

**The Integrative  
Medicine  
Business Plan  
Guidelines and  
Workbook**

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## Introduction

The Integrative Medicine Business Plan Guidelines and Workbook have been designed for any Integrative Medicine practitioner who is ready to embark upon the journey of making an Integrative Medicine Practice or Center a reality. Our intention is to help you in your journey by providing a structured guided approach to take all the necessary steps from creating a vision to having a successful Practice or Center.

We are dedicated in our support of the growth of Integrative Medicine throughout North America and the world. We truly believe that the time has come where the paradigm of conventional medicine will be replaced by a blending of evidenced based holistic, complementary and alternative medicine with conventional medicine. It is through the integration of these modalities that we will better serve and support our patients and communities in their journey of health and healing.

We acknowledge that in order to accomplish the transformation from the old paradigm of conventional medicine to the new paradigm of integration, the business aspect of this endeavor must provide a solid and strong foundation, from which each and every one of us can pursue this common purpose. These guidelines and workbook have been designed with that goal in mind.

We wish you an exhilarating and meaningful journey.

Namaste,

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Editor's note; we have found that the business plan format we have chosen is more of a gestalt than a linear progression and as a result, there is some overlap in information between chapters.

**We suggest that you create note pages in a separate window to use as a workbook for creating and organizing a business plan that reflects your own unique vision.**

## **Executive Summary for an Integrative Medicine Center:**

This section summarizes the written business plan with specific emphasis on the unique innovative character of the proposal. Specific linkage should be established with the organization's stated support of innovation.

### **Driving Forces/Critical Issues/Need to Add Value**

#### **A. Market factors:**

The landmark Eisenberg studies have demonstrated strong market trends of consumers actively seeking and utilizing various aspects of complementary and alternative therapies in the U.S. The out-of-pocket expenditures relating to alternative therapies in 1997 were 27 billion dollars; this is comparable to the total out-of-pocket expenditures for all US physician services (out-patient and in-patient services). Extrapolations to the US population suggest a 47% increase in the total number of visits to alternative medicine practitioners, from 427 million visits in 1990 to 629 million in 1997, exceeding the total visits to all US primary care physicians. In 1990 an estimated 1 in 5 individuals treated by a physician sought care from alternative therapy. This percentage increased to 1 in 3 in 1997. For adults ages 35-49, half used an alternative therapy in the course of a year. A 2001 study done by Harvard Medical School confirms that this trend has continued to the present day. (Studies in Canada, Australia and the U.K. have shown similar trends.) This study revealed that the use of alternative treatments was independent of gender, ethnicity, and level of education. The Journal of the American Medical Association (JAMA) article of May 1998 states that the majority of alternative medicine users find these health care alternatives to be more congruent with their own values, beliefs and philosophical orientations towards health and life.

Dr. Ronald Kessler, a professor of health care policy at Harvard University succinctly states that, "these findings really dispel two ideas, namely that complementary and alternative medicine is just a passing fad and that it is used by just one particular segment of society."

#### **B. Mission:**

A compelling mission statement helps us to understand what business we are *really* in and our reason for existence i.e. our *purpose*. It answers the question "Why" rather than just explaining what you do. It contains a deep and noble sense of purpose – a *significant* purpose – that inspires excitement and commitment. It is an enduring statement that touches the hearts and spirits of everyone and is about being great – not solely about beating the competition. It clarifies - from you customer's viewpoint what business you are really in and provides guidelines that help us make daily decisions. It helps each person see how he or she can contribute more through the meaning of the words than the words themselves. It is inspiring.

**The Integrative Medicine Center is a collaboration of health care practitioners dedicated to integrating the highest standard of conventional, complementary and alternative medicine, nurturing intrinsic healing in the whole person, body, mind and spirit. It is our mission to serve, empower and partner with our patients and our community on the path to wellness, transformation and wholeness.**

**We will serve as a model for the new paradigm of patient-centered health care dedicated to furthering evidenced based research and education in Integrative Medicine.**

### **C. Strategic initiatives:**

This section of the summary outlines and defines the business you are going in to. It delineates what you want to accomplish. It explains the how, what, when, where and why. It provides a picture of the end result, something you can actually see.

The following is an example of Ron Stram's strategic initiative for The Center for Integrative Health and Healing (CIHH).

CIHH leases 1200 sq feet of prime office space in Delmar, NY. The office space is a carefully planned healing environment that has 4 treatment interview rooms and one combination interview and patient education resource area. The space is expandable to 3400 sq feet and can at full capacity accommodate nine full-time practitioners. The model is patient-centered care: A one hour to one and one half hour initial intake and physical examination is scheduled. The goal is to develop a collaborative relationship between patient and practitioner. Besides symptoms and complaints, a comprehensive review of the patient's psychosocial frame of reference, support systems, and goals are discussed. The outcome is a treatment plan that may include, but is not limited to: traditional medical support and intervention, mind-body intervention, traditional Chinese Medicine, acupuncture, herbal therapy, nutritional counseling, life-style counseling, instruction in different healing modalities for self health initiatives, massage, shiatsu and or therapeutic touch.

Revenue- CIHH generates revenue from its subleasing of office space to carefully selected traditional and complementary practitioners in a collaborative patient centered integrative model. Under full capacity the treatment areas would be operating from 8am-8pm, yielding 300 hours of patient time per week. The monthly rent is founded equitably across all disciplines at 30% of the gross receipts from the practitioner's hourly charge. The hourly receipts of the room space will be accrued, with a minimum of 10 hours per week or 40 hours per month per practitioner. Rental hours owed after the minimum of 40 hours/month are based only on hours of actual usage. This rent includes all of the services that CIHH provides: furnished treatment rooms, office manager (secretarial work, inventory for supplies, individual scheduling and billing, complete marketing services/

group and individual advertising, all utilities, phone/fax, data and patient filing, computer/internet, security system, laundry and cleaning service.

## **Program/Services Description**

### **A. Explanation of new and innovative services(s) or programs(s)**

Our center will offer the following services –

- Primary Care Internal Medicine services with focus on integrative medicine
- Primary Care Family Medicine services with focus on integrative medicine
- Integrative Medicine Consulting
- Traditional Chinese Medicine with Acupuncture
- Massage therapy
- Nutritional and Herbal counseling
- Ayurveda/Life Style counseling
- Psychotherapy with/ Hypnosis and Guided Imagery
- Mind-Body, Stress Management (MBSR)/ Meditation
- Exercise facility under the direction of an Exercise Physiologist
- Movement therapy – Yoga, Tai Chi, Qi Gong
- Energy Medicine – Reiki and Therapeutic Touch provided by a Holistic Nurse
- Clinical research in Complementary, Alternative, and Integrative Medicine
- Education to medical students, residents, and staff
- Community Educational programs

### **B. Scope of Activities**

The center will have full primary care clinical service that will meet the needs of adults, children, women, and elderly. The focus of clinical care will be on the “whole person – mind, body, and the spirit.” Our physicians will also see patients who are either referred by their primary care providers or are self referred for an Integrative Medicine assessment and treatment plan. Our physicians will provide comprehensive assessment for health and wellness using the principles of Integrative Medicine such as life style modifications, nutrition, spirituality, and culturally appropriate care, self care, stress reduction, mindfulness meditation, and physical activity. They specifically provide counseling on herbs and supplements, integrative approaches to menopause, arthritis, cancer, and various other illnesses. Special cases that require additional intervention and a multidisciplinary approach will be discussed in weekly case conferences.

The weekly case conferences will have representations from both eastern and western disciplines in order to develop a comprehensive treatment plan for our patients. In addition, the physicians will be able to refer patients directly to other CAM providers in the center.

Traditional Chinese Medicine practitioners will work in collaboration with physicians to establish an open communication. A variety of conditions will be treated under protocols developed by the administrative team of the center. The same process will apply to other CAM practices within the center.

The exercise facility will be available to all patients under a separate membership agreement. Patients with special needs or limitations will first need to have physician clearance and an exercise prescription. The Exercise Physiologist will assess individual needs and will help clients achieve their goals.

Several classes on Nutritional and Herbal counseling, Ayurveda and Life style, Yoga, and other movement therapies will be offered at the Center. Individual appointment and private consultations can also be arranged upon request. Classes will have a separate fee schedule.

