

WELLNESS CENTERS



A Guide for the Design Professional

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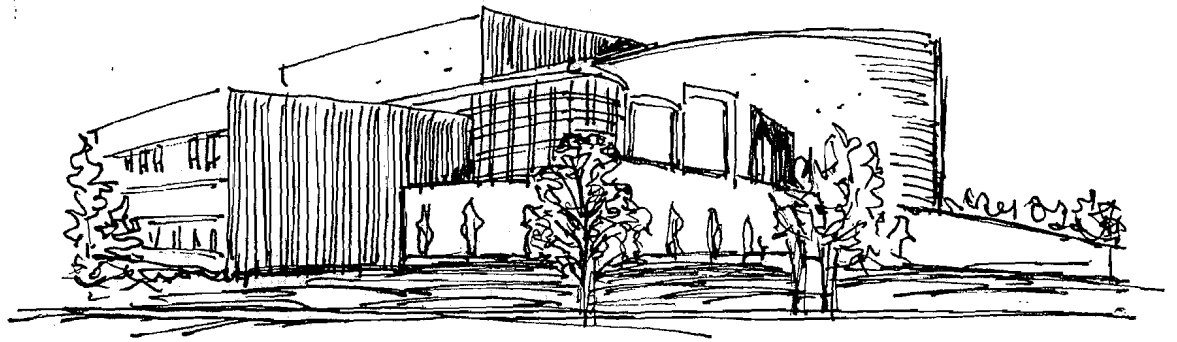
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Developing the Wellness Center



The shift from the fee-for-service healthcare system to the managed care model is the primary driver for changes in every aspect of healthcare delivery. Not to be overlooked, however, is the influence, power, and driving force of technology. Technology has always been an energizer in the healthcare profession, as in other professions. The history of medicine bears this out.

Hippocrates based his medical practice on bedside observation. Telemedicine enables physicians to observe patients, to diagnose and treat them, at incredible distances. This technology enables us to bring the best medical care in the country to remote locations, including war zones. During Operation Desert Storm, the U.S. military relied to some extent on the satellite transmission of data that helped doctors in the United States to support troops involved in ground operations.

Yet how advances in medical technology relate to the practice of medicine is not simply a question of access, but of the changes in the specific requirements of medical buildings themselves. As endoscopic procedures, for example, have evolved, the number of certain more invasive procedures has declined. Thus, where once a patient would have a lengthy operation for the removal of a gallbladder, entailing significant expense and extended recovery time, this procedure can now be done with an endoscope, requiring less time, fewer hospital staff, less danger to the patient, decreased recovery time, and a smaller room, specially designed for endoscopic procedures instead of a standard operating room with its full complement of equipment and energy requirements.

As the required sizes of rooms in medical facilities shrink or, in the case of specialized operating rooms, grow, the profile

of what is included in a medical facility in a given community changes greatly, and continues to change. Here, flexibility is the key. Architects should advise clients on meeting the potential of change with the best possible plans for healthcare campuses and individual buildings that reflect flexibility and adaptability.

This can be accomplished programmatically in several ways. For instance, if an existing hospital is looking for redefinition into the next century, a master plan of the campus, in broad terms, can be developed with built-in flexibility. No building should be built in the year 2000 without several potential alternative uses. This is not to say that a medical facility building should be prepared for a possible transition to a retail use, but that the locating of new freestanding building elements, as well as additions, on the land should be well-thought-out decisions, decisions made with vision.

Within existing buildings, efforts should be made to maintain whatever flexibility can be maintained, and new medical facilities' buildings should be extremely flexible. If a hospital campus has existed for a number of years and is expanding, those departmental functions that are easily relocated away from the acute care hospital should be so relocated. This is not always easy. Functions that are typically relocated include administration and departments that have evolved in size or complexity. Cancer centers, for example, especially within a university medical center campus, are likely departments to become freestanding treatment centers on their own.

Pediatric medical centers and rehabilitation hospitals, on the other hand, are likely to become freestanding facilities, but in most communities they need the support of more than one sponsoring medical center. These types of buildings are being developed in joint venture relationships with multiple hospitals, or hospital systems.

The Certificate of Need process, active in some but not all states, sets limits on the number of buildings, usually defined by a bed count for each facility in a given catchment area in each state, and the need determination of that area is based on the logic of what a community requires in terms of medical service. Legislators and regulatory bodies determine, after careful analysis of the situation, which beds go where, and community hospitals are often in stiff competition with one another for "beds," which translates into market share. This process applies only to certain types of medical facility functions, with some state to state variation.

