier Health also offers consulting and an “Urgent Care University” for health care professionals, its joint ventures are the primary focus. In early November, Premier opened its 38th clinic, part of its partnership with Indiana University Health, its biggest venture so far outside the state.

Premier was on pace to open No. 39 in St. Amant in December and another clinic with IU Health in January, and a project in Puerto Rico is in the works. The company did about \$55 million in revenue in 2014, says CEO Steve Sellars.

“These health systems recognize that this is a very important component,” he says. “A lot of them will describe the urgent care model as a front door to the health system.”

Within the next three to five years, Sellars expects the company to have 60 to 65 urgent care centers with more than 900 employees handling more than 650,000 patient visits per year. While Premier may not seem very big in a sector with perhaps 10,000 clinics and growing, Sellars says the industry is very fragmented.

“We’re definitely the largest urgent care operator in the state of Louisiana,” he says. “I would say we’re in the top 20 in the country in terms of our size.”

DiBenedetto says people questioned why he and Tujague partnered with a hospital when they first got started. Now, hospitals are coming to Premier looking for partners.

“Everybody’s like, ‘you guys were really smart to partner up,’” he says, with a bit of a laugh. “We didn’t know we were smart.”