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Screenings push prompts Summit Health to expand lab

By [Jay Greene](#)

An increase in employer demand for employee health screenings is leading **Summit Health** to invest in a \$2 million laboratory expansion project this year.

The demand, CEO Richard Penington said, is because more employers are seeking to reduce health care costs by offering employees lower premiums for hitting health targets. And that requires testing.



CEO Richard Penington

Under contracts with more than 100 employers and insurance companies, Summit conducts health screenings in which it tests workers' health for blood pressure, cholesterol, blood glucose levels, smoking and obesity (body mass index).

"Insurers develop programs with self-funded employers to lower costs," Penington said. "They offer lower premiums for healthy employees. Based on their scores, (employees') premiums go up or down."

Last year, Summit completed 406,000 tests for 39,622 test kit samples. With its updated 4,000-square-foot lab, the Novi-based company projects to double the number of tests it conducts over the next 18 months, Penington said.

Summit, which has a portfolio of wellness services including screenings, immunizations, coaching and educational seminars, has grown from \$50 million in revenue in 2012 to \$80 million last year, Penington said. It projects another 25 percent growth to \$100 million this year, he said.

Growth mode

Penington co-founded the company, then called **Retail Health Network**, in 2004 with COO Doug Finch, whom he had met in 1991 while attending **Harvard Business School**. The company was renamed in 2007.

Growth and a need for lab space led the company last year to move out of its 15,000-square-foot building in Southfield into its new 50,000-square-foot headquarters in Novi at 27175 Haggerty Road, the former **Tower Automotive** headquarters, Penington said.

The company has 175 full-time employees in the U.S., with 122 of those in Michigan. It also uses about 100-150 temporary workers, about 45 of which are in Michigan, during peak demand times.

Penington said the company is on track to hire 252 workers by 2016, which would fulfill the requirements to receive \$514,000 in state employment tax credits the company was awarded by the **Michigan Economic Growth Authority** in 2011.

Summit competes with several other companies that also provide wellness consulting, screening and testing programs.

In Michigan, the Bingham Farms-based **Michigan Community VNA** and **Wellco** of Royal Oak conduct wellness testing services. Health organizations that include **Henry Ford Health System** and **St. John Providence Health System** also have wellness programs.

"We do point-of-care (onsite) testing rather than sending samples to a lab," said Scott Foster, Wellco's CEO.

Sandra Drake, Summit's vice president of laboratory operations, said employers started out by providing premium discounts if employees participated in wellness programs that include health-risk assessments or by completing health coaching programs.

But now more employers are charging employees higher premiums based on whether they smoke, are overweight and if their blood pressure and cholesterol are above predetermined levels, Penington said.

"Until you motivate people by increasing premiums, you won't see results," said Drake. "We can track employers' populations to see if they get healthy" over time.

Healthy goals

Dee Edington, founder of Ann Arbor-based **Edington Associates**, a wellness consulting firm, said employers want to see a quicker return on investment for their wellness programs and are willing to invest more upfront to lower their health care costs.



Dee Edington

"Employers want to buy health by offering to pay (employees) so much money if they reduce their blood pressure or cholesterol," Edington said. "That is OK, but it is a black hole because as soon as they stop paying for it, people will go right back to what they were doing."

Edington said employers need to offer employees health improvement programs.

"Employers have a social responsibility to help their employees, not just offer them financial rewards or penalties if they are healthy," he said.

Summit offers employers wellness consulting and health fairs in which employees can learn about healthy habits and preventive self-care from health experts, Penington said.

"We do the screening and some onsite lunch-and-learns. We feed the information to insurers, and they do the wellness education of employees," he said. "They need to provide (employers) the tools to help (their employees) get better so you can get the return on investment."

A recent survey found that 83 percent of large and midsize employers offer employees incentives to participate in wellness programs, which include health-risk questionnaires and biometric screenings, according to **Aon Hewitt**, a Lincolnshire, Ill.-based human resource consulting firm.

While the majority of companies still offer the incentives as cash payments, 5 percent offer incentives in the form of penalties and 16 percent offer a mix of penalties and rewards, said Aon Hewitt, noting that two-thirds of companies are considering imposing penalties for failing to score minimum health measurements.

Force of law

Penington said the Affordable Care Act gives employers greater incentives to use wellness program penalties.

For example, federal law now allows employers to raise the reward or penalty to 30 percent of the value of the health

insurance premium. Annual discounts or penalties could average \$4,500 for a family or \$1,600 for an individual.

Oakland County is an example of an employer that was facing double-digit health care costs and decided it needed to engage its 3,200 workers with wellness program incentives.

In 2007, Oakland County began working with Summit Health to conduct health screenings and health-risk assessment surveys. Tests are conducted voluntarily on employees for blood pressure, glucose and body mass index.

"A number of other nutrition, exercise and wellness-related programs have also been put into place for employees," said Nancy Scarlet, Oakland County's human resources director.

But Scarlet said the entire program is voluntary. Employees are offered a \$100 incentive to participate in the testing program.

"We do not tie the incentive to health care outcomes or premiums," Scarlet said. "Participation in 2013 was 60 percent, and closer to 75 percent when you include individuals that seek similar health screening information from the primary care physician on an annual basis."

Over the past seven years, Oakland County's OakFit wellness program cut projected health care costs 74 percent from a projected \$64.9 million in 2013 to the actual spending of \$37.6 million. Health care costs had been rising at a 9 percent annual clip before 2007, she said.

"We literally flattened the curve over the course of seven years," she said.

Oakland has spent \$2.3 million on the program with Summit for an 11.7 percent return on investment, Scarlet said.

"Those figures don't include the true value of the program that we experience through employee testimonials asserting the program has improved their health, morale and quality of life," she said.

Jay Greene: (313) 446-0325, jgreene@crain.com. Twitter: [@jaybgreene](https://twitter.com/jaybgreene)