

# THE JOURNAL RECORD

Wednesday, Jan. 28, 2015

journalrecord.com

Vol. 120, No. 19 • Two Sections

## Healthy growth: CareATC plans to double number of clinics

BY KIRBY LEE DAVIS  
THE JOURNAL RECORD

TULSA – CareATC intends to double its portfolio of workplace health care clinics over the next three to four years, following an investment by Omega Capital Management.

CareATC operates 53 on-site or nearby clinics serving 101 businesses, municipalities or school districts in 16 states, Chief Executive Philip Kurtz said. The 15 to 16 clinics his Tulsa firm expects to open this year will establish CareATC in Colorado, grow its Arizona and Florida presence, and extend several other markets.

“We ended the year with about 35-percent growth year over year,” he said of 2014, estimating annual revenues at \$23 million. “We expect to sustain probably 30 percent or so going forward.”

That would lift 2015 revenues to \$29 million, Kurtz said.

“Our goal is to get this up to a \$100 million company in the next five or six years,” Kurtz said. “If we do that, we’ll still have three-tenths of 1 percent of that \$40 billion market. So it would take a lot of capital to be the dominant player here.”

Kurtz cited several sources fueling this expansion. One came from Tulsa-based Omega Capital, which purchased a minority stake in CareATC for an undisclosed price. The Oklahoma Life Science Fund and CareATC management joined in that financing.

CareATC also has expanded its sales force, which Kurtz expects to reach eight employees by the end of March. That will help the Tulsa company extend its resources into New England and other East Coast areas.

The company also anticipates growth through primary care service agreements with insurers.

“This is a good combination,” he said, noting how this method will take CareATC into Colorado. “We think that opens up a whole new market for us.”

Last year, the Oklahoma City Council voted to establish a CareATC clinic downtown to serve municipal employees.

The CareATC model promises employers faster turnaround and greater efficiencies by operating health care clinics at or in close proximity to the workplace site. By charging an administrative fee instead of fees for services, with no employee co-pays on visits or prescriptions, the clinic model seeks to deliver improved wellness through better participation and maintenance in health directives, reduced chronic illnesses and heightened satisfaction.

“We do things to keep employees very productive,” Kurtz said. “Usually a person that goes to our clinic is in and out, out of work and back to work, in about an hour. In Main Street health care, that can be four hours.”

By prescribing more than 300,000 medications a year, the 204-employee CareATC generates a volume discount on drug purchases that it passes



Philip Kurtz, chief executive of CareATC in Tulsa. PHOTO BY RIP STELL

along to clients, Kurtz said. It achieves similar savings on laboratory expenses.

Although it may take two to four years for a client to realize savings, Kurtz said CareATC has achieved strong customer loyalty.

“Last year we attained about 98 percent of our revenue from existing customers,” he said.

Such loyalty also extends to the patient level. From its 178,000 patient encounters last year, Kurtz said CareATC fielded only 125 investigative complaints.

Personal health assessments of Florida CareATC patients served between June 2012 and May 2013 revealed hospital admissions declined 22 percent, hospital bed stays fell 47 percent, and the readmission rate fell to 6.7 percent from 12.8 percent, according to company records.

“They’ve addressed a lot of the issues that are broken in today’s health care system that are barriers to primary care,” Omega Capital President Jason Martin

said. “By eliminating co-pays and driving distance and waiting times and barriers like that, they allow people to go get the health care they need when they need it, and so we head off major issues for the employee and the employer. It’s been proven that if you catch problems early, before they term into major claims, they save a lot of money.”

This investment marked the first of two made by Tulsa-based Omega Capital this year. The other provided majority ownership of Tulsa’s M&M Environmental Group LLC, which is not currently a CareATC client.

“We will certainly be introducing the companies to each other,” Martin said.

With \$30 million raised for investment, Martin hopes to complete another one or two deals this year.

“Our goal is to invest that into four or five businesses,” he said. “If we’re successful, we can go raise a second fund.”