An 8 week group session of MBSR will be offered at the center three times a year. These sessions will end with a one day retreat each time. A separate fee package will be available for this service.

Energy Medicine in the form of Reiki and Therapeutic Touch will be offered by our Holistic Nurse. Individual vs. group sessions can be arranged with her on a separate fee schedule.

The Center is committed to advance the education and research in integrative medicine. The center will be a clinical site for rotations of medical students, residents, pharmacy and nursing students. In addition, the center will promote and support clinical trials using CAM and integrative approaches.

Community Education in the form of lectures, seminars, and workshops on various conditions, health and wellness will be offered through out the year. Some seminars will be free to the community, but some may have a nominal fee.

An evaluation component will be implemented for all of the above described services.

### **C. Types of people served /Payer mix**



**Table 1. Payer Mix**

Covered		Uncovered	
Third-Party Reimbursement HMO/PPI/Insurance	20.00%	Self-Pay/Free Service	5.00%
Medicaid	10.00%		
Medicare	10.00%		
Total	40.00%	Total	60.00%

**D. Differentiation from other programs**

Our center differs from other programs not only in the scope of services provided, but in the method of delivery of these services, and how these services are evaluated for continuous quality improvement. Our center houses extensive services to expand primary care and to fill the gaps in the current delivery of health care. Our team meetings/case conference is an exceptional way to discuss and develop an optimal treatment plan in difficult cases. The evaluation plan for our services is exhaustive and invincible. Not only have we developed an evaluation component for individual services, but also for the center as a whole. (See the end of this chapter for an example.) Our fee schedule and discounted package system is innovative and unexampled. (See Market Analysis. Price Sensitivity.)

**E. How it adds value to organization**

Our Center is a unique establishment that embraces and implements the core values of our organization. The center is devoted to provide innovative and collaborative education and facilitate research in a relatively high profile area of integrative medicine. Since compassion, respect, and communication is the heart of the practice of integrative medicine, the Center will set and lead the example of how the practice of medicine should be. An added value of our program is community partnership and community education through are outreach programs.

**F. Partnerships**

The Center will support and advance its relationship with other community integrative centers, CAM providers and local Colleges and Universities. The center will ensure full customer satisfaction and will make every effort to meet our clients' needs. If the center is unable to meet these, it will contract with other reputable CAM providers to offer additional services to our clients.

We will also develop our partnership through CME. The center will offer CME lectures and workshops for patients and staff members, and would encourage local practitioners to participate in these events.

# Patient Satisfaction Survey

Center for Integrative Health & Healing is committed to providing the highest quality of care throughout the healing process and in every facet of the patient experience. Please help us evaluate ourselves by completing the below survey. We value your thoughts and truly appreciate your time and input. Thank you.

Practitioner (optional) \_\_\_\_\_

Practitioner's Name: \_\_\_\_\_

Type of Visit: \_\_\_\_\_

## Directions:

Circle the number that best describes your experience at the Center.      n/a    **Poor**    **Fair**      **Good**    **Very Good**    **Excellent**

## Facility:

Politeness and friendliness of our staff	1	2	3	4	5
Efficiency of your appointment time	1	2	3	4	5
Center's overall appearance	1	2	3	4	5
Waiting room	1	2	3	4	5
Treatment room	1	2	3	4	5

## Practitioners:

Education/training facilitated by your practitioner	1	2	3	4	5
Explanation of your care and recommended plan	1	2	3	4	5
Availability to reach Practitioners?	1	2	3	4	5
Politeness of Practitioner?	1	2	3	4	5
Efficiency of time spent with Practitioner?	1	2	3	4	5

## Forms

Did you think of your pre-consultation intake form?	1	2	3	4	5
Follow up forms?	1	2	3	4	5

## Overall Information:

Overall experience	1	2	3	4	5
_____					
_____					

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Did you recommend us to family or friends?

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Did you hear about the Center?

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Did you schedule your appointment?

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Did the care you received address your needs to your satisfaction?

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If satisfied, would you see this practitioner again?

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Additional comments or suggestions:

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Signature: \_\_\_\_\_

## **Mission**

The Center is a collaboration of health care practitioners dedicated to integrating the highest standard of conventional, complementary and alternative medicine, nurturing intrinsic healing in the whole person, body, mind and spirit. It is our mission to serve, empower and partner with our patients and our community on the path to wellness, transformation and wholeness.

We will serve as a model for the new paradigm of patient-centered health care dedicated to furthering evidenced based research and education in Integrative Medicine.

### **A. Consistency with mission, philosophy, strategic objectives**

The Center's Philosophy and vision:

A Vision Statement gives a sense of identity and purpose to a group's activities and provides future short/long term direction over 5- 10 years.

It answers 3 questions:

- 1) What do you want your center to be like?
  - 2) What impact would your center make?
  - 3) What would you and your center be doing differently?
- 
- 1) The Center practices the principles of integrative medicine, offering the highest standards of excellence in a full and complete array of care modalities.
  - 2) The Center's practitioners both independently and mutually support a collective vision of optimizing the health and healing of the Center's patients, families and community.
  - 3) The Center recognizes the sacred and healing nature of the relationships between practitioners and patients.
  - 4) The Center is a patient-centered model of health care where patient and practitioners are partners in the effort to develop and implement a comprehensive treatment plan.
  - 5) The Center is a physical and energetic healing environment for the health and healing of our patients.

- 6) The Center's practitioners respect the unique individuality of each person and their innate ability to heal.
- 7) The Center's practitioners attend to the whole person-body, mind, heart and spirit.
- 8) The Center is committed to providing educational experiences and serves as a resource for all levels of learners including undergraduates, medical students, residents, faculty, and the community.
- 9) The Center will strive to contribute further to evidenced based research and education in Integrative Medicine.
- 10) The Center recognizes that in order to be healing and empowering, healers themselves must be restored and whole. The center supports the efforts of its practitioners to continue to develop the integrity and spiritual qualities which are as important as medical knowledge and technical skills to the process of healing.

### **The Center's Goals and Objectives:**

The purpose of stating the goals is to elucidate your organization's agenda in making the ideas and philosophy of your mission statement and vision a reality. Goals are measurable performance targets that can be clearly focused on and achieved.

- 1) The Center will be laid out and decorated in a manner to create an atmosphere consistent with a healing environment. When patients enter the center they will noticeably feel relaxed and welcomed.
- 2) The Center will support and empower patients by using a collaborative approach which honors individuality by designing unique treatment plans that can fulfill the needs of the mind, body and spirit. This multi-disciplinary approach will offer the best of safe and effective therapeutic modalities to promote optimal wellness, while being aware of the varying levels of evidence.
- 3) The practitioners will have regular group meetings to discuss optimizing the treatment of the Center's patients and to learn from one another. In addition to having their own individual practices the practitioners will benefit by being part of a mutually supportive team.

4) The Center's staff will create an efficient, cost-effective and warm office environment that maximizes the experience of staff, practitioners and patients. The Center's staff will have first hand knowledge and experience with the various modalities and practitioners in the Center in order to better serve the practitioners and patients.

5) The Center will create a reimbursement structure including revenue from patients and equitable rent for space and services from the practitioners that will insure long term profitability and stability.

6) The staff and practitioners of the Center will create open lines of communication and serve as a resource within the surrounding health care community and community at large through such avenues as consult letters, private and public talks and lectures and media relations.

7) The Center's practitioners will conduct educational group sessions for the center's patients and community at large to further empower healing through knowledge and experiential learning.

8) The Center will create a relationship with the local teaching and community hospitals encouraging electives at the Center for medical students and residents. Opportunities will also be made available for learners from other disciplines and community and faculty medical practitioners as well.

9) The Center will create a relationship with the local Medical University's research departments and encourage and participate in research in Integrative Medicine.

10) The Center will use and develop evaluation tools to determine whether it has accomplished its goals in facilitating healing and enhanced quality of life for patients in an efficacious, cost-effective manner and find methods to compare outcomes to the conventional medical approach.

## **Market Analysis**

Market analysis is a description of the market to be served by the center (location, demographics of the target population, referral sources), price sensitivity, reimbursement for service, service characteristics and quality levels, strengths, weaknesses, threats, opportunities, evaluation of competitors across market boundaries, market trends, and barriers to entry.

