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Valuation of Urgent Care Centers: Overview and Competition

Urgent care may be characterized as healthcare delivered to treat acute, non-life-threatening illness or injury on a walk-in basis, for conditions such as upper respiratory infections, musculoskeletal injuries, and dermatological complaints.[1] Urgent care centers (UCCs) occupy a distinct niche in the continuum of care, positioned between the primary care physician's office and the hospital emergency department (ED) in terms of both acuity and cost. Over the past decade, the sector has grown rapidly and attracted substantial capital from hospitals and health systems, private equity (PE) sponsors, and retail and corporate operators. This Health Capital Topics article, the first in a five-part series on the valuation of UCCs, provides an overview of the urgent care industry and examines its competitive environment. Subsequent installments will address the reimbursement, regulatory, and technology environments in which UCCs operate, and the series will conclude with a discussion of the value drivers specific to UCCs.

Overview of Urgent Care

The Centers for Medicare & Medicaid Services (CMS) defines an urgent care facility as a location, distinct from a hospital ED, an office, or a clinic, whose purpose is to diagnose and treat illness or injury for unscheduled, ambulatory patients seeking immediate medical attention.[2] The Urgent Care Association (UCA), the industry's trade association, similarly describes urgent care as walk-in, unscheduled care for illnesses and injuries that are not life- or limb-threatening, supported by on-site radiology and laboratory services; UCCs do not treat life-threatening emergencies, and instead stabilize such patients and arrange their transport to an ED.[3]

UCCs are often conflated with retail clinics and onsite employer clinics. While services overlap, the categories are differentiated by level and scope of care, location, and ownership structure. Urgent care handles higher-acuity cases than retail clinics but does not treat trauma.

UCCs typically operate with extended evening and weekend hours and accept patients without appointments, with over 67% of centers open every day of the week.[4] Patient volume has risen since the COVID-19 public health emergency (PHE): the median UCC saw 40 patient visits per day in 2022, up from 32 per day before the pandemic, and UCCs collectively treated almost 206 million non-emergent cases that year.[5]

Staffing generally combines physicians with physician assistants (PAs) and nurse practitioners (NPs). Physician-only staffing has become rare, reported by only 0.3% of UCA survey respondents, while models in which physicians are not always on site grew from 54.4% of respondents in 2019 to 71.6% in 2022.[6] On-site diagnostic capability is a defining feature of the model, and UCA certification requires centers to provide X-ray, laboratory, and electrocardiogram services.[7] Most centers follow a traditional urgent care model (68.9% in 2022), while smaller shares operate as high-acuity (10.3%), pediatric-only (8%), or combined urgent and primary care (5.1%) centers.[8]

UCCs may be affiliated with a hospital or health system (i.e., provider-based) or operate as independent freestanding facilities, a distinction that determines how Medicare reimburses their services. Ownership of the sector has shifted from physicians toward hospitals: physicians owned 54.1% of centers in 2008, compared to 27% in 2022, while the share of hospital-owned and joint venture (JV) centers rose from 24.8% to 52.8% over the same period, with corporate entities, including PE firms and insurers, accounting for an additional 14.6% in 2022.[9]

The cost differential between UCCs and EDs is central to the urgent care value proposition, although its effect on total spending is more complicated. A 2021 study published in Health Affairs found that lower-acuity ED visits were approximately ten times more expensive than UCC visits, but that one fewer lower-acuity ED visit occurred for every 37 UCC visits, such that each $1,646 ED visit avoided was offset by a $6,327 increase in UCC spending.[10] In other words, UCCs both divert patients from higher-cost settings and generate additional utilization of their own, a pattern that is consistent with the sector's volume-driven growth.

Competitive Environment

The urgent care sector has matured rapidly. Between 2014 and June 2023, the number of UCCs, a count that excludes retail clinics, nearly doubled from 7,220 to 14,382.[11] A separate count, based on a different data source and methodology, identified 14,655 UCCs as of April 1, 2026; the 100 largest operators accounted for 41.3% of these centers, and 55.9% of their locations participated in a health system relationship.[12] The market therefore remains fragmented, even as scale concentrates among the largest operators.

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UCCs compete for patients with hospital EDs, freestanding EDs, retail clinics, primary care offices, and, increasingly, virtual-first and direct-to-consumer telehealth providers. The structural drivers of UCC growth remain in force: physicians are drawn to shift-based schedules without long-term patient panel responsibility; patients are attracted by evening and weekend hours, walk-in access, and predictable pricing; and per-visit costs are significantly lower than in EDs for comparable diagnoses. UCCs captured a larger share of acute ambulatory demand both during and after the PHE, with per-person urgent care spending among individuals with employer-sponsored insurance increasing 51.1% from 2018 to 2022, driven primarily by higher utilization rather than higher prices.[13]

The ownership composition of the sector continues to evolve. Hospitals and health systems have become increasingly active developers of new centers; of the over 430 UCCs that opened in the first half of 2025, nearly 40% were affiliated with hospitals, a notable shift from the prior decade, when corporate and PE operators dominated new openings.[14] Meanwhile, PE-backed platforms owned 2,622 UCCs as of May 2025, approximately 18% of the industry, up 11% from the 2,359 centers reported a year earlier.[15]

