California Institutes of Preventive Medicine

Improving the health of Californians
through preventive medicine

Business Plan

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California Institutes of Preventive Medicine

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Organization Overview

Mission:

California Institutes of Preventive Medicine (CAIPM) is a non-profit medical corporation founded to improve the physical and emotional health of Californians by making preventive medicine widely available to all residents of the State regardless of social, economic, and language barriers. In doing so, we will address one of the major dilemmas in the country today: how to provide meaningful and affordable medical care to the entire population. Our goals are four-fold:

- to provide standardized, comprehensive, medical evaluation at low cost to large numbers of people
- to enable an individual patient to understand his or her own health and make meaningful decisions about it
- to provide appropriate health-risk abatement programs
- to provide a new platform of comprehensive medical information upon which to build a more effective and less costly primary care medical system.

Background – Industry Trends:

It is generally agreed that American medical care now has serious problems. Both costs and expectations are rapidly rising; by contrast, satisfaction (of both patients and physicians) is decreasing. There exists the paradox of extraordinary advances in *medical science and technology* coinciding with decreased satisfaction with *medical care*. The tension between these two is ancient, but the present gap is distinctly greater than usual.

The phrase "art and science of medicine" nicely points out the two quite different components that make up the complex phenomenon known as medical practice. The noted physician, Walsh McDermott, in a 1974 talk at the Johns Hopkins Hospital pointed out that good medical care has three components:

- It has to be accessible, else it is irrelevant - no matter how good
- It has to perform a Samaritan function - that is, it has to provide human concern and kindness in order to be acceptable
- It has to be technically adept, else availability and acceptability accomplish little.

Technical adequacy is certainly *not* the problem we face. Our first problem is to make good medical care available to the entire population; our second is to provide that care in a manner that is widely accepted as meaningful and helpful. Finally, technological approaches are frequently applied to situations were they are not cost-effective and where better understanding of patients *real* needs (the Samaritan function) is *infrequently* evident. We have good reason to believe that the modern version of preventive medicine

proposed herein can bridge the gap that presently exists between the promise and expectation of medical care and its reality.

Concept Behind California Institutes of Preventive Medicine:

The combination of comprehensive medical evaluation with matching health-risk abatement programs embodies a modern concept of preventive medicine that provides a powerful and cost-effective approach to improving the health of the nation. This concept of preventive medicine also provides a new and much-improved platform upon which to base primary care medical practice. Our strategy for improving the health of Californians is unique; moreover, it has been successfully developed and tested on over one million patients in the past 25 years by the founder of the California Institutes of Preventive Medicine. We plan to implement this proven strategy in an initial center that we will establish in San Diego, which we will use as the prototype and training center for a statewide system.

The traditional approach to evaluating a patient in medical practice is for a doctor to see that patient, gather a medical history, perform an examination, and then order various tests. In the practice of preventive medicine, we find that evaluating a patient in the *reverse* sequence is not only more comprehensive, but also faster and more cost-effective. (Appendix 22: CAIPM Organization Service Model.) Thus:

- A comprehensive medical history is gathered *before* seeing the doctor (Appendix 1: Health Evaluation Questionnaire)
- The comprehensive history includes detailed social and psychological information that allows the health care provider to respond to the patient's life problems, often surfacing as physical symptoms. This often avoids the costly misapplication of medical evaluation and treatment algorithms to patients in stressed life circumstances. More importantly, it provides treatment that is relevant to the problem at hand. (Appendix 2: Summary of Patient History for Provider).
- A standardized set of laboratory tests is carried out *before* seeing the doctor (Appendix 3: Components of Comprehensive Biopsychosocial Medical Evaluation)
- A multi-page letter describing health risks, identified by information collected and analyzed thus far is mailed to the patient at home before their second visit to CAIPM (Appendix 4: Personal Health Profile)
- A Nurse Practitioner or Physician Assistant working under a Supervisory Physician reviews this information *before* meeting, examining, evaluating, and providing a personal consultation to the patient (Appendix 5: CompuHx Summary)
- A Supervisory Physician sends to each patient a comprehensive, carefully organized, and easy-to-understand Letter of Summary as a supplement to the earlier, traditional, in-office discussion of findings. (Appendix 6: Patient Letter of Summary)

The desire of individuals to understand and act on the state of their health is well known; however, the increasing fragmentation of medical care makes it harder than ever for patients to acquire such a comprehensive understanding that will work in the *context of*

their lives or to formulate a useful action plan. The CAIPM approach of combining population-wide screening with comprehensive health evaluation of selected individuals provides a complete and well-organized inventory of health risks and medical problems. It thereby enables individuals to formulate specific actions to improve their health, using problem-matched risk abatement programs. Those requiring medical treatment for acute or chronic conditions requiring medical treatment are referred to their primary care physician, or assisted in finding one.