For example, in Maryland, a medical office building can be built without benefit of a Certificate of Need unless it considers the inclusion of operating rooms. If it does, then the number of

doctors practicing within a specialty and the number of operating rooms (ORs) anticipated in the design become criteria. If the number of ORs is above a certain threshold (currently, two), and if there is more than one medical specialty being practiced, then the project in question must undergo rigorous review by the governing state agency, in competition with other projects of similar nature and size.

At present, in most states there is no regulation on the creation of wellness centers, because wellness centers are medical buildings with no specific regulatory requirements other than those imposed by building codes and professional standards of care. As standards evolve for the regulation of some types of complementary medical practices, such practices and procedures may be subject to future regulation.

Physicians in the field of complementary medicine are, on the whole, in favor of some regulation, as ensuring the public safety is central to the mission of their medical practices.

The current gathering momentum for creation of wellness centers is in part due to the lack of regulation. With the proper team assembled—owner/hospital affiliate, financing partners, architectural design team, project developer/facilitator—anyone can build a wellness center. If market studies show a legitimate need and all the elements fall into place, the process is simple. The implementation of the process runs into obstacles (challenges) typical of any new building project, but regulation is not yet one of them.

A number of factors are fueling the race to build, which seems to have accelerated recently. Among these are changes in managed care, a perception that the market is ready and will not peak for another few years, a perception by some that this is only the beginning of the healthcare revolution, the availability of capital in various markets, especially real estate investment trusts (REITS), the demographics of baby boomers and the potential in catering to this massive group, and the trends toward self-care and alternative healthcare treatments.

Allowing the acceleration of the growth of what has become the wellness industry, in terms of facilities, is the lack of regulation. There is, on one hand, no need to predetermine and over-regulate the design of a medical fitness facility. For years, fitness facilities have had no regulations other than building codes and professional standards. Incorporating healthcare elements into fitness building types requires a great deal of design finesse.

Issues of privacy and safety, which are of the utmost importance, must be addressed. Where specific medical procedures occur, these spaces must meet standards like those suggested by

the Joint Commission on Accreditation of Hospital for health-care facilities.

Where alternative therapies occur, such as chelation therapy, there is an opportunity for architects to set reasonable standards for what these spaces need to be in order to create a design that adequately and graciously supports them. Where spaces for the practice of alternative therapies intersect with spaces for the practice of traditional medicine and the elements of the fitness complex are special opportunities for well-thought-out design.

Engineering considerations, such as the number of air changes needed for these wellness facilities, are significant. The high humidity of pools, locker rooms, steam rooms, and workout areas, coupled with the inclusion of medical equipment in clinical spaces, will have to be thoughtfully designed.

The danger of transmission of pathogens, such as those that cause Legionnaires' disease, is very real in these facilities. Spa areas alone have been suspected as being the environmental hosts for Legionnaires' disease outbreaks in a number of cruise ships in recent years. Mold, a challenge in most fitness facility locker room areas, holds a potential risk for those suffering from environmental allergies, who may well be visiting the wellness center with the goal of taking steps to cure such allergies.

THE PLANNING PROCESS

In developing a wellness center, the planning process can be separated into two major areas: the evaluation phase and the implementation phase.

Evaluation

During the evaluation phase the planning process is driven by the goal of minimizing the risk accompanying a decision to expand or move selected hospital programs to a wellness center. Risk is minimized by reducing, as much as possible, the uncertainties associated with the project. The assumption underlying this approach is that the more one knows about a project and all of the elements that bear on it, the better the decisions one will make.

The starting point for an organization's decision to build a wellness center is the organization's strategic plan. The strategic plan is the framework within which the evaluation and implementation take place; it defines the broad criteria according to which feasibility will be determined.

If, for example, a strategic plan has an objective of achieving a 15 percent rate of return on program investment, then one factor in financial feasibility is defined.

The strategic filter, the fabric of criteria created to measure program additions, is typically composed of an organizational assessment and a plan development section. The organizational assessment attempts to describe the current state of the organization, and the plan development section describes where the organization thinks it should be at some point in the future and how it plans to get there.

Each component considers the programs and services the organization believes it should provide. As part of the plan development section, certain elements are addressed that become the linkage between the strategic plan and the evaluation of the wellness program. These elements may include performance goals for the entire organization, market responsiveness, the organization's plans for reacting to the quickly changing healthcare market, facility evaluation, programs the hospital system might move to the wellness center or wellness center campus, financial objectives and/or forecasts of revenue, expense, or capital requirements the organization must obtain to maintain or improve financial viability.

