

THE BUSINESS OF INTEGRATIVE MEDICINE

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LEARNING OBJECTIVE

- To identify the specific business strategies necessary to operate a successful integrative medicine/medical fitness center.

Key words:

Medical Fitness, Wellness and Prevention, Health, Lifestyle, Customer Service

Who would have imagined that two visionary physicians would now be linked in the common cause for the improved health status of Americans? Kenneth Cooper, M.D., FACSM, often referred to as the founder of modern aerobic exercise, and Andrew Weil, M.D., the recognized father of the integrative medicine/complementary therapy movement in the United States, can see the fruits of their labor realized in the modern medical fitness program and facility.

From an ownership and investor perspective, the crucial measure of any integrative medicine/medical fitness program is its contribution to the organization's financial performance. The essential components, as in most businesses, are the following: building patient and member volume by successfully engaging people; and strong management skills, including the use of established and consistently successful business and finance methods. The purpose of this article is to share methods and lessons learned from building a successful business model.

DEFINITIONS

The early medical fitness models combined clinical services, such as cardiac rehabilitation and physical therapy, with fitness, deriving revenue from both insurance reimbursement and monthly

fitness membership dues. The current models, however, offer a wide array of services geared toward total wellness, including spa services, education, weight management, meditation, yoga, tai chi, cancer rehab, sports performance, and arthritis treatment.

Integrative medicine combines conventional medicine with complementary and alternative treatments in an effort to treat the whole person (mind, body, and spirit). The goal is to integrate with, complement, and bring added value to conventional medicine in a safe and effective manner. Furthermore, the services are promoted as a viable method to achieve a healthy lifestyle (1).

This holistic approach to health has increasingly moved medical fitness and integrative medicine into the same arena. With both areas focusing on lifestyle as the key to good health, this alignment is a natural one. At the heart of both is the holistic approach to good health and a quality lifestyle.

THE BUSINESS OF HEALTH...GROWTH OF A COTTAGE INDUSTRY

The medical fitness industry has blossomed during the past two decades. The Medical Fitness Association (MFA) was formed in 1991 and is the leading professional resource organization on medical fitness throughout the world. MFA reports that medical fitness centers have grown from 79 in 1985 to 950 in 2008. Membership has grown nationally to more than 3 million and is projected to grow to 3.75 million by 2010.

Similar to the growth and acceptance of the medical fitness industry, integrative medicine has realized greater acceptance as demonstrated by the fact that the American Hospital Association (AHA) established a special interest group for integrative medicine in hospitals in 2003. AHA reported that growth of Complementary

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Alternative Medicine (CAM) programs in hospitals reached 26.5% of all hospitals reporting that have or are starting a CAM program. The statistics also showed that 37.5% of these CAM programs are located in the hospital's wellness/fitness center (2).

Slowly, but surely, the organizations involved with health have realized the connections and synergies between the different mind-body-spirit programs and have fused many of them together into a new and holistic business model for wellness (Figure). The resulting economies of scale include reductions in required staff, floor space, and equipment—the result of cross-utilization. As discussed in the following paragraphs, the keys to success revolve around getting people engaged as members and managing the operations successfully.

THE BUSINESS OF ENGAGING PEOPLE

The challenge is formidable: 50% to 70% of the population does not exercise on a regular basis, does not eat nutritious meals, or does not manage stress effectively. The most often cited reasons are well known: lack of time, intimidation of the equipment, poor self-image, and the perceptions that exercise is not fun. Engaging people is not only challenging but also requires a different approach than the ones we have used in the past. People want something different—something that they have shown they are willing to pay for if it meets their personal needs and preferences.

That “something” is a personal, rewarding, and fun experience. No longer can we treat people as customers, patients, clients, or consumers. We have to be more personal, much like as a guest in a friend's home. Engaging people means investing the time to help them discover their individual path to health and well-being. The successful facility will gather this information and use it to create a distinctive encounter for each individual served.

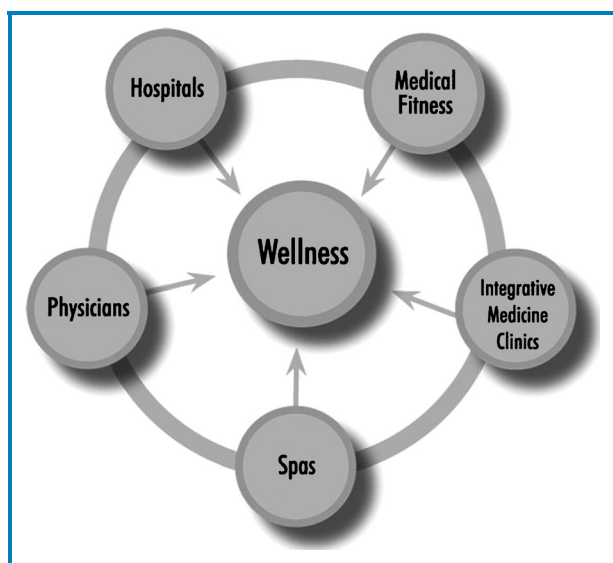


Figure. Wellness Model.

