

The Retail Side of Hospital Allied Care: Increasing Your Revenue Stream

by John L. Surprenant, MA, MDiv, MHA

In Brief

Retail programs established by healthcare organizations—if done properly—can drive additional business to the core services of these organizations. These retail programs can provide new, high-margin, cash-based revenue streams that are often immune to fluctuations in payment from payers. Additionally, retail medicine ventures can provide a beneficial service to patients and their families and to healthcare employees, and can increase greater brand awareness and customer loyalty to healthcare organizations.

Market-Driven Healthcare

The increasing rise in consumerism in the United States is one of the transformative drivers of change in our healthcare delivery system. Regina Herzlinger delineates this change in her pivotal 1997 book, *Market-Driven Health Care: Who Wins, Who Loses in the Transformation of America's Largest Service Industry*. Dr. Herzlinger, professor of Business Administration at Harvard Business School, presents the case that market-driven healthcare—if done correctly—can not only foster competition and innovation, but reduce cost and increase bottom-line revenue. Dr. Herzlinger is credited with coining the phrase “consumer-driven healthcare.”

Consider the ways in which the healthcare landscape is already shifting toward a retail experience. Today in the U.S. there are more than 1,000 store-based clinics, and this number is expected to swell to more than 2,000 in the next two years. These retail-based clinics (e.g., Minute Clinics, RediClinics, Take Care Clinics, The Little Clinic) are convenient neighborhood medical care programs found in stores like Wal-Mart, Walgreen, and CVS pharmacies, and at some major grocery store chains. These new delivery channels are popping up almost daily and will undoubtedly continue to grow.

Retail medicine has seemingly come of age and is making a significant impact in various ways. Often these new retail services are focused on wellness, health and beauty promotion, and disease management.

In healthcare settings nationwide, many examples of the emerging trends in retail medicine exist, showing how healthcare organizations are adapting this novel approach. Often this occurs under the larger umbrella of the current movement in healthcare away from a “disease” culture to a “health” culture. The emphasis is on healing and caring for the whole person. For example, consider the University of Maryland's Center for Integrative Medicine's tagline, “Blending Science with the Art of Healing,” or the slogan of Scripps Health in California, a “World of Heal-

ing,” or Navitas Cancer Rehabilitation Centers' emphasis on caring for “The Whole You.” This trend is reflected at the many cancer programs nationwide that are placing an emphasis on healing the whole person (mind, body, spirit) and on new and earlier prevention and screening opportunities and modalities, as well as increasing programs addressing the needs of the nation's more than 12 million cancer survivors.

Retail Medicine Options

Retail medicine concepts vary widely and can be found in many settings; however, for most healthcare organizations, retail medicine is offered in the following formats:

- Wellness centers
- Marketplace stores
- Medi-spas
- Integrative medicine programs and centers
- Various types of e-commerce ventures.

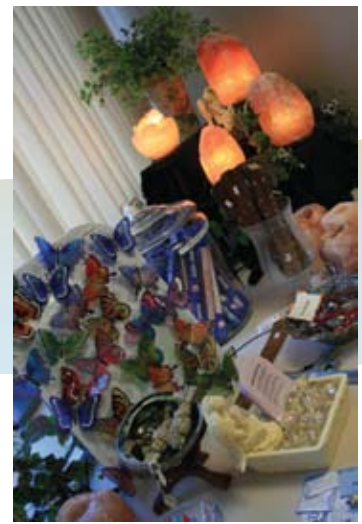
Wellness centers that are part of healthcare organizations are not the typical traditional health clubs. Instead, these new health/wellness centers often include programs and services such as yearly blood screenings, fitness assessments, diabetes and cholesterol testing, and fitness coaches. Some centers offer vitamins and nutraceuticals relevant to women and men's health, natural skin care products, as well as expanded lines of inspirational merchandise.

Wellness Centers (affiliated with a healthcare organization) take about three months to build out and put product placement merchandise into place; fitness centers require a lengthier build out.

