



Your Partner In
WELLNESS and **FITNESS**



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INTRODUCTION

CLINICALLY INTEGRATED MEDICAL WELLNESS AS A BUSINESS STRATEGY

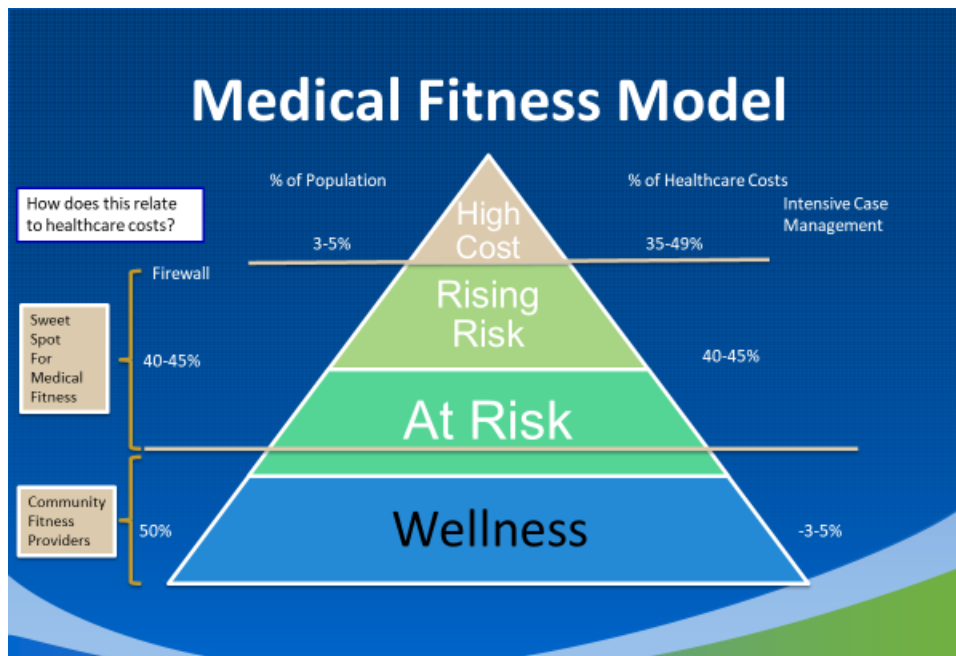
While Medical Wellness Centers have been around for a number of years, only recently has the concept of clinical integration been recognized to be an effective means for reducing re-admissions (reduction in penalties = real dollars), improving outcomes, as well as growing clinical volume, revenue and market share. Where properly sized, located, and managed, these facilities have been profitable and provided the sponsoring hospital or health system substantial market differentiation from competitors.

Why should your organization pursue population health through fitness?

- Position the hospital to become a life partner in healthcare choices across the continuum of care. Taking a wellness approach builds loyalty from future patients.
- Add a platform for community risk assessment of a myriad of conditions that can funnel into services for further diagnostics and treatment.
- Build a platform of solutions to offer employers that address cost and effectiveness of their health coverage.
- Help to diversify your system's portfolio of services and contribute to overall hospital profitability.
- Distinguish the hospital from its competition. Being first to market with this strategy is key.
- Establish a larger beachhead of services in a market that can support physicians and their patients, while concurrently strengthening the ability to compete.
- Serves as another avenue to help the hospital manage its own employee health costs.

METHODOLOGY

The basic idea behind the Medical Wellness Center is to shift the focus of health care from “sickness” to “health” and to provide physicians a place/program for patient referral to continue their change in lifestyle. Having a Medical Wellness Center allows the sponsoring entity to bring health back into the continuum of care. This lifestyle change has an emphasis on the root causes of disease prevention and health promotion. As the chart below shows, the medical fitness model supports the members of your community whose health is currently at risk or subject to rising risk for medical conditions.



*Source – Medical Fitness Association

Wellness centers provide the unique opportunity to expand the continuum of care, but also to improve the health status of people within the service area. Having a medical fitness center allows the sponsoring entity to empower people to take charge of their own health status in an environment that is supported with professional help. By developing clinically integrated medical wellness centers, the hospital or health system can:

- Improve community health status.
- Develop an attractive location for physicians to practice.
- Promote the development of disease management programs.
- Reduce utilization of inpatient services by expanding post discharge options.
- Provide an opportunity to increase clinical volumes and business growth.

- Tie the medical wellness center to the health system’s EMR to assure a smooth transition for clinical referrals to the center.
- Create a barrier to market erosion in key services.
- Provide much needed space for expansion of outpatient clinical services.
- Create a new source of “retail” revenue for the hospital, thereby reducing dependency on Medicare and Medicaid reimbursement.
- Provide a facility that can assist in physician recruitment.
- Offer new and innovative health promotion and wellness services to area employers.
- Improve medical capabilities and physician practice opportunities in the areas of physical rehabilitation, cardiology, women’s services, occupational medicine, senior health care services, and cancer care.
- Reposition the hospital with an image focusing on “health” rather than on “sickness”.



