



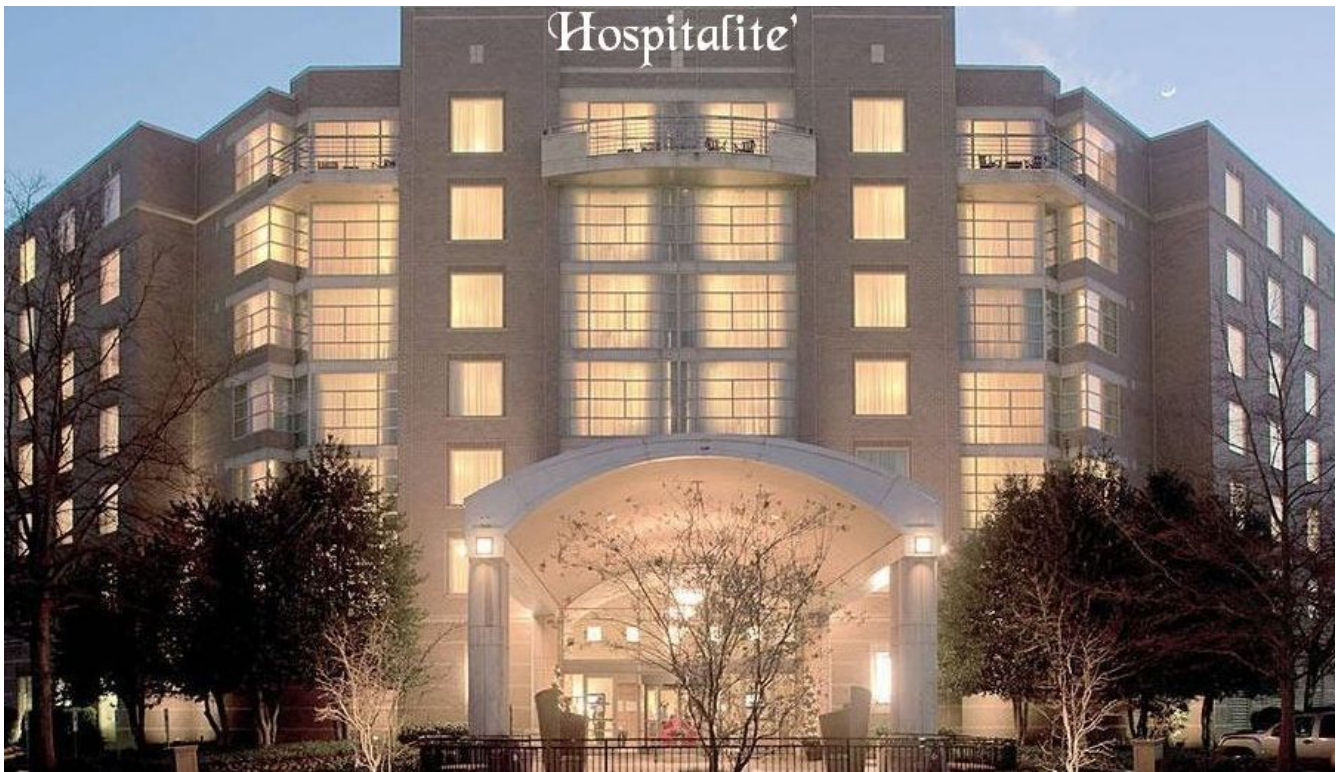
A proposal and concept Business Plan  
Executive Summary

Hospitalite'

Health Hospitality

A new health centric hotel concept focused on wellness, health and financial harm reduction while reducing the cost of healthcare.

April 30, 2018



A business plan and concept overview

by

Robert M. Brooks

all rights reserved. This report and all information contained herein is proprietary and remains the property of the author. It is not to be reproduced or distributed. It is for the purpose of determining feasibility and for investment purposes only. (c) 2016  
This is intended as an inducement to participate in the structuring and implementation of this concept or to provide all elements necessary for producing these assets.



## Executive Summary

### Hospitalite

### Health Hospitality

#### A new health centric lodging concept

Hospitalite envisions short term extensible stay "*enhanced service*" lodging in a semi suite hotel room located on the physical grounds of leading hospitals.