### **A. Customer profile, target population, primary decision-makers for care**

#### **1. Market to be served by the Center**

##### **a. Characteristics of the geographic location for The Center**

1. Safe and secure neighborhood and peaceful property
2. Accessibility to major roads
3. Visibility on the road it is located
4. Close to other medical centers and offices
5. Close to towns with large numbers of the target population (see below)
6. Close and adjacent to other businesses that the target population utilizes, i.e. spas, exercise facilities, stores, restaurants, coffee shops, and other businesses that the population utilizes
7. Abundance of vegetation and greenery
8. Housed in a building that embodies a healing environment

##### **b. Demographics of the target population**

1. Middle class and above, i.e. those with annual income >\$50,000 more commonly use “alternative” therapies
2. Educated and informed i.e. people with some college education use “alternative” therapies more than people who have none
3. Majority female, as more females than males utilize alternative therapies and healthcare.
4. Open-minded i.e. “cultural creatives” people who have had transformative experiences that have significantly changed their world view.
5. Diverse ethnic backgrounds (use of “alternative” therapies ranged from 32-54% in a wide range of socio-demographic groups.)
6. Health conscious consumers of other related products, i.e., those who shop at natural food stores, buy supplements/vitamins, those who utilize massage, exercise facilities, outdoor activities, etc.
7. Diverse age groups, but higher use in ages 35-49
8. People with poorer health status



The above patient demographics were based on the Eisenberg and Astin studies of alternative therapy use in the United States. It should be noted that although these demographics describe those who use “alternative therapies” more often, there is still a significant amount of usage in the “other” category (men, older/younger, less educated, lower income).

It should also be noted that the Eisenberg study looked at “alternative medical therapies,” not integrative care.

In consideration of the above, the target population would be more likely to be female, between the ages of 35-49, with some level of college education and an annual income of over \$50,000.

### **c. Referral sources**

1. Other primary care physicians (assuming the center will not be providing primary care for those particular patients)
2. Specialists, (cardiology, gastroenterology, surgeons, hematology/oncology, etc) especially those who have patients with chronic illnesses or syndromes who remain unwell in spite of conventional medicine interventions.
3. CAM providers
4. Present medical practice and CAM practices
5. Other physicians in the area interested in Integrative Medicine and CAM
6. Patient to patient referrals i.e. satisfied patient consumers’ recommendations to family, friends and colleagues
7. Like-minded, related businesses e.g. natural food stores, spas, exercise facilities, etc.

### **B. Price sensitivity** (consumers’ perceptions of the optimal price for a service)

1. Comparable to Physician/Naturopathic practices in the area
2. Consider initially pricing 10% lower, or offer 10% off for first 6 months
3. Consider offering discounted fees to a small overall percentage of the practice (5% or less) to accommodate patients who are unable to afford regular fees as a service to the community
4. Consider offering discounts to high school teachers or others in education to disseminate awareness of health promotion and Integrative Medicine and as a service to the community

### **C. Reimbursement for service**

1. Cash based, create super-bill for patients to submit on their own for their reimbursement

2. Cash based will increase revenue and eliminate lag in payment for services rendered

**D. Key service characteristics and quality levels required by referrals and target population (value description)**

1. Accessibility
2. Warm, caring and attentive to the patient's needs
3. Prompt and timely appointments
4. Flexible and accommodating to the varying needs of the patient
5. Thorough evaluation
6. Recommendations based on best evidence available with discussion of the limitations of the evidence, if applicable
7. Peaceful and calming interaction
8. Open minded yet skeptical

**E. Strengths, weaknesses, threats, opportunities**

1. Strengths
  - a. Integrative, a new model and paradigm
  - b. Physician based, few other physicians with this level of expertise
  - c. Offers multiple CAM modalities on one site
  - d. Providers with reputable training
  - e. Very few physician competitors
2. Threats
  - a. Other Naturopathic practices may be offering similar evaluations and modalities
  - b. Uninformed, fearful physicians may attempt to discredit the practice
3. Weaknesses
  - a. Many providers may result in high overhead
  - b. Some patients may be discouraged from visiting center since it is cash based
4. Opportunities
  - a. Many patients may have been searching for an integrative physician for a long time
  - b. Many patients may have been looking for a center that offers multiple CAM modalities in one office location
  - c. Collaboration with institutions, medical schools, residency programs, and CAM training programs in creating teaching/educational experiences for students and residents may enhance the reputation of the practice and further education.

(See also Risk Assessment and Exit Strategies)

**F. Evaluation of competitors across market boundaries**

1. Other physicians will not be able to provide the same doctor-patient relationship
2. Healing potential will be maximized in this model rather than the traditional model.

3. Patients will find integrative physicians more knowledgeable and open-minded

### **G. Market trends**

1. Market potential- As public awareness of the center increases, the market of patients will definitely increase as more patients are looking for this type of model.
2. Expectations of market changes
  - a. Interest in integrative medicine has grown tremendously, and has gained public and academic acceptance. This trend should continue, and the number of patients interested in coming to the center should increase.
  - b. Regulation of supplements may be on the horizon, and physicians knowledgeable about supplement issues will be sought after.
  - c. Reimbursement for CAM and Integrative Medicine may be coming (ICD-9 codes) and this may allow for insurance based care in the future if reimbursement is set at an acceptable level.
  - d. Consumers use of the internet will facilitate interest and knowledge of CAM and Integrative Medicine, and will allow for more patients to seek out the center.

### **H. Barriers to entry**

1. Other naturopathic practices that offer similar services and have a large group of established, loyal patients.
2. Not enough patients willing to pay cash for services (unlikely based on the Eisenberg study as majority of patients surveyed did not have insurance reimbursement for alternative therapies, 58.3% in 1997)
3. Financial support to establish center (building, office supplies, staff, i.e. start up costs)

### References:

Eisenberg D, et al. 1998. Trends in Alternative Medicine Use in the United States, 1990-1997, *JAMA*, 280, 1569-1575.

Astin J.1998. Why patients Use Alternative Medicine: Results of a National Study. *JAMA* 279:1548-1553

## Marketing and Promotion Plan

The definition of marketing in six words: marketing means solving customers' problems profitably.

To be successful, a marketing plan must analyze (1) customers, (2) competitors, and (3) the company itself.

It must then form a promotion plan using appropriate tactics to "get the word out."

**A. Marketing Plan** -- analyze customers, competitors, and the company itself.

### 1. Customers (see Market Analysis; Section A, Part 1 b.)

Knowing your customer intimately is the first step to easy sales. Until you know 1) who your customers are, 2) what they want, and 3) what motivates them to buy, you can't prepare an effective marketing plan.

Consider questions like:

- How many patients are there?
- Where are they getting their current health care?
- How does my potential customer normally buy similar services?
- What practical problems do they try to solve in getting health care?
- What emotional problems do they try to solve?
- What is your patient's price point?
- What does it take to gain and keep a patient?
- What would I want if I were the patient?
- How long does it take to successfully "infiltrate" your market?
- How do patients use competitors currently and what's their current satisfaction?
- Who are the primary buyer and the primary buying influencer in the process?
- What kind of habits do my customers have: where do they get their information? How do they schedule their time? What other priorities demand their time and money?
- What are my target customer's primary motivations for buying my services?

Market segmentation is a two-step process of 1) naming broad service-markets and 2) segmenting these broad service markets in order to select target markets, and develop suitable marketing and promotion decisions for those targets.

An example of a broad service market would be all health consumers in the surrounding area. The select target market would be a subset of those consumers who are either already or potentially interested in CAM. Examples of narrowing the target population further could be: a) a consultative market in integrative care, to b) consultative integrative care for folks with disabilities, and the targets might include patients with disabilities who are Spanish speaking and patients who are English speaking. With this narrowing you

have a better idea of the population to whom you need to market, and you're not spending millions for a 30 second spot at the NFL playoffs!

Marketing segmenting is then an aggregating process – clustering people with similar needs into a market segment, expecting that this relatively homogeneous group of customers will respond to your marketing mix in a similar way.

Continuing with the above examples: not all Spanish speakers are necessarily going to respond the same to a message in Spanish; age level may be more critical (e.g. the elders may want to hear about geriatric assessments; the teens want answers to sex). The teens in both languages/cultures may respond better to a hip-hop commercial than a Spanish or English one.