CAIPM is launching this unique combination of health assessment and health-risk abatement on a non-profit basis to guarantee its broad availability. Widespread access to such services represents a major advance and an opportunity of great individual and public health importance. It also provides an extraordinary setting for population-based medical research (Appendix 7: Adverse Childhood Experiences Study article & Appendix 8: Hemochromatosis Study article).

The purpose of the California Institutes of Preventive Medicine is to help people adopt as healthy a lifestyle as they desire by identifying their health risks through comprehensive evaluation, teaching them the implications of those risks, and offering them proven programs to effect positive change. A key to the uniqueness and success of this approach lies in placing the health care needs in the context of the patients' lives, thereby unlocking the potential for patients to have control over their health and well-being. Stated another way, the health care provider and medical systems can be the *catalysts* for effective prevention, rather than the engine that solely delivers expensive (and often ineffective) medical services. Interestingly, these three changes encompass three of the key recommendations of the recent Institute of Medicine report on the problems of medical care in America. The concept is simple. Until now, however, implementation of such a strategy has been prohibitively complex and expensive. CAIPM's strategy has been proven to broaden the approach, simplify the implementation, and to dramatically lower its cost.

Business Description and Concept of Operation:

The California Institutes of Preventive Medicine provides four related medical functions:

- Population-wide health screening
- Comprehensive medical evaluation, on a selective basis
- Risk abatement programs for the most common sources of health risks
- A unique setting for population-based medical research and healthcare planning

The California Institutes of Preventive Medicine provides comprehensive biomedical, psychological, and social (biopsychosocial) evaluation at *Health Evaluation Centers.* We couple these with risk abatement programs and services at *Risk Abatement Centers.* The two are integrally related. Our prior experience with one million patients undergoing such an approach at Kaiser Permanente in San Diego has made it clear that one function cannot operate successfully without the other; moreover, preventive services must be provided for adults, adolescents, and children because health-risk problems typically are family-wide. In addition, we are convinced of the necessity of providing our services in English, Spanish, and Vietnamese. However, not everyone in all age groups needs in-

depth services. Therefore, screening of large populations is often an appropriate starting approach; the intent is to identify those needing detailed evaluation or treatment.

Screening:

Screening is the process by which one inexpensively selects out of a general population those persons needing further attention. When providing preventive services to large populations, it is important to be selective in their application to keep the entire effort affordable. Age, sex, self-perceived health, physiological measurements, and answers to specific social, psychological, and biomedical questions provide the basis for such selectivity. Fortunately, we are experienced in applying this approach inexpensively to large numbers of people. Skilled screening of populations is essential for risk stratification, a technique that is as important for large medical corporations as it is for industry. Examples of such screening tools are provided. (Appendix 9: SF 36; Appendix 4: Personal Health Profile; Appendix 10: Health Questionnaire for Patients under 40). We guide into the Health Evaluation Center those persons who show evidence of abnormality, malfunction, or risk for future disease.

Health Evaluation Centers:

The function of the Health Evaluation Center is to carry out a detailed and comprehensive medical evaluation of individuals, either because of their personal decision or because of need determined in screening. Each Health Evaluation Center has a Physician-in-Charge (PIC). The role of the PIC and of each additional supervisory physician is each to supervise the work of eight Nurse Practitioners and Physician Assistants who work as Examiners with individual patients. Examiners perform the work leading to diagnoses and recommendations. This arrangement is the reverse of the traditional medical office where the nursing staff exists to support physician function. Here, the physician supports the expanded functions of a nursing staff that has advanced training. Nursing staff, in turn, support the patient. The supervising physician is also the creator of the detailed reports that we provide each patient (Appendix 6: Patient Letter of Summary), enabling that individual to act knowledgeably on his or her behalf.

