

Baptist Health/Milestone Wellness Center

Healthy Solutions Clinic Business Case



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Executive Summary

The Baptist Health Milestone Wellness Center (BHMWC) is a full service gymnasium/rehab facility/aquatic center and spa with 100s of workout classes held each week. The Center's success and its leaders are well known in the health club industry. Now in its 32nd year, the center has grown over three fold from its original footprint and it supports over 6,000 members and program participants.

Though many factors have contributed to the success of their facility, the leadership of BHMWC recognizes that their unique and successful position in the market has been supported by their becoming a provider of HMR weight loss/lifestyle change programs. While utilizing only a small percentage of their 70,000 sq. ft. facility (roughly 2,000) and 6 FTEs in a combination of full and part-time staff, the HMR program has made a significant impact on their commercial success and their role in the community.

The HMR Healthy Solutions program attracts hundreds of new participants per year and it generates significant non-program revenues in the form of retail and café sales of HMR foods. The impact of direct revenues from program participants and from retail and café sales of HMR products and indirect revenues resulting from the supply of new members, lower member turnover and greater utilization of center staff combine to generate industry leading ratios driving profitability (see discussion of performance ratios in Business Impact section). The constant flow of program success stories also serves to maintain community awareness and a greater sense of mission for the center.

Introduction

Diane Kelton, the President of the Baptist Health/Milestone Wellness Center (see Diane's Story) uses the term "fitness center" to describe the facility on the center's website. Though understandable in her intent to keep things simple, over the past thirty years the center has evolved to be so much more. This case study is intended to capture the fitness center's story involving dedicated people and organizations making great strategic choices to help their community improve and maintain its health. The center's choice to offer a unique service offering will serve as an example of this impact. The Wellness Center offers the HMR Healthy Solutions® weight management program to those struggling with excess weight and suffering with obesity. They also offer the HMR food products for retail purchase and the café makes HMR shakes with a choice of fruit and flavor add-ins.

The Story of Diane Kelton, President BHMWC



Diane joined the Milestone Wellness Center first as a member in 1985 and then as an accountant in 1990. As someone who had lost a significant amount of weight through diet control, but who defined herself as a non-athlete/exerciser there was a unique benefit in working for her

new employer. The staff of the fitness center helped her create a physical activity plan that was both motivating and realistic. She has maintained this pattern of regular exercise over these same 25 years as her responsibilities have grown and evolved. Ultimately, she was asked by the partners to take on the role of President. Working with the highly dedicated, skilled and creative staff and a very supportive board they have been able to build the Baptist Health/Milestone Fitness Center into a leader in fitness and wellness for the community of Louisville.

Background

About the Wellness Center

The Baptist Health/ Milestone Wellness Center is located less than 15 miles east of the center of Louisville, KY, within the Louisville metropolitan area and less than a mile from the Baptist Health, Louisville hospital. The Milestone Fitness Center opened its doors in 1984 and in 2000 in partnership with Baptist Hospital East it moved to its current location. The 70,000 sq. ft. facility houses three pools (a five-lane lap pool, a warm-therapy pool and a whirlpool), a physical therapy clinic, multiple group-fitness classrooms, cardiovascular and resistive equipment, a 1/11th mile walking and jogging track, a fully equipped Pilates training studio, a cycling studio, Cybex Arc Trainers, TRX equipment, a Spa, a Café, spacious locker rooms with steam rooms and space to connect and relax. Services include personal trainers, group exercise classes, spa services (massages, facials, etc.), and physical therapy supplied by Baptist Health Physical Therapists, child care, the HMR Healthy Solutions program and a weight management program, Baptist Health Healthier You, specifically for Baptist Health employees and also utilizing the HMR Healthy Solutions weight management program.

About Baptist Health, Louisville

Baptist Health, Louisville is part of the Baptist Health, health system. The Baptist Health “family” includes eight hospitals, 170+ outpatient facilities with include urgent care, retail-based clinics, outpatient diagnostic and surgery centers, home care, occupational medicine, physical therapy and fitness centers. Their medical group employs over 750 physicians and advanced practice clinicians and the Baptist Health Plan serves over 300,000 members.