Consider questions like:

- Are there segments in my market that are being underserved?
- Are there segments that are similar in their likely response to a particular marketing technique?
- Are there segments likely to react very differently to a particular technique?
- Are there segments of my market that are big enough to make a profit?
- Are these identified segments useful to me in identifying customers and in deciding on promotional techniques?
- Do I need to narrow and select target segments?

## 2. **Competitors** (see Market Analysis, Section F and G)

How well we know our current (MD) competition! And how much we need their support for our patients and ourselves!

We've learned a lot about our (CAM) competition. And how much we need their support for our patients and ourselves!

So are they competitors, partners, or a little of both, or more? Consider the following questions:

- Is there a key strategy in the community for wellness or health maintenance? Is there a key strategy within the various providers' approach?
- Who is interested in partnering a wellness strategy?
- Is your community one that places a value on wellness, disease prevention, health information and high levels of service and choices in therapies? Who are the "movers and shakers" of such values?
- Are you perceived as a leader in responding to community needs?
- Have you conducted community needs assessments that included questions on CAM usage as well as "standard" medical care?
- Has a competitor announced that it is beginning a CAM or integrative program or expanding a current program?
- What are the current providers doing now to gain and keep patients?
- How do they react to "competition?"

### 3. Company (see Market Analysis, Section A, Part 1 a, Section D, E and H)

With your vision statement and goals you should have clear concise answers to the following questions to guide you in your marketing:

- What attributes of your services are distinct from those of competitors?
- Why should potential customers choose you?
- What makes you personally qualified to launch this service?
- List five reasons why you CANNOT fail.
- List five reasons why, despite your best efforts, your service probably will fail. (Seeing reality from the competition's perspective)
- What three traits do other people find most attractive about your personality?
- What three personality flaws most often hamper your success with others?

#### B. **Promotion Plan** -- tactics to "get the word out."

In a nutshell promotion is the communication of information between seller and the market to influence attitudes and behavior.

In the case of an integrative medicine service, the market includes potential seekers of health-oriented medicine, other providers of similar services, and potential supporters/detractors in the established medical community.

Your promotion plan includes the goals, budget and communication vehicle(s) you use to deliver your marketing message. The trick is to match your message to your market (and its varying segments) using the right medium.

#### 1. **Marketing Message**

Your first marketing message should be short and to the point. It's your response to someone who asks you, "so, what do you do?"

For example: "I am an Integrative Medicine Physician. Integrative Medicine is the blending of conventional medicine with holistic, complementary, and alternative medicine."

Your second message type is your complete marketing message that will be included in all your marketing materials and promotions. To make it compelling and persuasive it should include the following:

- An explanation of your target prospect's problem;
- Proof that the problem is so important that it should be solved now without delay;
- An explanation about why yours is the business to help them solve their problem;
- An explanation of the benefits they can expect;
- Examples and testimonials from patients you have helped with similar problems;

- A sense of sincerity, compassion and a heartfelt desire to help patients achieve good health should be intrinsic to the message;
- An explanation about prices, fees and payment terms.

Here's an example from the *Center for Integrative Health and Healing, President and Founder Dr. Ronald Stram, Delmar N.Y.:*

***There's a sensible new approach to health care in New York's Capital Region and western New England. It's the Center for Integrative Health and Healing in Delmar.***

*We're the area's first health practice to bring together medical doctors practicing traditional mainstream medicine with licensed professionals who provide complementary therapies, like massage, acupuncture, energy healing, hypnotherapy, and nutrition. This is what integrative medicine is all about.*

***Change your health...through integrative medicine***

*Whether the goal is to lessen pain, find an alternative to pharmaceuticals, or improve your quality of life, our integrative medicine approach lets you get the best of both worlds -- traditional medicine, combined with safe and proven complementary therapies. These include:*

*Integrative Medicine  
Nutritional Counseling  
Acupuncture  
Therapeutic Massage  
Hypnotherapy  
Chinese Herbal Medicine  
Healing Touch  
Reiki  
Stress Reduction  
Tui Na*

*Our doctors and licensed therapists will be happy to work with your physician to get you on the right track. Doctors at the Center do not take the place of your primary care physician or specialists; rather, they are an additional resource for you and your doctor.*

## **2. Marketing Medium(s)**

Your goal here is to choose the medium that delivers your message to the target prospects at the lowest possible cost. The most common promotional mix comprises media relations, print and other advertising/promotional venues.

- Media relations can begin by creating press releases and public service opportunities. Make your sponsorship of events visible before, during and after the event.
- Call in to talk shows, write an article for your local press, and support your local PBS stations that will announce your business periodically.
- Partner with a non-profit organization or create your own to care for the needy in the community.
- Include your staff in the development of your materials, and be sure they know what goes out to customers.
- Develop customer surveys, especially entertaining ones, to be enclosed with your invoice, to be returned with their payment.
- Count on customers for great ideas, and encourage their suggestions. Ask, “How did you hear about us?”
- Coordinate and host seminars at your practice or clinic; participate in community organizations and special events, and join a Speakers Bureau that promotes clinicians for public speaking opportunities. These can be announced on PBS, local news shows, in the local paper, in programs for events, etc.
- Freebies – if you can’t afford your logo on baseball caps and mouse pads, consider coupons and free samples. Put these in strategic places: posters, yellow pages, articles, take-one boxes, flyers, brochures, business cards etc at all the places your target population frequents. Like a lawyer (ouch!) consider a free initial consultation or at least flexible financing.
- Consider home visits, assisted living home visits, school visits, etc.
  
- Monitor the different media identifying those that most effectively promote your business and concentrate on developing material for these formats that clearly identifies your benefits.
- Be sure your name and phone number is on every piece of information that leaves your office. Patients tend to share.
- Consider a personal letter and small gift each Thanksgiving to each customer in appreciation of his or her relationship with you.
- Simple things: send a handwritten note, clip and send an article of interest, send a thank you note to someone who referred to you, give your business card to someone influential, say something more on the reverse side of your business card, send a letter to the editor of a paper or magazine your customers read, redesign your fax cover sheet to include news about your business for customers and contacts, send a promotional calendar to customers, competition, etc.

Keep an open mind:

- What are options aimed at final consumers? Consider contests, coupons, samples, banners and streamers, sponsored events, a discount for the consumer who sends a new patient, etc.
- What are options aimed at “middlemen” or competitor/partners? Consider discounts, calendars, meetings, and a “professionals only” open house



- periodically, etc. Development of referring relationships from the professional community is essential.
- What are options aimed at your own staff? Consider contests, bonuses, meetings, displays, training materials, comp time, etc

### 3. **Print Media:** Developing your organizational identity and signature.

a. The first step is creating a logo. A logo is a graphic representation or symbol of your company name, which is uniquely designed for ready recognition (e.g. the golden arches). A logo may include a motto.

One example for Integrative Medicine would be a Turtle with the motto “slow but steady wins the race.” On the back (of the card with this logo and your name, address, email etc), you might want to explain your logo: “making life changes is not always rapid, herbs generally are not fast-acting, consultations take time, but slow and steady wins in the long run. We’re here to help you win!”

b. To further establish organizational identity the logo should appear on print media including business cards, letterheads, brochures, signage on your place of operation, and a website.

### 4. **Marketing Goals**

One formula for creating your goals is SMART: sensible, measurable, achievable, realistic and time-specific (e.g. one hundred clinic brochures each will be delivered to the following five sites by May 1, 2004.)

### 5. **Marketing Budget**

Operating an effective marketing plan requires money, so you have to allocate funds from your operating budget (and time from your schedule!) to cover promotional and other costs associated with marketing. Base rough estimates on the cost of the media you will use as well as the cost for collecting data and monitoring your return on investment.

## Physician/Provider Relations

In a nutshell promotion is the communication of information between seller and the market to influence attitudes and behavior.

In the case of an integrative medicine service, the market to be influenced also includes:

- 1) Other providers of similar services i.e. other complementary and alternative medicine practitioners and community physicians.
- 2) Potential supporters/detractors in the established provider/physician community.

And remember, our patients and we, ourselves need their support!( We become more effective agents of change and maintain and establish credibility and legitimacy by remaining connected to the medical community.)