IMPLEMENTATION

How a Medical Wellness Center Fits in the Continuum of Care

EXISTING MEDICAL WELLNESS CENTERS

If your organization has an existing Medical Wellness Center, ask yourself if it is profitable and part of your population health strategy. If the answer is no, it's time to take action.

Turning around an existing center requires a fresh, professional look from a team that knows what it takes to succeed. An audit performed by the HPA team looks at the entire operation to give the organization actionable recommendations on how to make it financially viable and to be the asset it should be. A management audit should include the following:

REVIEW AND ANALYSIS OF CURRENT OPERATIONS:

- Marketing efforts: greeting and sales approach, marketing plan, closing rates, incentives, sales program.
- Financial performance.
- Policies and procedures.
- Billing practices and operating system.
- Pricing structure (membership dues and fee for service).
- Physical facility concerns: condition, suitability, layout, cleanliness, maintenance, décor.
- Equipment concerns: quality, variety, maintenance, and suitability.
- Staffing patterns.
- Staff qualifications: training, quality, and compensation system.
- Programming structure, creativity, quality, and suitability.
- Key operating metrics such as sales closing rates, non-dues revenues, attendance, costs per class, etc.
- Member satisfaction: turnover rates, feedback/survey results (if available), staff responsiveness, attendance patterns.
- Population Health/Clinical integration efforts.
- Center's sales approach to community prospects and other important corporate entities in your area.

FINAL REPORT ELEMENTS:

Analysis and opinion of:

- Operating policies and procedures of the centers.
- Billing practices and financial reporting systems of the centers.
- Marketing and sales practices of the centers.
- Clinical integration levels achieved.

- Staffing.
- Pricing policies.
- Customer service levels, both actual and desired.
- Services offered.
- Range of equipment and layout.
- Short term strategies.
- Long term strategies.
- Recommendations and action plan.

NEW FACILITIES

Like any new venture, proper planning and market research can spell the difference between ultimate success and failure. Hospitals and health systems that don't take the time and make the investment to properly research and understand the market, operations and clinical potential for a wellness center by commissioning a feasibility study are destined for problems. HPA's feasibility study recommendations provide the necessary answers to how this concept fits into a health system by including the following:

- ◆ Review of proposed site
- ◆ Description of project and rationale
- ◆ Compatibility with the Client's strategic plan
- ◆ Project cost estimate for a model facility
- ◆ Demographic analysis of the site selected
- ◆ Competition analysis
- ◆ Interviews with key stakeholders
- ◆ Preliminary sizing and design (including site and floor plans)
- ◆ Discussion/recommendations of clinical service component
- ◆ Preliminary medical office space analysis
- ◆ Preliminary wellness center financial pro forma
 - Project cost summary
 - Space requirements
 - Service offering analysis
 - Five-year operational summary
 - Membership summary (suggested rates and membership volume estimates)
- ◆ Final recommendations
- ◆ Education of key stakeholders

A Medical Fitness Center is much more than the exercise equipment found within the four walls of the building. It must have innovative and creative exercise programs and education programs both inside the Center and in the community. The American College of Sports Medicine (ACSM) has long been promoting the use of exercise regimens as an essential part of the healthcare continuum for treatment of conditions that range from heart disease to neurological disorders, orthopedic issues and even oncology. From a patient care standpoint, offering programs that appeal to special

needs populations with chronic conditions is as important as meeting their therapeutic needs. An attractive level of entertainment and facilities equipped to deliver high-quality programming is essential to the success of the program offerings. This is part of what will make the medical wellness center a preferable medical treatment and service location than what is provided by competitors. The following list offers a sampling of programs that have been shown to have a direct link to improving the care and outcomes for patients:

- Senior Health
 - Osteoporosis
 - Arthritis
 - Balance programs to prevent falls & increase confidence
- Maternal Health
 - Pre-natal and post-partum fitness
- Disease Related Programs
 - Cancer recovery
 - Cardiac rehabilitation
 - Parkinson's
 - Heart disease- (early intervention and prevention)
 - Physical rehabilitation
 - Occupational medicine
 - Neurological disorders (MS, MD, Cerebral Palsy)
 - Diabetes (prevention and maintenance)
 - Lymphedema
 - Fibromyalgia
 - Smoking Cessation
 - Weight reduction and control

Most health care providers who focus on orthopedics ought to be considering how fitness and wellness mesh with their continuum of care. This is because movement, joint health and musculo-skeletal functions are central to this discipline. From the most basic elements of orthopedic practice to the most esoteric, a wellness center can enhance the quality of care, the patient experience, recovery and the physician's practice. Some of the potential touch points include:

- For many patients, a program of "pre-hab", i.e., pre-surgical physical conditioning can enhance their results from a surgical procedure.
- For joint replacement, the wellness center can supplement post-surgical physical therapy. With insurance reimbursement declining, more onus is placed upon the patient to work out independently to achieve optimum

results. In addition, low cost access to the wellness center (or in some cases no additional cost) while in active therapy can enhance the patient's experience and compliance.

