Acquiring Physician Groups... Beware the Pitfalls
UT Health Summary
THECB 2017

- 83 buildings (55 owned, 28 leased) totaling 4.8M GSF
- Of the 4.8M GSF, 142,824 is leased
- Of the 142,842 GSF leased, 78,443 is leased for clinics
In 2013, the US Department of Health and Human Services determined that active primary care physicians between 2013 and 2025 would grow by approximately 11% while the patient demand for primary care physicians during this same period would grow by 17%. The southern region was identified as the area with the greatest disparity.
San Antonio Statistics

<table>
<thead>
<tr>
<th>Target Geography</th>
<th>Shortage of PCP FTEs</th>
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<tbody>
<tr>
<td>Helotes</td>
<td>25-30</td>
</tr>
<tr>
<td>Far West Side-North</td>
<td>15-20</td>
</tr>
<tr>
<td>Boerne/ Fair Oaks</td>
<td>5-10</td>
</tr>
<tr>
<td>Leon Springs</td>
<td>0-5</td>
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<tr>
<td>Stone Oak</td>
<td>65-70 Surplus</td>
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(The Chartis Group report Dec 2016)
Current Primary Care Center Locations

- MARC Primary Care Clinic
- Medical Drive Primary Care Clinic
- Geriatrics & Palliative Care
- Westover Primary Care Clinic
- UT Medicine Hill Country
Proximity to Specialists

- Locations allow for expansion but within 15 minute drive time

- Increase Downstream Revenue
NEW
Primary Care Clinic Locations

Bandera & Old Prue

NW Military Dr.
What makes NW Military’s location different?

Subleased clinic had to open 1/2/18 as UT Health

• LOI for the sublease was executed 10/2/18

• and...
Who’s involved?

- 4 existing physicians and 12 staff
- Patients – clinic carrying a full patient load
- Landlord, hospital, city officials
- Campus groups involved in the project, meeting weekly (28 members):
  - UT Heath Practice Operations
  - HR
  - Marketing
  - Finance
  - IMS – Clinical Info Group
  - Compliance and Audit
  - Real Estate
Steps...

1. Sublease negotiated between local hospital (tenant), UT Health (sub-tenant) and landlord
   - executed agreement needed to sign service agreements with AT&T, TWC, janitorial, supply ordering, armored car pick-up, etc.
   - Who was the owner of the equipment, who would get the security deposit, who owns the patient files?

2. Shavano Park Requirements
   - Certificate of Occupancy (they didn’t accept credit card payments, had to wait for a check from Accounting)
   - Schedule Fire Marshall walk and update evacuation plans
   - Submit permit for signage
   - All of the above took place around the Christmas holidays

3. Equipment sublease, coordination of phones/data lines/computers

Subleased clinic had to open 1/2/18 as UT Health
Status...

- Patient volume at Pond Hill – approx. 76/day
- Still negotiating lease agreement for NW Military
- Working with an architect on design of new space
- Planned opening date of 8/1/18