With both groups similar techniques work:

- One-on-one introductions are the best;
- Good referrals and prompt feedback are critical;
- Create a culture of collaboration, continuous quality improvement and sharing across facilities by supporting physician meetings/CAM provider meetings, education and communication;
- Demonstrate, especially to physicians, that their input does indeed make a difference and that they are not wasting their time;
- Capitalize on the common interest to improve patient care and outcomes;
- Track outcomes and share the results;
- Use a relatively straight forward vision of what is wanted: improved patient care;
- In meetings/conversations use good communication techniques:
  - o Validate: “am I understanding you correctly?” all that listening, avoiding argument, but clarifying ambiguities, getting to the heart of expectations and potential issues.
  - o Calibrate: “how do our priorities match up?” noting all the disconnects, how strong they are and what’s causing them.
  - o Educate: CAREFULLY reset expectations and open new opportunities for cooperation based on our common vision.
  - o Negotiate: “getting to ‘yes’” – if you haven’t read the book, Getting to Yes: Negotiating Agreement Without Giving In by Roger Fisher et al, this is as good a time as any; great little book!
- Could you volunteer to take on the overflow work for a harried physician? Or have the calls forwarded to you from a practice that’s closing?
- Acknowledge and respect the “problem” with the other: his or her otherness, which needs to be understood in order to effectively respond.
  - o The other is not convenient. The other slows you down, takes your time and is usually not a team player.

- But remember “working the familiar” for long periods leaves one with zero receptivity to other-thinking. And that’s boring!!
- Sometimes the other triggers that unique response that becomes your logo or motto or inspiration for the day!

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## **Management, Organization and Staffing**

### **Organizational structure needed to support implementation of new innovation:**

For legal purposes it is advisable to separate the business from the medical practice. This establishes a legal buffer from the owner of the integrative practice as a medical professional receiving monies for non-medical sources, such as rental income from other practitioners, rental from workshops, and retail services including herbal and supplement sales. For example in setting up the Center for Integrative Health & Healing, the organizational structure was established as two separate legal entities. The Limited Liability Corporation was set up as the landlord collecting both rental and retail revenue. The medical practice MD, LLP (limited liability profession) at the Center for Integrative Health and Healing is separate from the Rental/ billing company: Integrated Associates LLC (limited liability corporation).

### **Relationships to other programs and related organizations:**

The goal of forming relationships with complimentary organizations is to reinforce and establish the identity (branding) of the center in the community and for potential sources of increased revenue. Branding, establishing “your” identity, serves to expand your referral network while legitimizing the profession of integrative medicine, establishing the center as the source of expertise and expanding the scope of practice for the referral partner. The potential organizations include: Academic teaching centers, hospitals, rehabilitation/physical therapy centers, retail businesses and companies that sell herbal and supplement products such as health food stores or vitamin companies, yoga centers, book stores and, non-for-profit societies.

**Management responsibility:** This is how the short-term daily and long term projected operations of the organizational aspect of the practice functions. What services does the integrative center provide for its practitioners?

These may include:

- a) Office space: furnished/equipped room, utilities, phone/voicemail, internet, fax and computer.
- b) Office support staff: office manager, receptionist, providing services for phone messages, appointments, scheduling, billing, marketing, supplies, cleaning etc.
- c) Medical support staff: Nursing, medical assistant, providing services such as medical intake, vital signs, intravenous lines, phlebotomy etc.

### **Physician roles and leadership:**

The leader starts with the premise of economic fairness, equitability, accountability and a steadfast resolve to be consistent with all the practitioners and patient/clients. The physician leader must model physically, emotionally, spiritually and economically the mission of the practice. The concept of a center is that leadership starts from within the center, you, the leader, are the hub of the wheel, your practitioners become the spokes of the wheel and the patients assume the rim. One cannot function without the other. The leader must continually communicate the vision and listen to the concerns of the staff and how the message is perceived. As the leader you have to verbalize, promote and inspire your staff, the community physicians and business leaders to embrace your center's vision. This can be achieved through one to one communications, group staff meetings, lectures, workshops, print articles, radio and TV media.

### **Contractual relationships:**

Contracts are established to protect the practice, you, and the practitioners in this association. The various contracts include partnership agreements, sub-lease agreements and or comprehensive medical specialty group practice agreement. The latter involves an entity where you as the physician cannot be the owner of the practice only a shareholder in relation to the other practitioners in your practice.

Physician contracts: legally identify individual physicians in association with the center and libelously separate from the center. Establishing the physicians as associates and not partners also minimizes exposure to malpractice litigation. (See appendix at the end of this chapter.)

Complimentary Practitioner contracts: legally identify individual practitioners in association with the center and libelously separate from the center. Establishing the practitioners as separate from the center minimizes exposure to malpractice litigation. (See appendix at the end of this chapter.)

Office staff employee contracts, job description letter of intent. (See appendix at the end of this chapter.)

## **Staffing Requirements:**

### **1. Projection of staffing levels**

This largely depends on the practice/center that is being established based on the number of practitioners and their individual need, as well as other possible services provided by the Center. Staff salaries comprise a large portion of the office overhead. Therefore, especially at the onset of a new business venture, the minimum amount of staff should be hired without sacrificing service for the patients and practitioners. More staff can be hired as needs dictate:

- a. Employees - Staff to be hired may include Office Manager functioning as secretary, receptionist, billing and internal marketing personnel.
- b. Practitioners – Your center is developed on the modalities that fit the vision of your integrative practice. Therefore when developing your center, you need to attract practitioners that practice the modalities you envision including chiropractors, Reiki practitioners, manual therapists, Chinese medicine practitioners, etc.

### **2. Availability of quality staff in the local job market:**

Check your area for hospital residencies for like-minded physicians who may be open to enrolling in a program in Integrative Medicine. Check acupuncture, massage, naturopathic schools, etc. Advertise in various professional associations newsletters'. Network through word of mouth or local holistic societies or allied health practitioners.

### **3. Credential issues:**

It is essential that all the practitioners in an Integrative Medical Center practice within their scope of practice as dictated by their governing bodies: As outlined by Michael H. Cohen in his book *Complementary and Alternative Medicine Legal Boundaries and Regulatory Perspectives* :

*The broad reach and interpretation of the medical practice expresses dominance in the biomedical model, that of diagnosis and treatment of disease. Only physicians are able to make a diagnosis and treat in the broad sense of the definition. This includes any “sizing up” or comprehending of the physical aspect of the patient by a non-licensed practitioner or a complimentary health care provider that uses those terms and is not a physician. The integrative model is collaborative practice that includes providers that may be professionally licensed but are not able to make a diagnosis or advise treatment, based on the biomedical model. In utilizing a non-licensed practitioner one must make certain the education program has a very good reputation and provides the training necessary for nationally recognized board certification. Of additional importance is that there are other states that offer licensure in that CAM specialty and the*

*national membership group is lobbying for licensure in yours and other states. This will not assure the medical practice from liability but it will decrease the exposure risk.*

The quality of practitioners and their credentials directly reflect on the legitimacy of the center and have a direct affect on patient care, liability and quality assurance.

## Appendix

Associate Physician Contract Example:

### **Operating Agreement of Integrated Associates, PLLC** **(Member Managed)**

This Operating Agreement of , Integrated Associates **PLLC** (the “Company”) is made as of December 1, 2002 (this “Agreement”), by, First Last M.D. a New York resident and First Last, M.D., a New York resident (hereinafter collectively referred to as “the Members”).

WHEREAS, the Members wish to form a limited liability company pursuant to the New York Uniform Limited Liability Company Act, as amended (the “Act”), by filing Articles of Organization with the office of the New York Secretary of State and entering into this Agreement.

NOW, THEREFORE, in good consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members and additional Members who may join the Company from time to time hereby agree as follows:

#### **ARTICLE I**

#### **DEFINED TERMS**

**Section 1.1 Definitions.** Unless the context otherwise requires, the terms defined in this Article I shall, for the purposes of this Agreement, have the following meanings:

“Affiliate” means specified Person, and includes a Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” means this Operating Agreement, as amended, modified, supplemented or restated from time to time.

“Articles” means the Articles of Organization of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the New York Secretary of State, pursuant to the Act.

“Capital Account” means, with respect to any Member, the account maintained for such Member in accordance with the provisions of Section 4.4 hereof.



“Capital Contribution” means, with respect to any Member, the aggregate amount of money, property (other than money) and services contributed to the Company pursuant to Section 4.1 hereof with respect to such Member’s Interest.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the date of this Agreement.