- For patients with spinal problems, a program to strengthen the back muscles can often help to prevent re-injury after surgical repair.
- Sports medicine connections are an obvious tie to a wellness center. Many orthopedic practices are delving into the entire gamut of sports performance from weekend athletes to college and professional performance enhancement.
- The presence of a wellness center provides access to equipment and facilities that would be unrealistically expensive for a typical practice; equipment such as state-of-the-art circuits or facilities such as pools become realistic with the revenue generated in a successful wellness center.



KEY FINDINGS

Why a Hospital/Health System should be in the business of wellness? Consider the following observations:

Finding #1 - Survey Research

Healthplex Associates' own consumer research has found the following medical wellness center membership trends:

- 51% of more than 13,000 respondents indicated that a connection to the sponsoring hospital was a factor in joining a medical wellness center.
- 73% of more than 23,000 wellness center members indicated that the connection to the hospital/health system was seen as a clear advantage.
- The vast majority of members in hospital affiliated centers are over 40 years of age with average ages typically well into the 50's. This is not the crowd that populates typical commercial centers, but it is certainly the prime market for hospitals.
- 28% of consumers in HPA's studies had never belonged to any fitness center prior to joining the medical wellness center.
- 25% of the membership should be from clinical integration efforts.
- HPA's surveys indicate that more than one third of the members self-report that the reason they joined the wellness center was for some specific health concern.

Finding #2 - Medicare Advantage Plans

For systems with a Medicare Advantage Plan, having a wellness center makes a critical difference in several areas:

- A wellness/prevention benefit can help to boost the plan's "Star Rating", an important factor in success of the plan.
- Members who stay active and fit utilize expensive health services far less than those who are sedentary, affecting plan costs.
- HPA has found that the marketing of the plan is much easier with an affiliated wellness center. We have seen significant plan growth when the benefit was added.

Finding #3 - Lifestyle Modification Works!

An actual case study from a Healthplex Associates managed medical wellness center demonstrated a significant reduction in disease related claims among system employees who participated in a lifestyle modification program. The wellness center designed a program to improve health and prevent disease among at risk people. The healthcare system rewarded eligible employees at the collective (not individual) level for improvements in overall health data and claims reductions.

The chart below demonstrates the actual impact that lifestyle modification had on employee claims:

Disease Category	2017 Disease Related Claims (10/1/16 - 9/30/17)	2018 Disease Related Claims (10/1/17 - 1/31/18)	2018 Claims Spend Annualized (On Pace For)	Projected Claims Spend (Increase) / Decrease	Percent change
Obesity (BMI)	\$1,091,742	\$266,488	\$674,304	\$417,439	38% decrease in claims
Hyperlipidemia (Elevated Cholesterol)	\$1,565,356	\$414,870	\$1,084,944	\$480,412	31% decrease in claims
Hypertension (Elevated Blood Pressure)	\$3,080,001	\$819,988	\$2,129,559	\$950,442	31% decrease in claims
Diabetes (Elevated Glucose Level)	\$899,171	\$253,140	\$683,957	\$215,215	24% decrease in claims
				\$2,063,507	

CONCLUSIONS

When properly planned and operated, a medical wellness center can be an important part of building a complete systematic approach to providing health services in most communities. That does not mean that there is a “one size fits all” approach. The strategy can lead to costly mistakes when it is not properly planned with careful market research, thoughtful ties to the community’s needs and the strengths of the sponsoring health system. Further, operating a wellness center is vastly different than operating a hospital.

Unfortunately, many hospitals have taken a “build it and they will come” approach, thinking that “it’s just a gym, how hard can it be to operate?” In fact, it is a retail business with significant risk, especially where no market research and feasibility has been conducted or where it is operated without regard to the fact that the desired outcome of lifestyle modification for participants requires a different mindset than the treatment of disease or injury. That does not mean that a health system cannot or should not include a wellness center in its continuum of care, it simply means that it is critical to understand the “why”, “where”, “how” and “what” of building and operating a center.

There is no substitute for a fully thought out plan and engaging help from those who can help bridge the gap between traditional health care delivery and elements of care beyond the four walls of the clinical setting. Whether considering a wellness center or trying to integrate an underperforming existing center, Healthplex Associates is the answer.