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U.S. HealthWorks plans to expand in state

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U.S. HealthWorks, which runs 19 occupational health clinics in the Bay Area and five in the Sacramento region, has letters of intent to buy 21 clinics by early 2010.

"Our wish is to close by the end of the first quarter," chief executive officer Daniel Crowley said.

The Valencia-based firm hopes to acquire 75 to 100 occupational health centers over the next two to three years, he said, as part of a broader industry roll-up that could add more than 250 centers to its roster of 151 clinics in 14 states.

In Northern California, Crowley said, U.S. HealthWorks has about 400 employer clients, including **Pepsi Bottling**, **AC Transit**, **Comcast**, the **California Department of Transportation**, the city of Berkeley and the San Francisco Zoo.

"A lot of my clients use them. They help middle-market firms manage their claims, and they do a very good job of it," said Pete Picetti, a vice president in **Heffernan Insurance Brokers'** San Francisco office who specializes in the manufacturing and construction niches.

"We've bought 21 centers in the last 18 months, and have 257 centers to be acquired in our pipeline," Crowley said Nov. 23.

Crowley, 61, earlier in his career helped build **Foundation Health Corp.**, now part of **Health Net Inc.**, into a managed-care giant. He was recruited in 2003 to restructure U.S. HealthWorks. In December 2006, he and other investors gained control via a \$185 million buyout. Now, he has plans for dramatically expanding its network of clinics and possibly acquiring its largest competitor, Addison, Texas-based **Concentra Inc.**

"My goal, over the next couple of years, is to have 200 centers in California," where the company now owns 65 clinics, he said. That includes up to 100 in the greater Bay Area, stretching south to San Jose and east to the Sacramento area. Crowley said U.S. HealthWorks has lined up \$175 million in debt and capital to fuel the expansion.

The company bought centers in Redwood City and Gilroy about a year ago and has a headquarters in Redwood City, headed by regional medical director Dr. Troy Manchester.

"There are 9,000 (such) centers in America, and no natural acquirer," Crowley said. "We're the natural consolidator."

But there's room for skepticism, too. Two years ago, U.S. HealthWorks had the same number of sites it has today — 151 — which means it has basically treaded water during much of that period. The next few months should tell how much juice its new growth spurt has.

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