Management considerations include those administrative, legal, and other operational issues that require resolution during the evaluation phase. The test for deciding whether a management issue should be included in the evaluation phase is whether the issue influences the feasibility of the wellness center program.

Technological considerations are those that pertain to what will be included in the clinical program of the wellness center design and how the movement of certain clinical programs will affect the technological requirements of the system. These issues are especially important for the more technologically intense clinical programs, such as outpatient surgery and imaging, that may be included in the wellness center program.

For example, if outpatient surgery and imaging will be included in the program, a rough estimate of equipment costs should be made. It will also be important to consider exercise equipment and larger amenities such as swimming pools. Fitting these requirements into the overall budget for equipment is the first step.

Facility considerations are next. Will the wellness center start out as part of the hospital's mission to become an expanded health education service in the next century? Such a step will require expanded classroom space, perhaps within the hospital campus buildings. Or if the program requires its own space, will that space be on the hospital campus, or will it be freestanding? Will it follow population growth in the suburbs, or will it be part of a new focus on the community's center? A

gross space program will reflect facility requirements and give the organization the starting point for other program considerations as sifted through the strategic filter.

The evaluation phase includes financial considerations. All elements of evaluation relate to the organization's financial goals. Determining the financial soundness of a proposed wellness center project begins with the financial objectives contained in the plan development and the strategic plan. These objectives define an organization's financial needs and the direction it plans to follow, or to alter, to maintain its financial position. The financial feasibility of the wellness center program is then evaluated within the context of these objectives.

During the evaluation phase, financial feasibility is analyzed through consideration of the following:

1. *Return on investment requirements.* The net financial gain required by the organization on dollars invested in new or existing programs or services.
2. *Reimbursement potential.* Sources of revenue from third-party payers, which include reimbursement for clinical services such as physical, cardiopulmonary, and occupational therapy; third-party reimbursement for wellness benefits; and reimbursement for integrative therapies formerly considered not reimbursable, such as massage therapy and acupuncture.
3. *Funding requirements.* The total projected amount of both capital and operational costs that require funding as part of the project.
4. *Preliminary feasibility.* The consolidation of market and financial analyses into a projection of revenue and expenses, cash flow, and profitability of the wellness center.
5. *Ownership options.* An investigation of the various alternatives for ownership of the wellness center, and the impact of these alternatives on the ability to generate necessary investment capital and on the ability to achieve acceptable profitability.
6. *Financial options.* An investigation of potential sources of funds to cover initial capitalization requirements.
7. *Financial plan.* A detailed statement of the financial feasibility of the wellness center project. The plan includes underlying assumptions regarding market demand, market share, and capital requirements and pro forma financial statements. The plan also describes the manner in which financial resources, both internal and external to

the organization, will be used to achieve the desired results projected in the financial statements.

During the evaluation phase, the final functional area of issues and questions to be resolved is the market for the wellness center. Market demand for fitness programs, spa programs, integrative therapies, and outpatient clinical procedures must be assessed.

The decision to initiate or continue clinical programs depends on the preceding factors. All market and financial feasibility data are sifted through the filter of the organization's strategic plan to determine whether the wellness center will or will not advance the organization's overall goals.

Implementation

If the evaluation process results in a decision to proceed, the next step is implementation. The critical forces driving implementation activities are schedule and budget.

If the wellness center is to include such services as outpatient surgery, a Certificate of Need will be required in most states. The certification process, which can be lengthy and complex, must be included in the project schedule at the outset. The sometimes unpredictable nature of the Certificate of Need process in some jurisdictions can have an impact on whether the project's basic market information is still valid at the time the project is brought on-line. Organizations should consult a healthcare attorney as early as possible in the implementation process if they have not already done so during the evaluation phase.

An architect can assist in the initial implementation phase by providing insights as to the buildability of a selected site and clarifying economic considerations in the construction market that may influence the project's schedule and cost. An architect can also provide rough cost estimates, based on his or her own experience or that of others.

Other management development activities that should be considered early in the implementation phase include the drafting of contractual agreements governing the provision of services, the development of staffing requirements, and the preparation of a business plan. In addition, although they may not be needed until later in the process, it is also advisable to consider policies and procedures for operation of the facility and the development of staff training materials.

During implementation, technical issues are raised in regard to the selection and installation of equipment that will