The Health Evaluation Center is solely evaluative and diagnostic; it does not engage in medical treatment. Individuals needing medical treatment are referred to their own physician for appropriate medical care or to the local County Medical Society's referral desk. These systems work very well when medical problems are clear, particularly when the patient is an informed participant.

Risk Abatement Centers:

Individuals needing help with reducing health risks go to the Risk Abatement Center. This is a matchless asset that rarely is available to physicians because, when seriously undertaken, it is a service that is far more complex and demanding than is generally realized.

The Risk Abatement Center provides risk abatement programs in various categories including Weight Reduction, Smoking Cessation, Stress/Depression Management, and Exercise-Physical Fitness. Staff with advanced graduate degrees carry out this work in

groups. This work is difficult and we are fortunate to have extensive experience in carrying it out imaginatively and well. The Risk Abatement Center previously created by Dr. Felitti at Kaiser Permanente has received national recognition for its advanced programs in treating adolescent and adult obesity. (Appendix 11: Weight Program Questionnaire).

Medical research:

The California Institutes of Preventive Medicine expectedly will function as a major center for population-based medical research and healthcare planning. This likelihood has been amply illustrated by its precursor at Kaiser Permanente in San Diego. The CDC (Centers for Disease Control) and NIH (National Institutes of Health) awarded that Department of Preventive Medicine multi-million dollar grants for carrying out research in the childhood origins of adult chronic disease (Appendix 7: Adverse Childhood Experiences Article) and in the genetic disorder Hemochromatosis (Appendix 8: Hemochromatosis Article). The Obesity Program has won nationwide awards and attention. Thus, in addition to providing preventive medical services on a uniquely large scale, California Institutes of Preventive Medicine will be a major medical research setting because the depth of standardized medical information that is routinely available on large numbers of individuals is unique in the nation. It is for this reason that senior CDC officials opined several years ago that Kaiser Permanente's Department of Preventive Medicine in San Diego could, with relatively minor upgrading, function as a Population-Based Epidemiology Laboratory. CAIPM will pursue that goal.

A Statewide System:

It is our firm intent that the initial San Diego-based Institute will be the prototype for a statewide system of California Institutes of Preventive Medicine. Indeed, this is the essence of the plan: to use preventive medicine to improve the health of the State and to change the practice of primary care medicine, not merely to create one clinic. The California Wellness Foundation has recognized our potential for using preventive medicine to improve the health of the State by generously underwriting the development of this business plan. Other charitable organizations have expressed serious interest in seeing our approach made widely available.

An important change is involved:

A major paradigm shift is at issue here, and the profundity of this conceptual change is easy to overlook by those unfamiliar with actual medical practice. For myriad reasons, medical practice is usually symptom-driven. That is to say, a patient's presenting symptom determines *when* an individual seeks care and *what happens* when care is sought. The physician responds to what the patient complains of, rarely having information about the overall context in which the symptom is generated. Such comprehensive information is complex, difficult to obtain, and hence too expensive to acquire routinely. A symptom-responsive approach works well for some acute medical problems, especially minor ones. For most other problems, particularly chronic or recurrent conditions, it is singularly ill chosen. In spite of this, the cost of caring for the immediate event has generally forced a symptom-responsive rather than a context-responsive approach. The difference between the two approaches is major; so too are the

implications of that difference. The renowned internist-psychiatrist, George Engel, hoping to treat ill *people*, not merely diseases, termed this contextual approach 'biopsychosocial'. By this, he meant a fusion of biomedical, psychological, and social understanding of individual patients. As a result of experience gained in developing and operating a highly successful Department of Preventive Medicine at Kaiser Permanente in San Diego, we are skilled at routinely providing the context-responsive approach as the new platform upon which to base primary care medicine.

Benefits:

We designed CAIPM to move selected patients into the health care system in a goal-directed way that we base on comprehensive knowledge of the patient and his or her health status. This is the antithesis of the symptom-responsive approach. When patients are meaningfully aware of their overall health status and its implications, as well as when they understand the various possibilities for improvement, two problems disappear:

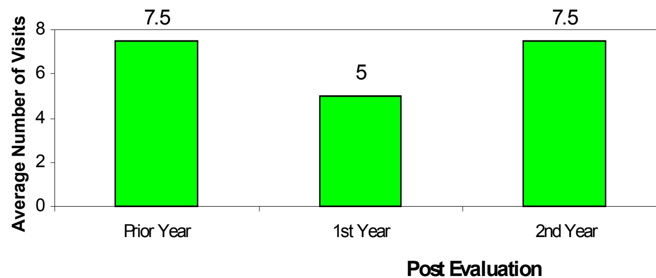
1. The physician dealing only with the symptom of the moment, and not core problems.
2. The patient wandering unguided from provider to provider because improvement is thwarted by core problems not being recognized. (Appendix 6: Patient Letter of Summary)

Cost Savings:

The result is a major cost savings for these reasons:

- Health care providers use the patient's medical evaluation findings to accurately diagnose and treat core problems rather than simply *respond* to the current symptom.
- There is reduced patient anxiety about health. There is a sense of empowerment, based on information that helps them to understand their own symptoms and health care needs.
- It is well known that outpatient medical visits are driven more by anxiety about health, rather than by health itself.

This graphic display of the medical care utilization of 135,000 adults, comparing doctor office visits in the year subsequent to this comprehensive evaluation to those in the year before, illustrates this point. Expectedly, of course, this major effect degrades with time.



Using our initial start-up figure of 20,000 patients per year, an average savings per person of 2.5 visits in the subsequent year quickly leads one to realize that we are creating a major financial benefit for any medical insurance organization. At Kaiser Permanente, the cost of this comprehensive evaluation was slightly less than the cost of the average medical office visit even though significantly more contact time was provided the patient. The *net* saving resulting from biopsychosocial evaluation is thus 30,000 visits/year. When one includes further savings from reduced Emergency Department visits and hospitalizations, the total effect is impressive (Appendix 12: Hospital & Emergency Room graphs). Lastly, we accomplish this in a manner that patients find highly acceptable (Appendix 13: patient letters) and that professionals from other countries admire (Appendix 14: Letter from Medical Professional). This is the ideal portal of entry to medical care because, instead of small, symptom-based snapshots, we document the overall picture whether for an individual or for a population.

For all these reasons, we seek to make context-responsive preventive medicine the starting point for the medical care of all individuals. This approach has never been attempted before on a large scale with the exception of Kaiser Permanente in San Diego; there over one million patients have demonstrated the validity of the concept in the past quarter century. There also, we have validated it medically, economically, and socially (Appendix 12: Hospital and Emergency Room graphs).

Most people cannot afford the expense of comprehensive regular medical evaluations, even if they were readily available. In addition, physicians typically do not have reliable referral sources for risk abatement. Risk abatement programs are complex and certainly not something that one can successfully carry out in a traditional office setting. Thus, patients continue high-risk behaviors and elevate their risk for chronic disease year after year because physicians usually respond to symptoms rather than underlying causes.

Opportunity:

The present time, with its worsening problems in primary care medical practice, may be the best of times in which to offer the services of the California Institutes of Preventive Medicine to all Californians. In addition to the direct provision of preventive medical services, the California Institutes of Preventive Medicine provides a new and much needed platform upon which to base primary care medicine.

This concept has been developed and its efficacy proven at one large site where we created a preventive medicine delivery system that is unsurpassed in the world. We propose to translate it into a statewide, non-profit system of preventive medical care: the California Institutes of Preventive Medicine. Trade secrets and proprietary information are not involved in this proposal; experience and concept assuredly are.

We are presenting this business plan to California charitable foundations whose program interests parallel ours. In early 2002, we will host a meeting of interested foundation representatives to explain our plans in detail and to seek underwriting.

California Institutes of Preventive Medicine is a non-profit medical corporation created to extend this highly successful model to all Californians, particularly including people who have no access to such preventive services, cannot afford health insurance, or who can not access comprehensive medical care for various reasons including language barriers.

Business Challenges:

The main challenge for this business will be securing contracts with high volume clients. Finding and negotiating high volume contracts is essential, because without at least 20,000 patients annually at the start-up site, the business is not financially viable.

Multiple other business challenges exist, but solutions for these have largely been worked out in the course of the huge patient experience at Kaiser Permanente. Some need further development. For instance, it is essential that patients feel they are heard; that they have a chance to ask questions and have them answered completely and understandably by the medical providers they contact. Customer care training for medical providers will be an integral part of the day-to-day operation of the Institutes. Carefully designed tools and facilities will enhance patient-provider interaction as well.

