

MEGA grant keeps wellness company in state; expansion, hiring planned

By JAY GREENE
CRAIN'S DETROIT BUSINESS

Summit Health Inc., a Southfield-based wellness services company, plans to hire 252 workers over the next five years and spend \$11.4 million on a major building expansion and diversification project this fall.

Last week, Summit received a state employment tax credit from the Michigan Economic Growth Authority worth \$514,000 that persuaded the 12-year-old company to stay in Michigan, said Richard Penington, its CEO and founder.

"We couldn't have done it without the support of Oakland County and Novi," Penington said. "They did everything they could to keep us in Michigan ... we had other offers from Indiana, Tennessee and Washington."

Primarily contracting with such large companies as Blue Cross Blue Shield of Michigan, Priority Health, United Healthcare, Aetna and Cigna, Summit Health provides on-site wellness screening services for employers.

But Penington plans to open an advanced reference lab to support its wellness screening programs and to conduct commercial reference lab services that include DNA screening, cholesterol and diabetes testing.

"Our price is around \$42 per person for the on-site, full lipid panel with blood pressure, body mass index, height and weight," Penington said.

"We counsel them on the results and offer them wellness programs, depending on their plan," he said. "We are not trying to replace primary care doctors. If (the results indicate), we will ask them to see their doctor and send them information to take on national clinical guidelines."

During the first five months of this year, Summit has increased revenue and customers by more than 127 percent compared with the same period in 2010, Penington said.

"We expect our revenue this year to top \$50 million," Penington said. Last year, Summit's revenue was \$25 million.

Penington said one reason for fast-paced growth is a provision in the Patient Protection and Affordable Care Act of 2010 that allows premium discounts of 20 percent

this year and 30 percent in 2012 for employees who meet various wellness goals, including weight, blood pressure, cholesterol and not smoking.

"We have clients who are taking advantage of that because companies are saving money right away," Penington said. "This is why we are seeing hyper-growth."

Scott Foster, president of Royal Oak-based Wellco Corp., a wellness consulting firm, said Summit Health is capitalizing on health care reform and the growing interest in corporate wellness programs.

"Corporate wellness is now over a \$500 million (industry) with 30 percent growth projected," Foster said. "Federal policy

changes and increasing employer attention to medical costs will likely explode the industry to \$2 billion and beyond over the next few years."

This year, Summit plans to hire another 60 employees, mostly lab scientists and technicians, to bolster its 65-employee workforce, Penington said. Other jobs include wellness program managers, information-technology employees and staffing coordinators.

The company has signed a seven-year lease to occupy 45,000 square feet with 88,000 square feet available for further expansion at the old Tower Automotive headquarters at 27175 Haggerty Road in Novi, said Doug Finch, COO and co-owner.

Its current building in Southfield is 15,000 square feet and is not zoned for laboratory services, he said.

"We plan to have a big operation and run 1 million specimens a year," Penington said. The company plans to start renovations in August with an early December grand opening.

Summit already has a national clinical staff for its wellness screening program with more than 12,000 part-time doctors, nurses and other staff. The company is adding about 125 employees per week. Through national contracts, Summit serves more than 1.5 million people annually.

"There is a huge potential in the consumer market for a reference lab for DNA, cholesterol, blood glucose, Vitamin D testing using dry blood spots," Penington said.

While the dry spot technology

has been around since the early 1960s, Penington said the use of the Internet and people becoming comfortable with mail orders is spurring demand.

"People can order the kits from us online and in the morning they prick their finger, apply the blood to the resin paper, allow it to dry and mail it to our lab," Penington said. "We can separate the serum from the whole blood and have a very accurate test result."

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NATHAN SKID/CRAIN'S DETROIT BUSINESS

Expansion is on the horizon for Southfield-based Summit Health Inc. CEO Richard Penington said the company is seeing "hyper-growth."

“We had other offers from Indiana, Tennessee and Washington.”

Richard Penington, Summit Health Inc.

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BANKRUPTCIES

The following businesses filed for Chapter 7 or 11 protection in U.S. Bankruptcy Court in Detroit May 13-19. Under Chapter 11, a company files for reorganization. Chapter 7 involves liquidation.

Midtown Corner Cafe LLC, 113 Canfield St., Detroit, voluntary Chapter 11. Assets and liabilities not available.

TMG Canton Crossings LLC, 564 S. Main St., Suite 200, Ann Arbor, voluntary Chapter 11. Assets and liabilities not available.

Egrini Inc., 321 S. Williams St., Royal Oak, voluntary Chapter 11. Assets and liabilities not available.

— Shawn Wright