“Company” means **Integrated Associates, PLLC**, the limited liability company formed under and pursuant to the Act and this Agreement.

“The Act” means the New York Uniform Limited Liability Company Act, as amended.

“Depreciation” means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period; provided, however, that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction with respect to such asset for such Fiscal Year or other period bears to such beginning adjusted tax basis; and provided further, that if the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managing Member.

“Fiscal Year” means (I) the period commencing upon the formation of the Company and ending on December 31, 2003, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in Clause (II) of this sentence for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article VII hereof.

“Gross Asset Value” means, with respect to any asset, such asset’s adjusted basis for federal income tax purposes, except as follows:

1. the Gross Asset Value of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Managing Member, as of the following times: (a) the distribution by the Company to a Member of more than a de minimis amount of Company assets as consideration for such Member’s Interest; and (b) the liquidation of the Company; provided, however, that adjustments pursuant to Clause (a) of this sentence shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company; and

2. the Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution, as determined by the Managing Member.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Paragraph 2. Above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

“Interest” means a Member’s share of the profits and losses of the Company and a Member’s right to receive distributions of the Company’s assets in accordance with the provisions of this Agreement and the Act. See also “Percentage Interest”.

“Managing Member” means Dr. Last and Dr. Last Name collectively. Whenever any action on the part of a Member is called for under this Agreement, Dr. and Dr. be designated to act on behalf of said Interest. “Members” means Dr. Last, Dr. Last Name and such other entities or individuals, collectively, who may become Members pursuant to §5.10, when acting in their capacities as members of the Company. For all purposes of the Act, all Members shall constitute a single class or group of members.

“Net Cash Flow” means, for each Fiscal Year or other period of the Company, the gross cash receipts of the Company from all sources, less all amounts paid by or for the account of the Company during the same Fiscal Year or other period (including, without limitation, payments of principal and interest on any Company indebtedness and expenses reimbursed to the Members under Section 5.2 hereof), and less any amounts determined by the Managing Member to be necessary to provide a reasonable reserve for working capital needs or any other contingencies of the Company. Net Cash Flow shall be determined in accordance with the cash receipts and disbursements method of accounting and otherwise in accordance with generally accepted accounting principles, consistently applied. Net Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions, depletion, similar allowances or other non-cash items, but shall be increased by any reduction of reserves previously established.

“Percentage Interest” means a Member’s Interest expressed as a fraction, the numerator of which is the number of points attributed to that Member’s Interest and the denominator of which is the total number of points attributed to all Members’ Interests.

“Permitted Temporary Investments” means investments of Company funds in such accounts, institutions, funds, stocks, bonds or other investment opportunities as selected by the Managing Member in his sole discretion.

“Person” means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

“Point” means a unit of measure used for the purpose of determining and tracking the Percentage Interests of the Members.

“Profits” and “Losses” means, for each Fiscal Year, an amount equal to the Company’s taxable income or loss for such Fiscal Year, determined in accordance with §703(a) of the Code (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to §703(a)(1) of the Code), with the following adjustments:

(i) any income of the Company exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) any expenditures of the Company described in §705(a)(2)(B) of the Code (or treated as expenditures described in §705(a)(2)(B) of the Code pursuant to Treasury Regulation §1.704-1(b)(2)(iv)(I) and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(iii) in the event of the Gross Asset Value of any Company asset is adjusted in accordance with Paragraph (1) or Paragraph (2) of the definition of “Gross Asset Value” above, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(iv) gain or loss resulting from any disposition of any asset of the Company with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value; and

(v) in lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of “Depreciation” above.

“Tax Matters Member” shall be the Managing Member.

“Treasury Regulations” means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

**Section 1.2 Headings.** The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

## ARTICLE II

### FORMATION AND TERM

#### Section 2.1 Formation.

(i) Dr. S and Dr. H agree to form the Company as a limited liability company under and pursuant to the provisions of the Act; Dr. S and Dr. H and any individuals or entities who may become Members pursuant to §5.10 from time to time hereby agree that the rights, duties and liabilities of the Members shall be as provided in the Act, except as otherwise provided herein.

(ii) Upon the execution of this Agreement, Dr. S and Dr. H shall be Members of the Company. Additional entities or individuals may become Members as provided in Section 5.10.

(iii) The name and mailing address of each Member and the number of points held by each Member shall be listed on Schedule "A" attached hereto. The Managing Member shall update Schedule "A" from time to time as necessary to accurately reflect the information therein. Any amendment or revision to Schedule "A" made in accordance with this Agreement shall not be deemed an amendment to this Agreement.

(iv) Any reference in this Agreement to Schedule "A" shall be deemed to be a reference to Schedule "A" as amended and in effect from time to time.

(v) The Managing Member, as an authorized person within the meaning of the Act, shall execute, deliver and file the Articles of Organization and any and all amendments thereto and restatements thereof.

**Section 2.2 Name.** The name of the limited liability company formed hereby and by filing of the Articles of Organization shall be **Integrative Associates, PLLC**. The business of the Company may be conducted upon compliance with all applicable laws under any other name designated by the Managing Member.

**Section 2.3 Term.** The term of the Company shall commence on the date of the filing of the Articles of Organization in the Office of the New York Secretary of State, and shall continue unless dissolved in accordance with the provisions of this Agreement.

**Section 2.4 Principal Address.** The Company's principal place of business and address shall be 388 Kenwood Ave, Delmar NY. At any time, the Managing Member may designate another principal place of business and address.

**Section 2.5 Qualification in Other Jurisdictions.** The Managing Member shall cause the Company to be qualified, formed and registered in any jurisdiction in which the Company transacts business in which such qualification, formation or registration is

required or desirable. The Managing Member, as an authorized person within the meaning of the Act, shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

## **ARTICLE III**

### **PURPOSE AND POWERS OF THE COMPANY**

**Section 3.1 Purpose.** The Company is formed for the object and purpose of engaging in any lawful act or activity for which limited liability companies may be formed under the Act and engaging in any and all activities necessary, convenient, desirable or incidental to the foregoing, including, without limitation, providing professional medical services, engaging in the practice of medicine, acquiring, owning, operating, maintaining, leasing and disposing of interests in real estate, supplies, fixtures and equipment and employing persons to staff the operation of a medical practice.

#### **Section 3.2 Powers of the Company.**

(i) The Company shall have the power and authority to take any and all actions necessary, appropriate, proper, advisable, convenient or incidental to or for the furtherance of the purpose set forth in Section 3.1, including, but not limited to the power:

(a) to conduct its business, carry on its operations and have and exercise the powers granted to a limited liability company by the Act in any state, territory, district or possession of the United States, or in any foreign country that may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(b) to acquire by purchase, lease, contribution of property or otherwise, own, hold, operate, maintain finance, improve, lease, sell, convey, mortgage, transfer, demolish or dispose of any real or personal property that may be necessary, convenient or incidental to the accomplishment of the purpose of the Company, including, without limitation, interests in real estate, fixtures and equipment.

(c) to enter into, perform and carry out contracts of any kind, including, without limitation, contracts with any person or entity, any Member or any Affiliate thereof, or any agent of the Company necessary to, in connection with, convenient to, or incidental to the accomplishment of the purpose of the Company;

(d) to purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal with, shares or other interests in or obligations of domestic or foreign corporations, associations, general or limited partnerships, trusts, limited liability companies, and limited liability partnerships as allowed by law;

(e) to lend money for any proper purpose, to invest and reinvest its funds, and to take and hold real and personal property for the payment of funds so loaned or invested;

(f) to sue and be sued, and participate in administrative or other proceedings, in its name;

(g) to appoint employees and agents of the Company, and define their duties and fix their compensation;

(h) to indemnify any Person in accordance with New York law and to obtain any and all types of insurance;

(i) to cease its activities and cancel its Articles of Organization;

(j) to negotiate, enter into, renegotiate, extend, renew, terminate, modify, amend, waive, execute, acknowledge or take any other action with respect to any lease, contract or security agreement covering any assets of the Company;

(k) to borrow money and issue evidences of indebtedness, and to secure the same by a mortgage, pledge or other lien on the assets of the Company;

(l) to pay, collect, compromise, litigate, arbitrate or otherwise adjust or settle any and all claims or demands by or against the Company or to hold such proceeds against the payment of contingent liabilities; and

(m) to make, execute, acknowledge and file any and all documents or instruments necessary, convenient or incidental to the accomplishment of the purpose of the Company.