To this end, our state-of-the-art website (**www.CAIPM.org**) will offer a personal web page for each CAIPM patient. Patients will also be able to access personal medical information, an analysis of its implications, link to articles related to their health concerns, make appointments, or have a physician answer their health questions online if they choose.

Leadership and Staffing:

A challenge common to all businesses is finding a superior team of dedicated and talented professionals who work together effectively. We believe we have a core team of seasoned professionals to help us launch CAIPM.

An outstanding Board of Directors has agreed to guide our efforts. The following current members of the board will be joined by representatives from public health service organizations, private enterprise and CAIPM patients. They will guide the development of CAIPM.

Current Board of Directors

Vincent J. Felitti, M.D.	Founder and Executive Director; Chief of Preventive Medicine - Kaiser Permanente, San Diego, CA for 25 years
Robert F. Anda, M.D.	Medical epidemiologist at the Centers for Disease Control and Prevention, (CDC), Atlanta
David Chadwick, M.D.	Director Emeritus, Children's Hospital, San Diego, CA
Sanford G. Feldman, M.D.	Ophthalmologist, private practice, San Diego, CA
Bernard Estafen, Ph.D.	Nationally recognized organization development specialist

One year before the Institutes sees its first patient, a core group of experienced professionals will be hard at work. They will write custom software, design participant materials, write service agreements with client organizations, supervise construction, buy equipment and furnishings and hire and train staff. A list of potential key staff includes:

Potential Key Staff

Vincent J. Felitti, M.D. – Medical Director. Dr. Felitti is an experienced internist who founded and directed the Department of Preventive Medicine at Kaiser Permanente for over 25 years.

Dixie Lea, Ph.D. – Director of Development. Dr. Lea was instrumental in the design and development of the Kaiser Risk Abatement Program and has consulted with medical organizations for over 20 years.

Ellen Fleischman, M.B.A., R.D. – Risk Abatement Manager. Ms. Fleischman has managed a major hospital Dietary Service department, taught weight loss and nutrition classes, and provided nutrition consultation to patients.

Karen Cangialosi, M.A. – Medical Information Services Manager. Ms. Cangialosi has been a project manager for Microsoft Corporation.

John Fontanesi, Ph.D. – Director of Adolescent Programs. Dr. Fontanesi has been a psychologist in the Kaiser Center for School Problems.

Financial Operations

Start-up Costs:

Total start-up capital requirements to create the California Institutes of Preventive Medicine are **$7,439,865**. This money will create the initial facility, develop the necessary computer programs, develop patient materials, and provide centralized services

and staff training facilities for subsequent Institutes. Major expenditures necessary to start the business include:

Construction, capital equipment and software costs:

Construction costs to build out empty lease space are estimated at **$ 3,020,800** (Appendix 15: Start-Up Costs).

Medical Equipment capital cost is estimated at **$ 1,430,140** based on detailed current cost estimates (Appendix15: Start-up Costs)

Computer Equipment & Custom Software Design will cost approximately **$ 1,292,450** (Appendix 15: Start-up Costs)

Office Equipment & Furniture costs are estimated at **$ 747,500.** This figure includes a complete phone system, including wiring for voice and data transmission. (Appendix 15: Start-Up Costs)

Total construction, capital equipment and software/equipment costs are estimated at $ 6,490,890 (Appendix 15: Start-up Costs)**.**

Establishing Subsequent Centers:

Establishing subsequent centers will cost less because of one-time development costs for complex items like custom medical software and the leveraging of central laboratory services provided by the initial facility. We estimate each additional center will cost $2 million dollars less or **$4,043,095** to establish.

Pre-Opening Costs:

The estimated cost of **ramping up the business prior to opening** is **$ 948, 975.**
A team of professionals will design patient materials, write custom software, oversee construction of the facility, purchase equipment and furnishings, price service packages, and hire and train Risk Abatement and Medical Evaluation staff (Appendix 17: Costs for Ramping Up the CAIPM Business).

We estimate that it will take one year to complete the necessary start-up tasks before commencing patient visits (Appendix 17: Timeline for CAIPM Business Ramp-up).