About HMR

HMR Weight Management Services Corp. (HMR), a subsidiary of Merck, is a national company specializing in weight loss and weight management. HMR Programs combine a structured diet, physical activity, and behavioral lifestyle-change coaching, and are designed to help people lose weight while learning the skills they need to keep it off. HMR programs are available in a clinic location or as an at-home option. Founded in 1983 and headquartered in Boston, Massachusetts, HMR provides medically-based programs and support services to clinics, hospitals, and major medical centers throughout the country.

The Baptist Health/ Milestone Wellness Center provides the HMR Healthy Solutions program to its members who are seeking to manage their weight. The program is a highly structured and

comprehensive behavior management program. In Phase 1 the focus is on rapid weight loss. In addition to each participant targeting 2,000 kcal/week in physical activity and participating in weekly group coaching sessions, meals and snacks are replaced with HMR foods along with fruits and vegetables. The diet for the Healthy Solutions program is nutritionally complete and filling. The average daily caloric intake ranges from 1200-1400 calories. Each day program participants eat a minimum of 2 HMR Entrees, 3 HMR Shakes and five 1-cup servings of fruits and vegetables. The diet is easy to follow. Participants provide their own fruits and vegetables and they purchase the HMR entrees and shakes at the center. One of the unique differentiators of the HMR programs is their emphasis on program participants staying full. Should someone still be hungry after consuming these daily minimums they are encouraged to eat more of any of the foods on the program. This “More is Better” approach helps to ensure that participants never go hungry and that all the food consumed during Phase 1 is low-calorie and high volume. Phase 2 of the program builds upon the lifestyle skills acquired in Phase 1 to include weight maintenance skills as patients reduce their use of HMR foods. Through ongoing weekly coaching sessions, participants are taught how to introduce lean protein and whole grains into their daily diets. The use of HMR foods becomes more strategic as patients learn how to balance their caloric intake using these low-calorie foods as an “off-set” for days when calories from other foods become excessive.

The Partnership Story

Effective Partnerships

Longstanding relationships between Baptist Health and Milestone and Milestone and HMR have forged an effective partnership team over the past 16 years. All of this has resulted in the evolution of the Wellness Center from an 18,000 sq. ft. fitness facility serving 1200+ members to a 70,000 sq. ft. wellness facility serving over 6,000 members and program participants each month.

The Milestone Fitness Center was founded by Paul Schmitt and Sue Schonberger in 1984. Early in the center’s history Paul saw that a weight loss program would be of interest to current and potential center members. He designed a ten-week weight loss program that ran at the beginning of the year and during the back-to-school season. Paul had a great understanding of exercise as a tool for weight-loss and weight control, but he felt he could do more for the program enrollees if he could offer them more guidance on nutrition and diets. He knew that while exercise was important for weight management, diet was the most important factor for weight loss.

In the spring of 1999 Paul heard HMR’s founder, Dr. Larry Stifler, speak at an IHRSA (International Health, Racquet and Sportsclub Association) conference. Paul was very impressed with Larry and the HMR program. HMR’s programs were nutritionally sound, data-driven and evidence based. They stressed the consumption of a high volume of fruits and vegetables, daily physical activity and weekly group coaching sessions for accountability. Like many in the health and fitness industry Paul was at-first skeptical about the use of pre-packaged foods in the HMR program. After understanding the role of HMR’s food products to ensure nutritional completeness, maintain a controlled calorie deficit, high satiety and strong weight loss outcomes, Paul was sold on the concept.

Paul and the team at Milestone continued their dialogue with HMR. Those discussions resulted in their decision to launch their new Healthy Solutions clinic at the start of the 2000 New Year diet season. They launched by placing an ad in the newspaper and sending a letter to over 300 of their members who had expressed an interest in weight loss. Over 80 people attended program orientation sessions and within a month they had over 30 program enrollees. They even created a separate HMR class for Milestone staff and board members. Seeing the success of the program launch and with the knowledge that clubs cannot survive on membership dues alone Diane attended the HMR training in the spring of 2000. Understanding the Healthy Solutions program in greater depth allowed Diane to better connect the program to the other offerings of the center. She saw the broader business potential of these synergistic offerings and their fit with the evolution of the industry from fitness to wellness.