*The concept is to provide reasonably priced medically centric accommodations instead of hospital admission or multiple return trips for health and wellness focused guests who have a reason to utilize hospital services as an outpatient, a trend that has been increasing in recent years or a preference for the location and amenities offered.*

The target market of guests will primarily be active members of the general public and will include:

- a) individuals or family members who want to remain with their hospitalized family or friends. Any member of the traveling public that wishes to lodge at the locations selected. This group would also include accommodations for visiting commercial, professional or medical visitors and guests conducting hospital related business such as medical device vendors, Pharmaceutical representatives, visiting physicians and other hospital visitors desiring proximity.
- b.) out patients who need testing or multiple hospital visits in a short time period. Patients of concern that don't satisfy insurance company admittance guidelines. This group would include people involved in a course of treatment (chemotherapy, radiation, critical dialysis, pre surgical stabilization, post surgical monitoring) that would normally be done at ones residence.

At the time of discharge or at the conclusion of administered therapies, It may also provide a realistic alternative to:

- a.) non-monitored release or observation after ambulatory procedures
- b.) In rare instances it could provide an alternative to hospital expansion for seasonal or unusual occurrences such as natural disasters or catastrophic events.

This additional accommodation option will be provided at no cost to the medical facility and depending on the development structure, can even produce income to the facility.

It is important to note, this facility is for ambulatory guests who are capable of self monitoring due to the wellness bias of many members of the general public. When I was building assisted living facilities, there was a "hierarchy", the people who walked without assistance, "looked down" on the people with walkers, who "looked down" on the people in wheelchairs. In our marketing and orientation, we need to focus on the Hotel with convenient access to each medical center.

#### **Business model, scope**

Initial projected with the target (and optimum) size for a typical property at 100 rooms. Economy of scale and other economic considerations will likely set a minimum of 60 rooms. Any upper limit will be determined by the specific market, the size and input of the medical facility administrators and the evaluation and determination of the Hospitalite development team. A 100 room set of project economics are included as a part of this plan.

The basic model is to select cities that that have an above average cost of hospitalization, and or a demonstrated shortage of accommodations in the vicinity of the target medical facility. Identify high quality major hospitals that have sufficient surplus land (approximately 1/2 + acre\*), is willing to sell, lease, invest or contribute the site to the project. A secondary option would consider available land adjacent to a medical facility if land was not available on the hospital site. Provision has been made for the funds to acquire land via this option in the source and use of funds (Construction Cost Breakdown).

**Phase One** This business plan assumes that if the decision is to proceed, then several prototype "proof of concept" facilities will be developed and brought online. As the property stabilizes, performance criteria will be evaluated and adjustments based on observation and feedback will be incorporated.

**Phase Two** Assuming the results were positive, phase two program goal would be to rapidly develop 50 properties, around 3500 to 5000 rooms. This would establish Hospitalite' as the leader in health centric hotels and reduce the likelihood of early competition.

**Phase three** would be the development of the total number of properties determined to be appropriate by the management of Hospitalite'. My projection is that 20 percent of existing medical centers could receive health centric hotels. On that basis, market saturation would occur between 1000 and 2000 properties, or 60,000 to 200,000 rooms. Additional research and evaluation is required but build out at 60000 rooms represents approximately a little over 6 % of the 914,513 staffed hospital beds in the US.

f 100,000 rooms is considered viable, this could represent an asset base (in 2016 dollars) of approximately  $100000/100 * \$12,000,000 = \$12,000,000,000$  with an annual revenue of  $\$ 930,000*1000=\$ 930,000,000$

There are 5,724 hospitals in the US., according to the American Hospital Association. Of these, 2,903 hospitals are nonprofit and 1,025 are for-profit. Additionally, 1,045 are owned by state or local (county, hospital district) government entities. Of all hospitals in the US., 1,984, or 35 percent, serve rural communities and are considered rural hospitals.

### **Medical Affiliation**

It may be expedient to select one (or more) of the major hospital systems and forge an alliance with management to provide a number of projects in a short time period, thereby preempting early program competition.

The five largest for-profit hospital operators include: Hospital Corporation of America (162 hospitals), Community Health Systems (135 hospitals), Health Management Associates (71 hospitals), LifePoint Hospitals (57 hospitals) and Tenet Healthcare Corp (49 hospitals). The five largest nonprofit hospital systems include: Ascension Health (100 hospitals), Catholic Health Initiatives (86 hospitals), CHE/Trinity (newly merged entity between Trinity Health in Novi, Mich., and Catholic Health East in Newton Square, Pa. — 82 hospitals), Adventist Health System (43 hospitals) and Dignity Health (38 hospitals). For the purposes of this business plan, there is no functional difference between for profit and non profit systems.