Marketplace stores (a generic name for retail space distinct from Medi-Spas and integrative medicine centers) are another type of retail medicine. Marketplace stores can include such products as employee uniforms; mom and baby supplies; and products associated with cardiac, rehabilitation, cancer, and orthopedic patients. The design and product selection for these stores is usually determined by various types of consumer studies and surveys conducted during the due diligence phase of researching whether or not to establish a marketplace store venture. Among the considerations are:

- Community demographics
- Income profiles
- “Market” potential based on socioeconomic segmentation
- Consumer expenditure analysis.

Typically, marketplace stores require between three to four months to build out, and usually generate \$600 revenue per square foot per year.



Planning Tips for Integrative Medicine Program with Retail Component

- Start small
- Do not take on high overhead costs
- Plan for multi-use of space
- Use a fee-for-service model
- Have a retail store
- Identify bona fide, credentialed instructors and develop contractual relationships carefully.

Medi-spa services are another emerging retail trend. These so-called “medi-spas” are usually overseen by a medical director who is either board certified or board eligible. Medical services are frequently performed by an advanced registered nurse practitioner or a physician assistant (PA). Typical medi-spa services include laser skin resurfacing and wrinkle reduction; photo facials and specific area treatment with pulse light therapy; injectibles such as Botox, Restylane, and Juvederm; radiofrequency non-invasive skin tightening; micro-dermabrasion; skin peels; and laser hair removal. Healthcare organizations considering a medi-spa retail service would need to research their market carefully. A preferred market profile for a medi-spa location includes:

- Demographics with 50 percent female
- 45 percent with household income over \$50,000
- A population of more than 40 percent between the ages of 25-64
- 25 percent of those individuals having attended some college or obtained a bachelor’s degree or higher.

Also important are the market’s total population and annual growth rate as well as traffic counts. The average medi-spa startup time frame is four months including build out.

E-commerce offers another retail option for healthcare programs. This approach can be a stand-alone program or can complement a marketplace store offerings. (For an example, see the article on the Jane Brattain Boutique on page 41.) Most often, e-commerce ventures involve partnering with outside firms for technology, order fulfillment, inventory management, credit card processing and customer service. An important consideration in establishing an e-commerce retail operation is creating a memorable website that may be linked to the healthcare organization’s website. If done correctly,

e-commerce can be branded with the health system logo and offer a wide range of products online. E-commerce can further integrate and profile customers, patients, and employees into various clinical activities and programs of the organization. This segmentation can be an excellent targeted marketing approach to grow market share for a particular service line or clinical service.

Today with the emphasis on treating the “whole patient” many cancer programs are beginning to incorporate some integrative medicine offerings as part of their supportive care programs. Some larger cancer programs offer a wide array of complementary integrative medicine modalities. St. John Health, a large healthcare system comprised of 7 hospitals and 125 medical facilities in southeast Michigan, has developed successful integrative and retail medicine programs at three of its cancer centers: St. John Hospital and Medical Center’s Van Elslander Cancer Center in Grosse Pointe, Mich.; Novi Hospital’s Assarian Cancer Center in Novi, Mich.; and St. John Macomb Hospital’s Webber Cancer Center in Warren, Mich. (See page 40 for more on the Valade Healing Arts Center at the Van Elslander Cancer Center.) Although these cancer centers share a similar philosophical approach to “mind-body-spirit healing,” each differs slightly in the integrative and retail services offered and how these are provided. Together, these programs show how one health system has incorporated a retail component into its integrative medicine offerings.

Novel retail medicine programs and services now extend far beyond those offered in cancer programs. A wide array of programs and services are emerging, including programs that deal with sexual health, bone health, patient connectivity (i.e., being in touch with one’s body and emotions), stress management programs, chronic fatigue clinics, immune support programs, natural solutions for vibrant and balanced living, age defense, joint relief, and sensory integration therapy. While not every approach being proposed is necessarily a good idea, mixed among the many models and concepts are programs and services worth consideration. ☐

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Valade Healing Arts Center at the Van Elslander Cancer Center

St. John Hospital & Medical Center is part of St. John Health, a network of community-based hospitals and healthcare services located in southeast Michigan. St. John Health includes 125 outpatient centers and 8 hospitals with a service area that spans 5 counties.