PROACTIVE HEALTH AND FITNESS CENTER SHOWS HOW

Madonna Rehabilitation Hospital (Madonna) in Lincoln, NE, is a not-for-profit 155-bed Catholic hospital serving a five-state area in the Midwest. Four years ago, Madonna, under the leadership of CEO Marsha Lommel, became increasingly concerned that their discharged patients, both from the hospital and outpatient centers, had “no place to go to get well.” Many of the patients were middle aged, with a variety of health issues and concerns. Most would not join a traditional fitness center, not feeling comfortable with younger fit members.

In 2006, Madonna opened ProActive Health & Fitness Center. The programs, facility, and staff interactions are all intentionally designed to engage people in a personal, rewarding, and fun experience. Wellness counselors greet each new member during orientation to help them feel comfortable and to learn more about their background and preferences. Staff members are recruited based on their understanding that the guests are not traditional fitness members, but rather, come from a segment of the population that may be unfamiliar and potentially uncomfortable with both the facility and the experience.

The programs are designed to offer a variety of choices and experience levels to accommodate different interests and comfort zones, some with unique names to draw attention. For example, there are 30-minute “beginner exercise classes” called *First Steps* and programs labeled *Aqua Balance*, *Back Hab*, *EZ Moves*, *Now You Can*, and *Tap Blast*. In addition, there are the more familiar options, such as yoga, Pilates, water aerobics, cycling, and meditation. Medical programs, unique to medical fitness centers and designed to treat specific health issues, including osteoporosis, arthritis, diabetes, and fibromyalgia, also are offered. Integrative medicine options include journaling classes, life balance classes for the heart, health and wellness, acupuncture, relaxation, and therapeutic bodywork.

ProActive is designed to create an environment that is inspiring and inviting, connecting people to nature through the use of natural materials, daylight, variety of different spaces, water walls, and fireplaces. There are spaces to be with people and other spaces to be by yourself, a countercurrent pool for building strength, a starter gym for introduction to strength training, a meditation room, and a spa. The design allows therapy patients to experience the space and equipment of the entire facility.

After opening just more than 2 years ago, ProActive now has 3,500 members and has seen physical therapy volumes triple since opening. Operations are already cash positive and will become profitable once membership reaches 4,000 members.

THE BUSINESS OF BEING FINANCIALLY SUCCESSFUL

The market for starting an integrative medicine program is not for the business naive. The combination of clinical, operation, and financial management must be aligned to provide

the planning and leadership needed to develop and sustain an integrative medicine program (3).

CRITICAL SUCCESS FACTORS: THE WEGE INSTITUTE

An example of an integrative medicine program that has successfully navigated the waters and achieved a sound business model is the Wege Institute at Saint Mary's Health Care, Grand Rapids, MI. This program began in 1998 and has learned a great deal over its 10-year history. Here are a set of experiences and recommendations:

Start With a Clear Vision of What You Want to Accomplish and How This Fits With the Parent Organization

Alignment with the parent organization/owner's strategic direction is essential. For Saint Mary's in 1998, this included branding identity, innovation, and a differentiation from the other hospitals in the community. As time went on, the target became financial independence and health system integration. Integrative medicine programs require high-level support (owners, senior administration, medical staff, and board). This requires the ability to educate and to demonstrate knowledge of the business aspect of the service.

Develop a Sound Business Plan

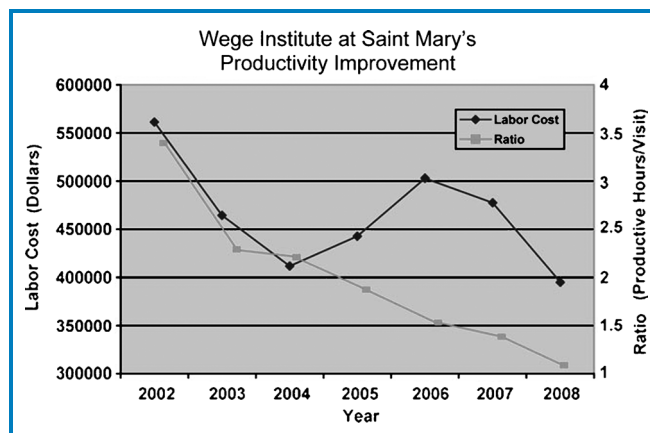
Start small, and grow incrementally. Know your community, and do thorough market research to investigate interest, demographics, and current consumer spending patterns. Saint Mary's started with four practitioners in known well-accepted service lines (massage therapy, acupuncture, holistic physical therapy, and music therapy). The program grew steadily, always making modifications along the way.