### **Business model, operations**

In spite of its location, the preponderance of wellness focused guests and the (possible) presence of health support services on site<sup>1</sup>, it is not in the business plan for the hotel to provide medical services or advice to the guests. The hotel will provide an extensive set of resources that can be utilized by the guest in the event of need or desire.<sup>2</sup> Policies and procedures will be explicit in limiting the involvement of hotel staff in any guest health care decisions, primarily to address liability issues.

### **Amenities will include:**

1. Grocery Shopping for guests with 24 hour advance notice. (Service fees apply)
2. On site food and beverage venue. Also a full range of delivered meals from local participating restaurants. (Service fees apply)
3. Hybrid luxury van Shuttle. Pick up and drop off of local or visiting guests.
4. Zero emissions local shuttle hospital grounds and immediate area.
5. A fitness & exercise facility with hot and cold tubs.
6. Concierge services (Service fees may apply)
7. A complete business and data center. (Some service fees may apply)
8. Guest laundry and Dry cleaning. (Service fees apply)
9. Building will be built to LEED Standards and employ sustainable systems with a minimum carbon footprint. The ultimate goal would be to be carbon neutral.
10. Hotel water will be filtered, air will be purified, all products used by the hotel will be non toxic.
11. Accredited alternative medical practitioners may be among the service providers on the ground floor. Rooftop amenities are planned to be included such as seating areas, herb garden, meditation kiosk, et cetera.

---

1 The basic business plan calls for approximately 7,000 sf of the main floor to be rented to medical support and alternative medicine providers. These may include Nutritionists, Chiropractors, Massage Therapists, Pharmacies, Physical Therapists, and alternative medicine practitioners etc.

2 A creative list of dining, shopping, personal care, business services and concierge services is enumerated in this plan.

### Enhanced Service

The goal is that a guest can check in and all of their personal requirements can be satisfied by the hotel staff. There should be no need for them to run personal errands during their stay unless that is their preference. "Enhanced service" is the term used in this plan to describe the level of service described. The business plan also assumes that the additional costs of this level of service will be offset by charges sufficient to cover such services and represent a profit center. There will be additional labor positions required to provide service at this level

### Project Economics

Conceptual proforma for a 100 room property is provided as a part of this concept business plan.

### Hospitality

It may be wise to engage a national hotel franchiser early in this review. There would be significant benefit in considering such an affiliation. "Hospitalite" is envisioned as a "franchise" in its own right.<sup>3</sup> In the event a national hotel affiliation is determined to be in the best interest for the advancement of this program, then "Hospitalite" can be positioned as a brand or "sub brand" for a national hotel company. As with a health care chain, it may prove beneficial to consider such an affiliation to generate large scale saturation and marketing impetus.

Initial discussions with [Wyndham Hotels and Resorts](#) have resulted in a proposal that Wyndham participate based on encouraging feasibility feedback. Wyndham would be an excellent strategic partner.

Initial discussions with [Aimbridge Hospitality](#) have resulted in a proposal that Aimbridge participate based on encouraging feasibility feedback. Aimbridge would be an excellent strategic partner.

### Indirect competition exists in the form of:

1. [The Healthcare Hospitality Network, Inc.](#) (HHN) is a nationwide professional association of nearly 200 unique, nonprofit organizations that provide lodging and support services to patients, families and their loved ones who are receiving medical treatment far from their home communities.
2. [Joe's House](#) is a nonprofit organization providing an online nation-wide list of places to stay to assist cancer patients and their families find lodging near treatment centers. An early donation of financial support would be a helpful strategy to all indirect competition.
3. [Ronald MacDonald House Charities](#) - Many families travel far from home and spend several weeks or months to get treatment for their seriously ill or injured children. A Ronald McDonald House is that "home-away-from-home" for families so they can stay close by their hospitalized child at little or no cost.
4. **Many hospitals and Medical Centers** maintain a list of local hotels that are close and/or offer a special rate to guests on hospital business or guests involved in treatment. While there are no published figures, canvassing these hotels through telephone calls informs us that some of them see a substantial number of guests from this market. Data does not support an estimate of the number of guests that come from hospital referrals. However an early component of our marketing should be to enlist these resources to our benefit