St. John Health has four Healing Arts Centers that offer a range of integrative medicine services located in Grosse Pointe Woods, East China, Warren, and Novi. In 2000, the Valade Healing Arts Center opened at the St. John Van Elslander Cancer Center in Grosse Pointe Woods.

Mary Natschke, RN, Certified Holistic Nurse, was instrumental in the development of the Valade Healing Arts Center and has served as its manager since 2000. When the then-new Van Elslander Cancer Center was being planned, creation of an integrative, holistic healing arts center was part of the vision, said Natschke. And from the beginning, there were plans to include a retail component in the new Healing Arts Center, located on the Cancer Center's third floor.

"As you get off the elevator, you see the beautiful circular display window of the Mindbodyspirit Gift Shop," said Natschke. "Then you walk in the front door of the Healing Arts Center—people feel [the sense of healing] when they walk in. It's a place of peace and healing." Visitors enter into the Healing Arts Center's waiting area, which includes a large resource area with literature from the American Cancer Society along with a dedicated volunteer to help patients find cancer-related information. There is also a separate lending library with a variety of books, tapes, and videos on cancer and integrative medicine. Among the integrative services offered are Reiki; a variety of massage therapies (Swedish/relaxation massage; prenatal massage; river rock massage; sports massage; therapeutic massage); Hatha, Iyengar, and prenatal yoga; Tai Chi; EFT (Emotional Freedom Technique); and holistic physician consultations. "We are very careful in screening our instructors who go through a group interview and credentialing process to make sure they are a good fit for our healing center," said Natschke. The Healing Arts Center staff includes two part-time office assistants, one full-time massage therapist; and eight contingent therapists, all of whom are hospital employees who offer a variety of multi-modal therapies. All therapists and office staff are in budgeted positions within the Healing Arts Center

(HAC). The Healing Arts Center, as any other department within the organization, maintains its own budget. This past year, the HAC was able to "break even."

Services and classes at the Healing Arts Center are provided on a fee-for-service basis with the exception of the oncology patient population. Because of generous donations from the community, the Healing Arts Center is able to provide free services on a daily basis for oncology patients—both inpatient and those seen on an outpatient basis at the Van Elslander Cancer Center.

The Healing Arts Center includes four massage therapy rooms, a hypnotherapy room, a physician consultation room, a circular area that serves as an activity room where classes (yoga and Tai Chi) are held, a room for cooking/nutrition classes and/or a meeting room.

The adjacent Mindbodyspirit gift shop sells a variety of items that complement the Healing Arts Center's integrative medicine offerings, including:

- Natural skin care products
- Therapeutic essential oils
- Yoga supplies
- Cards
- Books
- Angels
- Medical music
- Jewelry, natural gems
- Candles
- Organic teas and teapots
- A unique variety of seasonal items.

The gift shop is staffed by one FTE employee with 10 years of retail experience, who handles the inventory, buying, decorating, and rotating merchandise. Volunteers assist both in the gift shop and office. Over the past year, the combined revenues from the gift shop and services saw an 8 percent increase.

"About 80 to 85 percent of our clients are from the community and hospital staff," said Natschke, "only a small portion come from oncology. The hospital is right across the driveway so our therapists have easy access to provide services within the hospital. It's a very integrated program both in the cancer center and hospital."

The Healing Arts Center has grown significantly since its opening. "To date we've seen almost 40,000 patients," said Natschke. "We're now seeing 500 to 600 patients per month, including our classes and services."

In terms of lessons learned, Natschke said, in hindsight, the Healing Arts Center would have benefited from a first floor location. She also believes that the person managing a healing arts-type program should have a medical and/or healthcare background. "It's important to be able to



walk both aspects of medicine. You have to be knowledgeable about the integrative modalities, and I believe a nursing background is also important as you work to integrate these healing practices into the traditional medical world.” For the program’s retail component, “I think it’s important to have someone who has retail experience.