(ii) The Company may merge with, or consolidate into, another New York limited liability company or other business entity upon the approval of the Managing Member and as allowed by law.

**Section 3.3 Limitations on Company Powers.** Notwithstanding the foregoing provision of Section 3.2, the Company shall have no power or authority to borrow money or to become liable for the borrowings of any third party or to engage in any financial or other trade or business prohibited under the Act. The Company shall not do any type of business in any jurisdiction that would jeopardize the limitation on liability afforded to the Members under the Act or this Agreement.

## ARTICLE IV

### CAPITAL CONTRIBUTIONS, SECURITIES AND CAPITAL ACCOUNTS

#### **Section 4.1 Capital Contributions.**

(i) Each Member has contributed or is deemed to have contributed to the capital of the Company. The agreed number of points assigned to each Member to reflect the capital contributions made or deemed to have been made by each Member shall be set forth on Schedule "A".

(ii) No Member shall be required to make any additional capital contribution to the Company. However, a Member may make additional capital contributions to the Company with the written consent of the Managing Member. Each additional capital contribution made pursuant to this section shall result in a proportional increase in the number of points assigned to the contributing Member. The number of points attributable to the contributing Member's contribution shall be added to the total of that Member's points reflected on Schedule "A". Sections 8.1 and 8.2 shall be amended to provide for allocation of profits and losses and distributions to Members in accordance with the Percentage Interest owned by each.

**Section 4.2 Member's Interest.** A Member's Interest shall for all purposes be personal property. A Member has no interest in specific Company assets or property.

#### **Section 4.3 Status of Capital Contributions.**

(i) Except as otherwise provided in this Agreement, the value of a Member's Capital Contributions may be returned to the Member, in whole or in part, at any time, but only with the consent of the Managing Member. Any such returns of Capital Contributions shall be made to all Members in the same proportion as distributions and allocations are made pursuant to Section 8.1. Notwithstanding the foregoing, no return of a Member's Capital Contribution shall be made hereunder if such distribution would violate applicable law. Under circumstances requiring a return of any Capital Contribution, no Member shall have the right to demand or receive property other than cash, except as may be specifically provided in this Agreement.

(ii) No Member shall receive any interest, salary or draw with respect to the Member's Capital Contribution or Capital Account, or for services rendered on behalf of the Company or otherwise in his or her capacity as a Member, except as otherwise specifically provided in this Agreement.

(iii) Except as otherwise provided herein and by applicable law, the Members shall be liable only to make their Capital Contributions pursuant to Section 4.1 hereof, and no Member shall be required to lend any funds to the Company or, after a Member's Capital Contributions have been made pursuant to Section 4.1 hereof, to make any additional capital contributions to the Company. No Member shall have any personal liability for the repayment of the value of any Capital Contribution of any other Member.

#### **Section 4.4 Capital Accounts.**

(i) An individual Capital Account shall be established and maintained for each Member.

(ii) The Capital Account of each Member shall be maintained in accordance with the following provisions:

(a) to such Member's Capital Account there shall be credited the number of points attributable to such Member's Capital Contributions (including the original capital contribution and any additional capital contributions made pursuant to Section 4.1, such Member's distributive share of Profits and the amount of any Company liabilities that are assumed by such Member or that are secured by any Company assets distributed to such Member;

(b) to such Member's Capital Account there shall be debited the number of points attributable to the amount of cash and the Gross Asset Value of any Company assets distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and the amount of any liabilities of such Member that are assumed by the Company or that are secured by any property contributed by such Member to the Company; and

(c) in determining the amount of any liability for purposes of this Subsection (ii), there shall be taken into account §752 (c) of the Code and any other applicable provisions of the Code and the Treasury Regulations.

**Section 4.5 Advances.** Upon the approval of the Managing Member, any Member may advance funds to the Company in excess of the Member's Capital Contributions. If any Member makes such an advance, the amount of such advance shall neither increase the Member's Capital Account nor the Member's share of the distributions of the Company. The amount of such advance shall be a debt obligation of the Company to such Member and shall be repaid by the Company with interest at a rate equal to the lesser of (i) five percent (5%) or (ii) the maximum rate permitted by applicable law, and upon such other terms and conditions as shall be determined by the Managing Member. Any such advance shall be payable and collectible only out of Company assets, and the other Members shall not be personally obligated to repay any part thereof. No Person who makes any nonrecourse loan to the Company shall have or acquire, as a result of making such loan, any direct or indirect interest in the profits, capital or property of the Company, other than as a creditor.

## ARTICLE V

### MEMBERS

**Section 5.1 Powers of Members.** The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement. Except as otherwise specifically provided by this Agreement or required by



the Act, no Member other than the Managing Member shall have the power to act for or on behalf of, or to bind, the Company. Notwithstanding the foregoing sentence, all Members shall constitute one class or group of members of the Company for all purposes of the Act.

**Section 5.2 Reimbursements.** The Company shall reimburse the Members, including the Managing Member, for all ordinary and necessary out-of-pocket expenses incurred by the Members on behalf of the Company. The Managing Member shall determine which expenses may be reimbursed to a Member, including the Managing Member, and the amount of such expenses. Such reimbursement shall be treated as an expense of the Company that shall be deducted in computing the Net Cash Flow and shall not be deemed to constitute a distributive share of Profits or a distribution or return of capital to any Member.

**Section 5.3 Partition.** Each Member waives any and all rights he may have to maintain an action for partition of the Company's property.

**Section 5.4 Members' Duty of Loyalty.** Each Member shall have a duty of loyalty to the Company and shall be required to:

- (i) account to the Company and to hold as trustee for it any property, profit or benefit derived by the Member in the conduct or winding up of the Company's business or derived from use by the Member of the Company's property;
- (ii) refrain from dealing with the Company as or on behalf of a party having an interest adverse to the Company; and
- (iii) refrain from competing with the Company, or accepting employment with an individual or entity that competes with the Company, or intends to compete with the Company, before dissolution of the Company.

**Section 5.5 Members' Duty of Care.** A Members' duty of care to the Company and other Members is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct, or a knowing violation of the law.

**Section 5.6 Members' Obligation of Good Faith and Fair Dealing.** A Member shall discharge his or her duties to the Company and the other Members and exercise any rights as a Member consistent with the obligations of good faith and fair dealing.

**Section 5.7 Transfer and Resignation.**

- (i) The Members agree that it is in the best interest of the Company that they be restricted in their rights to dispose of their Interests in the Company both during their lives and at the time of their deaths. Except as provided in Section 5.10 and 5.11, a Member may not assign or transfer all or any part of that Member's Interest to any person. Any transfer or purported transfer in violation of this section shall be null and

void and of no effect. Except in accordance with paragraph (ii)(2) of this section or Section 5.10, a Member may not resign from the Company prior to the dissolution and winding up of the Company. A Member whose resignation is not in accordance with this Section or Section 5.10 shall not be entitled to receive any distribution and shall not otherwise be entitled to receive the fair value of that Member's Interest except as otherwise expressly provided for in this Agreement. The Members agree that a resigning Member, whether or not the resignation is in accordance with this Section or Section 5.10, shall not undertake any activity, including employment with any person or entity, in competition with the Company for a period of three (3) years following such resignation.

(ii) Upon the occurrence of any one or more of the following events relating to a Member, such Member (or personal representative, in the case of the death of a Member) shall be required to sell, and the Company shall be required to purchase, all of said Member's Interests in the Company, upon the terms and conditions hereinafter set forth:

- (1) A Member dies;
- (2) A Member becomes disabled;
- (3) Upon attaining the age of 65, a Member retires;
- (4) Following bankruptcy or dissolution of a Member, the Company continues to carry on the business pursuant to Section 13.1(ii).

(iii) In the event that the Company is disabled by law from purchasing said Interest, the remaining Members shall take such action as is possible and necessary to enable the sale and purchase to be completed. Such action by the remaining Members may include, but is not limited to:

- (1) Re-allocation of Members' respective distributive shares;
- (2) Additional capital contributions; or
- (3) Direct purchase of the Interest by the remaining Members in proportion to their existing Interests or as otherwise mutually agreed, provided that all remaining Members consent to such direct purchase.