### Direct Competition.

To date, we have found limited direct competition to this business plan (in the United States) with the exception of information in the following article:

*The building is owned by New York Presbyterian Hospital, and because it is a non-profit institution, no tax is charged on the guest rooms - saving approximately 14% plus a \$2 per night surcharge, Haber noted. Prior to her problems with the IRS, Leona Helmsley of Helmsley Hotels fame, donated \$35 million to New York Hospital to have her name put on the tower building, Haber said.4500000000 He estimates that there are about a dozen such hotel facilities near hospitals around the country, and that Columbia Presbyterian, a hospital on the West Side of Manhattan that recently merged with New York Hospital, is planning to build such a facility to serve its guests. Hospital Hotel Really Puts Guests First + "If it's a choice between staying in a hospital room or a medical "hotel," the Helmsley Medical Tower is the best option."Monday, May 08, 2000  
Toni Giovanetti*

---

<sup>3</sup> The "franchise fee" is projected as income to the management/development group but could be unallocated reserve capital for any purpose..



### **Rationale and corollary benefits**

Bankruptcies due to medical bills increased by nearly 50 percent in a six-year period, from 46 percent in 2001 to 62 percent in 2007, and most of those who filed for bankruptcy were middle-class, well-educated homeowners, according to a report that will be published in the August issue of *The American Journal of Medicine*.<sup>4</sup> Medical expenses now account for 60% of personal bankruptcy in the United States. Bankruptcies resulting from unpaid medical bills will affect nearly 2 million people this year—making health care the No. 1 cause of such filings.<sup>5</sup>

There is a heated ongoing debate about health care costs and who should decide what level of care patients should receive, doctors or insurance companies? One of the biggest challenges in health care is controlling costs. A primary way to accomplish that is to keep people out of hospitals, resulting in paying hospitals less money.

A current central front in this war on cost has been short-stay, or one-day, admissions. Insurers feel hospitals have too often been providing care that isn't necessary, and been paid too much for it.<sup>6</sup> There are 35,416,020<sup>8</sup> hospital admissions annually in the US. with the average length of stay at 4.8 days. Including the services provided during these stays, the cost of hospital health care annually in the United States is \$859,419,233,000.<sup>7</sup> Additionally, there are 125.7 million outpatient hospital visits annually.<sup>8</sup> While the number of these visits that might find health centric hotels to be useful has not been established, it seems likely that this is a undetermined demand generator.

Significantly, 2 out of every 7 billed hospitalization nights were rejected and not paid by insurers. This impacts all other costs in an inflationary manner. If health centric hotels were to replace all of the currently unpaid room nights it could reduce some hospital losses for the room portion of those rejected costs.

At least in part, this business plan is an attempt to reconcile this conflict. If hospital administrators and health care professionals have an alternative to hospital admission or simple discharge that is close enough in the event of emergency to intervene and yet put the hospital at less risk of arbitrary reductions in payment for services. If 'Hospitalite' can provide a safe comfortable enhanced service environment for the guest, this concept will find and fill an unmet need in the marketplace.

Additional research is warranted to evaluate the realistic size of the market. But if we can capture even 1 % of the 169,996,896 nights that are currently spent in hospitals, we could fill 4657 rooms at 100 % occupancy. Further, it would be valuable to engage in dialog with hospital administrators and insurance providers to ascertain the possibility of insurance companies accepting Hospitalite as a legitimate payable medical expense.

Concluding with a social benefit consideration, is the potential reduction of the spiraling cost of healthcare. With the average daily cost of a hospital room in the US. at \$ 1629 for a profit and \$ 2025 for a non profit hospital room<sup>8</sup>, the ability to reduce a number of these stays to a daily cost of \$ 150 +/-, could make a real difference in costs, provide a useful service and inaugurate a new profitable business model. (using the minimum figures listed above 4657room \*365 \*\$ 1827 (avg.) = \$ 3,105,543,735 annual savings)

Thank you

Robert M. Brooks (  
541 576 4904)

---

4 Medical bills prompt more than 60 percent of US. bankruptcies [Article](#)

5 Medical Bills Are the Biggest Cause of US Bankruptcies: Study [CNBC](#)

6 Inpatient or Outpatient? The Battle to Control Costs [Source article](#)

8 [AHA](#)

7 [American Hospital Association](#)

8 [AHA](#)

8 Beckers Hospital Review [Beckers](#)