For more on St. John Healing Arts Centers go to www.stjohn.org/valadehealingarts.

The Jane Brattain Boutique @ Park Nicollet, Park Nicollet Health Services

Park Nicollet Health Services, a nonprofit integrated healthcare delivery system based in St. Louis Park, Minn., includes the Park Nicollet Methodist Hospital, Park Nicollet Clinic, Park Nicollet Foundation, and Park Nicollet Institute. The health system operates 25 neighborhood Park Nicollet clinics and 6 urgent care sites. In 2009, the new, state-of-the-art, 40,000-square-foot Fraumshuh Cancer Center is scheduled to open on the Park Nicollet Methodist Hospital campus.

Park Nicollet Health Services has a robust retail component known as The Stores @ Park Nicollet, that includes:

- 13 pharmacies
- 10 optical stores
- 9 contact lens stores
- 3 hearing centers & stores
- 5 health & care stores
- The Jane Brattain Boutique @ Park Nicollet, located adjacent to the Jane Brattain Breast Center.

All of the health system’s healthcare product offerings are run by the Park Nicollet’s Health Care Products Division.

“The Jane Brattain Boutique @ Park Nicollet (Jane Brattain Boutique) is more specialized than most of our health & care stores,” said Bonita Artz, operations manager for the Health & Care Stores @ Park Nicollet. The boutique is designed to provide services and products to meet the needs of cancer patients, especially breast cancer patients. Previously, fitting services for mastectomy bras and prosthetics were offered in the program’s Health & Care Stores @ Park Nicollet on the first floor of Park Nicollet Clinic—St. Louis Park.

“The idea of the boutique was to provide more full-service offerings, as well as a better setting for patients coming in for that service. Then the boutique expanded

to include the gifts and cancer items, in addition to the mastectomy bras and prosthetics,” said Artz.

The Jane Brattain Boutique, which opened in 2002, is located on the fourth floor of Park Nicollet Clinic—St. Louis Park. The boutique is situated across the hall from the Jane Brattain Breast Center, which provides diagnostic imaging, testing, and mammography services. The 875-square-foot boutique includes both retail space and a specially designed, oversized fitting area. “When patients come in for a fitting, we are able to close off a set of double French doors,” said Artz, “and there is a separate area so that there’s a nice, private feel.”

The Jane Brattain Boutique’s one full-time staff member, a certified bra fitter, works Monday through Friday, 9 a.m. to 5 p.m. A second staff member, who is also a certified bra fitter, floats to all Heath & Care Store @ Park Nicollet locations. Among the services offered are consultations to help women with breast prostheses, shapers, and bra fittings; and full-service billing to maximize insurance benefits. Products available include breast prostheses and shapers; skin care, bath, and hygiene products; clothing, including bras, pajamas, and swimwear; gifts and comfort items; and books.

Artz oversees the boutique’s operations and inventory. “The bulk of what we offer—which is true for all of our stores—are [items that are] direct provider referrals,” she said. “We have account managers who work with Park Nicollet doctors to bring in what they are recommending for patients. The boutique is a little different in that, in addition, we carry some gift items in the store. The gift items are the type of items one might purchase for someone who is dealing with cancer—inspirational items, hats, and scarves. We have a separate buyer who purchases those products.”

In addition to the brick-and-mortar store, since 2003, the Jane Brattain Boutique has offered selected products for sale online. The online store is an e-commerce website that is maintained separately, said Artz. Typically the same products are available online as in the retail store.

Revenues from the Jane Brattain Boutique “go directly back to Park Nicollet to support all of its programs,” said Artz. The boutique’s revenues have grown over time, but Artz cautions other organizations interested in establishing retail operations to be realistic. “It takes time to grow a business,” she said. “It would not be unrealistic to say it takes about five years for a business to be profitable.”

Go to www.parknicollet.com/stores/brattain/aboutUS.cfm for more on the Jane Brattain Boutique @ Park Nicollet. 📍