Staffing Models and Staff Selection

A variety of staffing arrangements (some hired associates, on-call associates, and contracted practitioners) are recommended. Staff selection is critical. Saint Mary's opted for experienced and highly credentialed practitioners who were mature and confident in their professional skills. In addition to a flexible staffing system, a staff productivity system, which uses industry standards, monitors productivity daily, and is required for all clinical staff, is essential.

Create a Clear Mission That is Reinforced by Your Business and a Strategic Plan

Communicate the mission and business objectives consistently and regularly. Hold staff accountable to be engaged in these principles. Integrative medicine clinicians need to understand the importance of the business objectives as soundly as they understand the importance of successful clinical outcomes from their services.



Financial Plan and Performance

The basis for successful business operations for an integrative medicine service is the ability to monitor volume to staff cost. Staff cost is the highest cost within the operation. On the revenue side, the majority of payment for services is cash at time of service, which benefits cash flow. The program manager needs to become knowledgeable of insurance coverage, billing, and collection methods for insurance payments. Although these may be few in number, it is important for credibility, service growth, and health system integration (1,3).

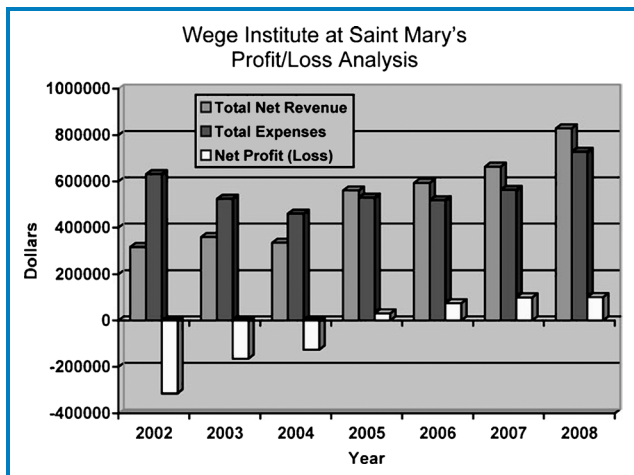
Capital costs for the start-up of an integrative medicine program can and should be low. A common mistake is to build a new facility that is too large and has a high capital financial burden. Most services can function very well in a traditional physician office suite or physical therapy clinic with standard examination room space. Equipment needs are small and relatively low cost. At the Wege Institute, Saint Mary's hired an executive director in 2002. This individual's primary responsibility was to achieve a state of financial independence. Between 2002 and 2008, the following financial impact was achieved:

- Volume increased by 52% from 9,000 visits to 13,700 visits.
- Net revenue grew by 130% from \$360,000 to \$930,000.
- Expenses in the same time frame only increased by 38%, and labor cost between 2002 and 2008 actually went down by \$70,000.
- In 2005, the deficit status was eliminated, and the department has been profitable for the past 3 years.

Operations and Clinical Controls and Metrics

To be successful, the integrative medicine program must have a set of business and clinical metrics and a system to measure results. The integrative medicine program established a clinical outcome measurement system and reported these results monthly. Finally, because we knew that it was a parent organization strategic initiative, we measured and reported all instances of system

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integration between the integrative medicine services and the conventional medicine services (*i.e.*, cancer center, health clubs, and employee use of the services).

SUMMARY

Integrative medicine and medical fitness have increasingly joined together in a mutual effort to help people renew and sustain health based on lifestyle. Hospitals/health care centers have realized that this is a key strategy to meet the health needs of their community. The essential components, as in most businesses, are building patient and member volume by successfully engaging people and strong management skills. When the right personalized experience is provided through innovative staff, facility, and programs, people are responding and paying for wellness services and memberships. The business of integrative medicine and medical fitness has grown and matured into a sound business model, demonstrating that wellness and prevention can be financially profitable, contributing positively to an organization's bottom line.



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wellness model. He is a member of the American College of Healthcare Executives, American College of Sports Medicine, Association for Community Health Improvement, Medical Fitness Association, and National Society of Professional Engineers.



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CONDENSED VERSION AND BOTTOM LINE

Wellness and prevention is the future of health care in this country. Integrative medicine and medical fitness have increasingly joined together in a mutual effort to help people renew and sustain health based on lifestyle. When the right personalized experience is provided through innovative staff, facility, and programs, people are responding and paying for wellness services and memberships. Most importantly, the business models have matured, showing organizations that wellness and prevention can be successful financially.