Headline transactions illustrate the scale of capital deployed in the sector. Walgreens Boots Alliance's (WBA's) VillageMD closed its $8.9 billion acquisition of Summit Health-CityMD in January 2023, creating one of the largest independent provider groups in the U.S., with approximately 680 locations across 26 markets.[16] In August 2025, Sycamore Partners completed its take-private acquisition of WBA in a transaction valued at up to $23.7 billion, splitting the company into five standalone entities and positioning VillageMD, including the Summit Health-CityMD urgent care footprint, as a standalone PE-owned platform.[17]

Health systems have pursued urgent care acquisitions with similar intensity. HCA Healthcare acquired MD Now and its 59 Florida locations in January 2022,[18] and in May 2023 agreed to acquire 41 FastMed and MedPost centers in Texas.[19] Ardent Health acquired 18 NextCare centers in New Mexico and Oklahoma in January 2025.[20] HCA has continued this strategy in 2026, acquiring 13 CommunityMed centers in North Texas in February,[21] 17 clinics in North and South Carolina from Urgent Care Group in June,[22] and the 40-center Texas MedClinic network in August, after which HCA's CareNow division operated over 430 clinics nationwide.[23]

Some health systems are also reshaping their urgent care footprints through divestiture. Novant Health acquired South Carolina's largest urgent care operator, the 52-clinic Doctors Care network, from BlueCross BlueShield of South Carolina in November 2024.[24] In September 2026, Prisma Health announced an agreement to acquire 36 of those centers from Novant Health, with closing expected November 1, 2026,[25] and in October 2026, Conway Medical Center announced its acquisition of four additional Novant Health urgent care clinics.[26] Financial terms were not disclosed for most of these transactions, which limits the number of observable transaction prices available to valuation analysts applying the market approach, even as the volume of activity confirms strong demand from strategic buyers.

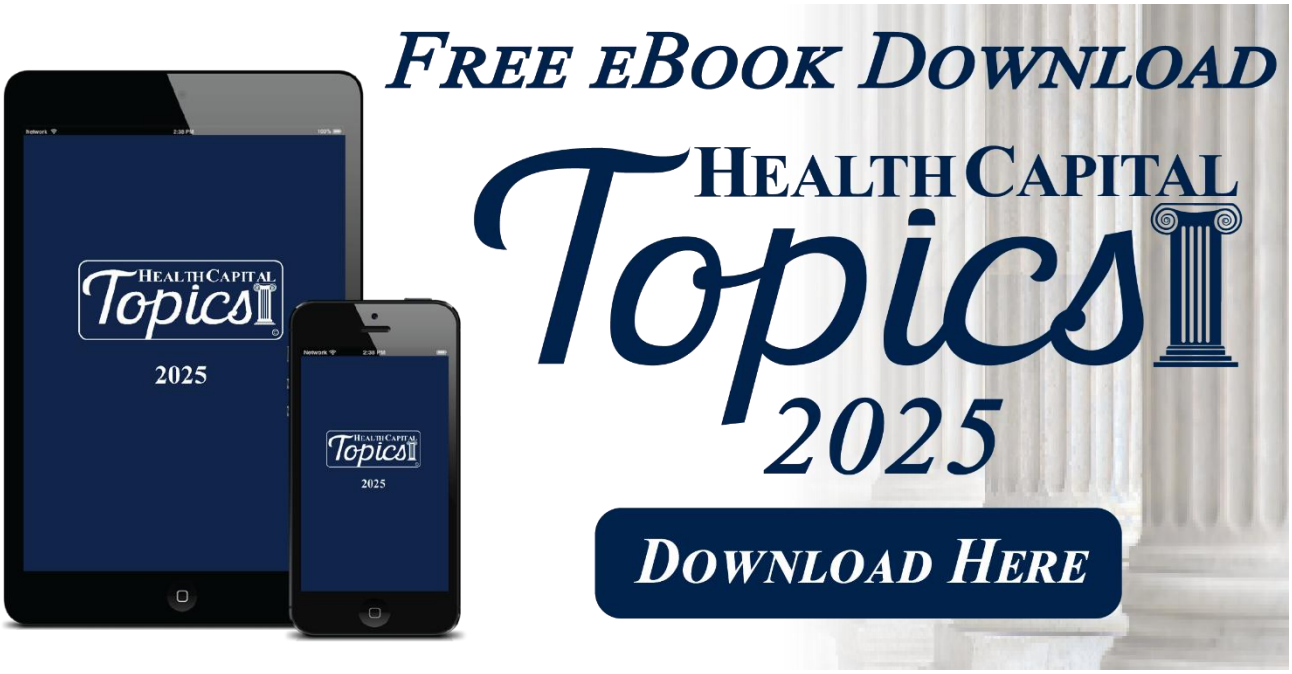
Conclusion

Urgent care has evolved from a largely physician-owned outpatient niche into a maturing, consolidating sector in which health systems and PE-backed platforms compete for scale. The competitive environment described above bears on UCC valuation in several ways: the mix of strategic and financial buyers shapes the pool of comparable transactions; the concentration of centers among the largest operators affects the scalability and brand strength that drive transaction pricing; and local competition from other UCCs, retail clinics, freestanding EDs, and hospital EDs influences the risk associated with a center's projected visit volume. The second installment in this series will examine the reimbursement environment for UCCs, including the Medicare payment systems that apply to freestanding and provider-based centers and the commercial payor relationships that account for the majority of UCC revenue.

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