Projected Income & Expense:

The projected CAIPM income and expense estimates are based on these assumptions:

- 20,000 comprehensive medical evaluations given per year @ $175 each
- 1,000 persons participating in the risk abatement programs per month @ $400 per month

Income	**Monthly** **($1000)**	**Annual** **($1000)**

Medical Evaluation Services	$292	$3,504
Risk Abatement Services	$400	$4,800
Total Estimated Income	**$692**	**$8,304**

Expense

Total Operating Expenses	**$571**	**$6,852**

(Appendix 18: CAIPM Income and Expense Summary)

Revenues in excess of costs will be used to reduce charges, establish a fund for the medically indigent, fund Research and Development projects and partially fund future expansion.

Pricing Structure:

As a non-profit organization, our goal is to price our services as affordably as we possibly can. This means that we would generate enough income to cover operational costs, capital equipment replacement, and software upgrades, retaining 10% of our revenues to create a reserve for research and development. Revenues beyond these expenses would be used to partially fund additional Institutes across the state of California and to provide medical evaluations for the indigent and uninsured.

Based on current cost estimates, we would price the comprehensive medical evaluation at Health Evaluation Center at **$175.**

Risk Abatement Services would be priced as follows:

Weight Management classes	- **$2,500** per patient for a one year program.
Smoking cessation classes	- **$320** per patient for an 8 session class.
Counseling Appointments	- **$60** (45 minute appointment)
Exercise & Fitness Services	- **$25 - $180** depending on duration and # of appointments
Cooking classes	- **$25** each
Educational Materials	- **Wholesale cost + 25%**

Cash Needs:

These are the funding needs for CAIPM projected over two years:

Date Needed	Amount Required
Year 1, Month 1	**$1.5 million**
Year 1 Month 6	**$4.5 million**
Year 2, Month 1	**$1.5 million**

Marketing:

Customer Base:

There are a number of categories of potential clients of California Institutes of Preventive Medicine:

- Large medical organizations realizing the importance of the previously described portal of entry concept and who understand management based on risk stratification of large groups
- Government agencies attempting to enter disadvantaged people into medical care while needing to control costs
- Individuals who want to lengthen and improve their lives, along with those of their children
- Uninsured individuals wanting to have some sense of their health status in order to evaluate their risk of going without insurance
- People needing help with risk abatement, whether troubled by obesity, depression, or chronic stress
- Corporations wishing to provide a desirable benefit to employees
- Private insurers or governmental agencies needing case evaluation of high cost patients that is independent of links to treatment.

This business will reach break-even only with a large minimum number of patients (20,000) being served annually at any one site. A statewide system would ultimately have an anticipated capacity in the range of one million persons annually at multiple centers.

CalPERS Members:

We recently responded to a California Public Employees Retirement System (CalPERS) Request for Information. CalPERS administers a health care program for 1.2 million State of California employees, retired employees, and their families. CalPERS is the nation's largest public purchaser of health insurance after the U.S. Government. Along with millions of Americans, CalPERS struggles with skyrocketing medical care costs: CalPERS members face premium rate increases of 6% to 24% this year alone. Last year, the self-insured sector of its health insurance population sustained a loss of almost $100 million.

By arranging for their members to receive comprehensive medical assessments from CAIPM, CalPERS could avoid the current medical approach of treating the medical symptoms of the moment, while having no ability to understand and respond to the context in which they are generated. We believe that CalPERS partnering with the California Institutes of Preventive Medicine to better *target* their health care dollars makes perfect sense for them. Our proposal would represent a shift from symptom-responsive medical care to context-responsive care. Not surprisingly, the game goes better when playing with a full deck – comprehensive biopsychosocial information for every member at the very outset. As was illustrated earlier, this is associated with significant savings in outpatient and emergency department costs.

California CHDP Provider:

We are exploring with the California Legislative Analyst's office the potential of becoming a Child Health and Disability Prevention (CHDP) program provider. The

CHDP program mandates thorough annual medical evaluations for California children and adolescents. This program is available to low income children and adolescents who do not qualify for Medi-Cal. The annual CHDP budget of $111 million is administered by the state Department of Health Services and delivered by County Health Departments.

It is clear that the potential market for the California Institutes of Preventive Medicine is enormous. Structuring the Institutes as a stand-alone operation renders it especially effective for low-income, uninsured, or indigent populations. In this case, the market is the public who do not currently have access to affordable medical evaluation. Services of the Institutes would also be effective as the entry mechanism for any large managed care operation (as in the Kaiser Permanente example). We have had preliminary discussions with the Medical Director of California Blue Cross about this possibility. Additionally, the demand for high quality risk abatement programs, especially those dealing skillfully with obesity, is ever increasing.