This evolution was also being fueled by new business models between fitness centers and hospitals. Beginning in 1998 the leadership team at Milestone was evaluating their partnership options with local hospitals and hospital systems. Their strongest competitor had merged with a hospital group in Louisville. Milestone engaged a consultant to assess their partner options. That consultant suggested the team at Milestone speak with all the remaining hospitals in Louisville. Baptist Health energetically responded to Milestone’s inquiry, the partnership progressed quickly and it was finalized by the first half of 1999. With the resources of the partnership in place a new fitness and wellness facility was scheduled to open in the fall of 2000. In November of 2000 the new Baptist Healthy Milestone Wellness Center opened and the HMR Healthy Solutions clinic had a new, much larger, home.

The new Baptist Health Milestone Wellness Center would be a 56,000 sq. ft., two-story facility on more than five acres of land. The original Milestone Fitness Center had grown to 1200+ members and it filled an 18,000 sq. ft. facility. Even with referrals coming from both hospital patients and employees the center faced the daunting task of getting a greater penetration into the geographic catchment area to fill this new, larger facility. Their new, larger membership would need to top 4,000.

A significant contributor to the new wellness center’s success was the HMR Healthy Solutions Program (see Table 1). The average monthly census was impacted by the recession, but it recovered and it continues to grow today.

Table 1

Program Statistics	2005	2011	2014
Average program inquiries per month	49	49	55
Total program inductions for the year	256	216	347
Average monthly program census in Phase I	64	43	72
Average monthly program census in Phase II	145	138	177
Average total monthly program census	187	181	249

The Baptist Health/Milestone Wellness facility has leveraged their license with HMR to create multiple service and product offerings. Their flagship offering is the Healthy Solutions Program. They offer the

program to both members, non-members and to Baptist Health employees through their Healthier You program. In addition to the Healthy Solutions Program they also offer the HMR at Home® program which is a remote version of the Healthy Solutions program that participants can do from the convenience of their own homes. The clinic also offers HMR's food products for retail sale and HMR shakes are offered in their café (see Exhibit I).

Exhibit I

Breakfast

- Bacon, Egg and Cheese Sandwich \$3.00
- Egg and Cheese Sandwich \$2.50
- Egg white Breakfast Special \$4.00
- Low-fat muffin of the day \$1.25
- Cornal \$2.00
- Oatmeal \$1.50
- Yogurt \$0.75
- Toast (per slice) \$0.75

Sandwiches

- Egg Salad \$4.75
- Chicken Salad \$4.50
- Tuna Salad \$4.75
- Turkey Club \$7.00
- Grilled Chicken \$7.00
- Grilled Cheese \$5.25
- Turkey Benedictine \$7.00
- Black Bean Burger \$7.00
- Veggie Burger \$7.00
- BLT \$6.75
- PB&J \$5.00
- Turkey Sandwich \$6.00
- Tuna Melt \$7.00
- Chicken Melt \$7.00
- Applesauce \$1.00
- Tabbouli \$1.50
- Fruit cup \$1.50
- Pasta Cup \$1.50
- Carrot sticks \$1.50
- Chips (sun chips, baked soy, pretzels, or cheddar) \$1.00
- Cottage Cheese (per \$0.50) \$1.50

Soups

- Vegetable & Soup of the Day \$4.00

Wraps

- Southwest Wrap \$5.75
- Veggie Wrap \$5.75
- Sun-dried Tomato Wrap \$5.75
- Turkey Benedictine Wrap \$5.75

Fruit Smoothies

- Banana Berry \$5.00
- Blueberry Crunch \$5.00
- Strawberry Sunshine \$5.00
- Cran-Banana \$5.00
- Spinach Delite \$5.50
- Chocolate Berry \$6.50