Competition:

We do not know of another American organization that couples high-volume, comprehensive medical evaluations with risk abatement programs. Indeed, we know of no one who provides either of these services in quality and in volume. The Kaiser Permanente Department of Preventive Medicine in San Diego offers such high quality services, but only to current members of that HMO. It is of course possible that future competition will appear on the scene. However, this threat is mitigated by the fact that CAIPM, while conceptually simple, is in fact complex to operate and there is no physician in the US who is presently experienced in running this type operation on a large scale. When others have attempted to copy Kaiser Permanente's San Diego preventive services, they have quickly failed because of repeated management errors. At the least, we anticipate several years of relative freedom from competition.

Traditional medical evaluations, performed by a physician, are costly, time consuming, and often limited in scope. Community charges for a full medical evaluation in San Diego range from $600 - $1500. More importantly, traditional exams typically include only biological measures and patient-presented symptoms. That is, they are not comprehensive in the sense of the CAIPM medical evaluation. The difference, and the implications of that difference, is made explicit in the multiple publications of the Adverse Childhood Experiences Study. There we showed that a detailed personal and family biopsychosocial history extending back into childhood often makes the difference between having a patient with a confusing array of seemingly unrelated problems that are refractory to treatment and having a patient with one unifying problem needing treatment, but with multiple secondary manifestations.

Technology:

The applications of technology in the California Institutes of Preventive Medicine are fairly simple in concept, although technologically advanced. Technology applications range from digital x-ray equipment to customized patient medical information software.

Digital x-ray and mammography equipment and digital data storage are more expensive than conventional x-ray. However, the advantages of digital x-ray are significant and include:

- Increased through put
- Saving of significant staff time
- Possibility of hiring part-time radiologists (who are in *very* short supply) who work from home

Another application of technology will be an extensive CAIPM website.
The CAIPM website will be used to make and confirm patient appointments, gather initial patient medical histories, distribute confidential medical information to patients, and allow patients access to state-of-the-art preventive medical information and resources.

Our initial website is up and running! Please visit www.CAIPM.org and preview what we'll offer Californians to help them improve their health through preventive medicine.

Industry Trends and Growth Factors:

The preventive medical services market has been steadily increasing for a number of years, and we expect this growth to continue for some years.

Factors driving growth include:

1. Strong evidence correlating obesity with diabetes and hypertension
2. Fear based marketing to consumers of services like full body scans
3. Disproportionate increase in older segments of the U.S. population.
4. Strong interest in understanding personal health risks and issues among U.S. citizens (Health is the # 2 topic searched for on the internet)
5. Increased costs for businesses to provide healthcare to their employees
6. The high cost of health care inhibiting many people from having health insurance, yet leaving them with the desire to *understand* more about their health
7. California state laws mandating complete medical exams for children on Medical within 90 days of being placed on the program
8. A void of approaches that address adolescent adverse childhood experiences and the resulting health risk behaviors

The California Institutes of Preventive Medicine concept compared to traditional medicine is much less vulnerable to government mandates and huge demands for constant high cost technology to replace older technology. In short, the concept we propose here allows *simple* cost-effective diagnosis and treatment of chronic health risks.

Summary

California, and indeed, the nation, needs to find better and more cost-effective ways to provide healthcare services to its citizens. California Institutes of Preventive Medicine is

an idea whose time has come (Appendix 22: CAIPM Organization Service Model; Appendix 20: CAIPM Organization Chart).

The powerful combination of described medical screening, comprehensive medical evaluation and appropriate risk abatement services is unique to CAIPM. This concept has a track record of more than twenty-five years of success. The CAIPM preventive medicine model is unmatched for efficiency, cost effectiveness, and for providing meaningful information for medical diagnosis and patient action.

CAIPM provides patients with a thorough understanding of the state of their health and provides lifestyle change programs to help them improve their health status. The net result is healthier, less anxious citizens and overall reductions in health care costs for individuals, government, businesses and health care providers.

We seek partners to help found the California Institutes of Preventive Medicine. Three charitable foundations who would provide $2.5 million each will launch a major effort that will change the basis for medical care in America. With your help, CAIPM will become a reality, and California will be the first state in the nation to use preventive medicine as the platform for primary care.

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