Healthy Add-ins

- Flax seed Oil \$1.50
- Granola \$1.50
- Soy Milk \$1.00
- Crunchy Peanut Butter \$1.00
- Mother's Soy Protein Powder \$1.75
- Soy Protein Powder - Chocolate or Vanilla \$1.75
- Why Protein Powder - Chocolate or Vanilla \$1.75
- Almond Milk \$1.00

Salads

- Cafe Salad \$5.00
- Grilled Chicken Caesar Salad \$6.75
- Spinach Salad \$5.75
- Salad Bar \$6.99/lb
- Cranberry Salad \$7.00

Small Bites & Snacks

- Egg Salad cup \$3.00
- Chicken Salad cup \$3.00
- Stuffed Tomato (chicken, tuna or egg) \$5.50
- Corn muffin \$1.00
- Trail mix \$3.00
- Pumpkin squares \$1.00
- Cookies \$1.00

Beverages

- Coffee \$1.50
- Ice Tea \$1.50
- Hot Chocolate \$1.50
- Soft Drinks \$1.50
- V-8 \$1.00
- Hot Tea \$1.25
- Soy Milk \$1.50
- Bottled Water \$1.25
- Juice \$2.00
- Skim Milk (12 oz.) \$2.00

Protein Shakes

- Chocolate Berry \$6.50
- Mocha Madness \$1.75
- Peanut Butter Crunch \$1.75

HMR Shake Menu

- Chocolate or Vanilla HMR 120 \$4.50
- Add-in HMR Shake \$5.50
- Double Shake (no add-in) \$4.25
- Double add-in Shake \$7.00

Protein Shakes

- Chocolate Berry \$6.50

Program Effectiveness

The most important measure of the program's success has to be the hundreds of program participants who have been helped in their struggle with obesity and its accompanying health impact. That impact can be demonstrated clinically and anecdotally (see story of the HMR Program Director below)

Clinically, the weight and health impact of the program can be seen in the results of a study conducted by Baptist Health and presented in a poster presentation at the 2015 Obesity Society meeting. Study participants were Baptist Health employees who accessed the Healthy Solutions program through the Baptist Health, Healthier You program. Forty six Baptist Health Employees participated in the Healthy Solutions program at the BHMWC. Participants were required to attend weekly group coaching classes, engage in 2 sessions per week with a physical trainer, and participate in clinical coaching with a nurse. (Poster TP-3167 presented at Obesity Week, 04Nov2015, Los Angeles, CA.)

Study Results:

Weight loss	Study participants had an average starting weight of 226.9 pounds and after 9 months, on average, they had lost 35.4 pounds, reduced their waist circumference by 4.8 inches and dropped their BMI by 5.8 points.
Biometric	Biometric data was collected on 20 of the program participants. On average HDL

measures	cholesterol increased by 4 mg/dL, triglycerides decreased by 45.3 mg/dL and mean glucose levels decreased by 10.5 mg/dL.
Medication changes	Of the 28 program participants who participated in the post-program survey <u>all</u> of them had their diabetes medication either reduced or eliminated, over half had their hypertension medication reduced or eliminated and over 80% of them were able to reduce or eliminate their cholesterol medications.
Participant feedback	Of the 28 employees who completed the post program survey 6 reported an improvement in their mental status, 5 report improvement in their emotional health and 9 reported improvement in their energy level.

It is estimated that among overweight and obese adults that for each point increase in BMI there is a corresponding increase in medical and drug costs of just over \$200 (Wang F. "Association of Healthcare Costs With per Unit Body Mass Index Increase," Journal of Occupational and Environmental Medicine, July 2006, 668-74.) As these costs are borne by both the patient/member and the health system, both individuals and organizations benefit from an improvement in weight status. For the employees of Baptist Health the HMR Healthy Solutions program generated benefits on many fronts.

The Story of Chuck Bent, HMR Director at the BHMWC



In 2007, when Chuck and his wife joined the HMR program as a participants he was 100lbs heavier than he is today and even a minimal amount of exercise left him exhausted. He had previously lost and gained hundreds of pounds, and he needed multiple medications to manage his health. After a year in the program he had lost 80lbs, was competing in stair-climbing competitions and ultimately, his medical labs became flawless. In 2010 Chuck became an HMR program Health Educator and today he serves as the program's Director where he has the great pleasure of helping others lose weight and improve their quality-of-life.

Average weight loss for the Healthy Solutions clinic program is 28-37.5 lbs. at 12-26 weeks. [Donnelly JE, et al. Int J Obes 2007; 31: 1270-1276](#)

Business Impact

Not surprisingly, by generating the aforementioned results the HMR programs offered at BHMWC have grown substantially over the years. In 2004 the club expanded 14,000 square feet to its current 70,000 square feet footprint to create a separate space for the HMR program. Program participants have also changed significantly. When the Healthy Solutions Program launched in 2000 most people needed to lose between 40 and 50lbs. Today, program participants need to lose significantly more weight. These new, heavier, participants represent a very different segment of the population in the club's geographic catchment. Diane referenced an industry statistic that almost 50% of those joining hospital-based wellness facilities have never belonged to a fitness center before. With fitness centers limited in their

ability to grow by the absolute constraint of travel time, attracting new and different members from the surrounding community will be a critical driver of business success.

When considering the overall effect of having the HMR programs as a part of the center's service offerings Diane highlights the many participants helped by the program and the accompanying positive impact on the staff. The center has always had a broader remit than simply exercise and Diane believes the center's broader wellness culture has contributed to low staff turnover. She cites the fact that 50% of the full-time staff has been in place since the center opened. Being a part of life transformation can provide tremendous job satisfaction.

Finally, under the rule of doing well by doing good Diane notes the multiple areas where the HMR programs have had a material impact on the financial performance of the center. Member recruitment has been positively impacted by local news stories covering the success of different HMR program participants. Though she has never measured what percentage of HMR program participants have transitioned to center members, it is safe to assume that this is occurring as the impact of group program participation on member retention is well established in the fitness club industry. All of the aforementioned elements of program and product sales, staff culture, and member recruitment and retention contribute to a very impressive dues and fees to other non-dues revenue ratio. IHRSA reports on their website (<http://www.ihrsa.org/financial-operations-research/>) that across the fitness club industry total non-dues revenues range from 24-39% of total revenues depending on club size and type. Higher percentages of non-dues revenues correlate with greater club profitability. BHMWC reports an industry gold-standard ratio of 50% of their revenues coming from non-dues sources. A strong indicator of financial success!

Retail Sales of HMR Products

- On average the café sells well over 1,000 shakes per month (see menu above). HMR clients grab a shake after a workout or pick one up on the way to class. The café also sells the HMR BeneFit® Bars.
- The HMR merchandise cabinet (pictured right) needs to be restocked 2X per day. With thousands of BHMWC members familiar with the program many purchase the HMR products as low-calorie, nutritious meal options.



The Future

The partnership between Baptist Health, the Milestone Wellness Center and HMR has been very successful, with all parties allowing each other to do what they do best. As a result, the respective parties have grown, and hundreds of people are helped with their weight challenges and improvement in their health each year.

The CDC reports that 86% of America's healthcare costs are the result of chronic diseases and that much of this chronic disease burden is attributable to a short list of risk factors (<http://www.cdc.gov/chronicdisease/>). Obesity and physical inactivity are the top cost per capita health modifiable risk factors. (Goetzel RZ, Pei X, Tabrizi MJ, et al. Ten modifiable health risk factors are linked to more than one-fifth of employer-employee health care spending. *Health Affairs*. 2012;31(11):2474-2484.)

Fitness and wellness centers have an opportunity to play a greater role in the health and wellness of their communities, but to do so, they will need partners who provide capital, member referrals and effective programs for health improvement. Bringing these elements together should create opportunities for all stakeholders to benefit from these new health and wellness models.