(iv) Notwithstanding the foregoing, at any time prior to the sixtieth (60<sup>th</sup>) day following the death of a Member, the remaining Members of the Company may, in lieu of purchasing such Interest, elect to wind up and dissolve the Company by a majority vote. If such election is made, then all Members of the Company hereby consent to such dissolution and agree to take such further action, adopt such resolutions, and cause such dissolution of the Company.

(v) The price at which a Member's Interest shall be purchased by the Company upon the occurrence of any of the events set forth in Section 5.7(ii) shall be determined as follows:

(1) Upon the occurrence of any of the events set forth in Section 5.7(ii), the accountant or accountants regularly retained by the Company shall provide an opinion as to the value of the selling Member's Interest. If the Members fail to agree on the value of the Interest within ten (10) days after receipt of the accountants' valuation, the value shall be mediated or arbitrated in accordance with Section 13.6 of this Agreement.

(2) In case of the death of a Member, the value of the Interest to be purchased by the Company shall be increased by the excess of the amount of the insurance on the life of the decedent over the cash value of said insurance as of the last day of the month preceding the Member's death, if, and only if, the value of the insurance is includable in the decedent's estate for Federal Estate Tax purposes under Section 2042 of the Code and the insurance proceeds are payable to the Company.

(vi) If the purchase and sale is being made by reason of the death of a Member, the Company shall make an initial payment in cash to the personal representative of the decedent, not later than sixty (60) days after the date of death, in an amount equal to the greater of (a) ten percent (10%) of the total purchase price of such interest or (b) the total proceeds from any policies of life insurance to which the Company has become entitled by reason of death, except that if the proceeds from any or all of such insurance policies have not been received by the Company prior to the end of the aforesaid sixty day period, then the portion of the initial payment equal to the amount of insurance proceeds not then received shall be paid upon receipt of such insurance proceeds.

The balance of the payment will be paid to the personal representative over a period of not more than two (2) years in equal monthly payments. The balance will carry interest at a rate of five percent (5%). At the time the initial payment is made, the Company shall execute a promissory note in the form of Schedule "B" attached hereto to evidence said obligation, which note shall provide that the first payment on the unpaid balance of the purchase price shall commence on a date not more than thirty (30) days after the date of the initial payment.

The obligations hereunder shall neither be affected by nor terminated by any lapse of the insurance upon the life of a Member.

(vii) In the event of a purchase and sale of a Member's interest other than by reason of death, the Company shall make an initial payment in cash to such selling Member of not less than ten percent (10%) of the total purchase price not later than sixty (60) days after receipt of notice of the occurrence of the event causing such purchase and sale, and the unpaid balance of such purchase price shall be payable on the terms set forth

in the promissory note attached hereto as Schedule “B”. The unpaid balance of the purchase price shall be paid in accordance with Section 5.7 (vi).

**Section 5.8 Termination of Rights.** All rights of a Member shall be terminated upon the occurrence of an event set forth in Section 5.7(ii) with regard to that Member. The purchase of said Member’s interest by the Company shall be deemed to have occurred on the day of such event. From and after said date, the selling Member’s rights against the Company shall be those of a creditor and such other rights as are specifically granted by the Agreement.

**Section 5.9 Life Insurance.** The Company is the applicant, owner and beneficiary of insurance policies covering the Members in the amounts, if any, listed in the Insurance Schedule attached hereto as Schedule “C”. During the lifetime of each insured and the continuance in force of this Agreement, the Company shall maintain such insurance in full force and effect and shall not, without the prior written consent of the insured, cancel any policy relating thereto or take or omit to take any action which might give rise to the termination or cancellation thereof. The Company shall have the right to take out additional insurance covering any or all Members whenever, in the opinion of the Managing Member, additional insurance may be required for the benefit of the Company or to enable it to carry out its obligations under this Agreement. Such additional policies shall be listed in Schedule “C” and shall be subject to the provisions hereof. During the lifetime of each Member and the continuance in force of this Agreement, the Company shall pay premiums on all insurance policies carried by it pursuant to this Agreement as they may become due. If any premium is not paid within twenty (20) days after its due date, the insured may pay or cause the premium to be paid and shall be entitled to reimbursement from the Company. The Company shall apply any dividends declared on any such policies to the payment of premiums.

In the event that any Member ceases to be a party to this Agreement, such Member shall have the right to purchase the insurance policies covering him or her and listed on Schedule “C” (if any) by paying to the Company such sum as shall equal the then cash surrender value of such policies.

**Section 5.10 Addition of New Members.** New Members may be admitted upon unanimous approval of the existing Members. Each new Member shall be required to sign this Agreement and (I) make a capital contribution, the form or amount of which shall be determined by agreement, and the points attributable to which shall be set forth on Schedule “A” or (ii) purchase the Interest of an existing Member as provided herein. The points attributed to each new Member’s Interest shall be set forth on Schedule “A”. New Members shall be bound by the terms and conditions hereof to the same extent as the original Members, notwithstanding that the name of each New Member may not be specifically set forth in every section of this Agreement by which the New Member is bound.

Upon the approval of the Managing Member, a new Member who has unanimously been approved for Membership may purchase the Interest of an existing Member, provided that the withdrawal of the existing Member has also been unanimously approved by the Members. The price at which a new Member may purchase the Interest of an existing Member shall be determined in accordance with Section 5.7(v). Upon admission of any new Member, the distribution and allocation provisions set forth in Article VIII shall be modified to provide for distributions and allocations to the new Member in proportion to his or its Percentage Interest in the Company, and any other provisions in this Agreement shall also be modified as necessary to reflect the admission of the new Member and his or its distribution and allocation rights and obligations.

**Section 5.11 Transfer of Member’s Interest to Immediate Family.**

Notwithstanding any other provisions of this Agreement, during the lifetime of any Member and the continuance in force of this Agreement, any Member shall be permitted at any time and from time to time to transfer all or part of his or her Interest, not including any right to participate in the management of the Company, to any member of his or her immediate family or to a trust on behalf of any such person, unless such transfer is prohibited by law. For this purpose the immediate family of any person shall mean his or her spouse, lineal descendants and ancestors.

Any person acquiring an interest in the Company pursuant to the terms of this section shall acquire such interest subject to all the terms, conditions and restrictions contained in this Agreement, the Articles of Organization of the Company and the requirements of New York law.

**Section 5.12 Waiver of Rights.** The parties hereby stipulate and agree that money damages awarded to them as the result of the breach of Article V of this Agreement would be inadequate and insufficient under the circumstances; therefore, they hereby waive the defense, in a suit of equity for specific performance, that legal remedies or damages would be sufficient.

**ARTICLE VI**

**MANAGEMENT**

**Section 6.1 Management of the Company.**

(i) Dr. S and Dr. H shall collectively be the Managing Member of the Company, and shall be the exclusive “manager” within the meaning of the Act. In such capacity, Dr. S and Dr. H shall manage the Company in accordance with this Agreement. The Managing Member is an agent of the Company’s business, and the actions of the Managing Member taken in such capacity and in accordance with this Agreement shall bind the Company.

(ii) The Managing Member shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purpose of the Company as set forth herein. The Managing Member shall be the sole Person with the power to bind the Company, except and to the extent that such power is expressly delegated to any other Person by the Managing Member, and such delegation shall not cause the Managing Member to cease to be Member or the Managing Member of the Company.

(iii) The Managing Member may appoint individuals with such titles as the Managing Member may determine, including the titles of President, Vice President, Executive Director, Treasurer and Secretary, to act on behalf of the Company with such power and authority as the Managing Member may delegate from time to time to any such Person.

**Section 6.2 Powers of the Managing Member.** The Managing Member shall have the right, power and authority, in the management of the business and affairs of the Company, to do or cause to be done any and all acts, at the expense of the Company, deemed by the Managing Member to be necessary or appropriate to effectuate the business, purposes and objectives of the Company. Without limiting the generality of the foregoing, the Managing Member shall have the power and authority to:

(a) establish a record date with respect to all actions to be taken hereunder that require a record date be established, including with respect to allocations and distributions;

(b) bring and defend on behalf of the Company actions and proceedings at law or in equity before any court or governmental, administrative or other regulatory agency, body or commission or otherwise; and

(c) execute all documents or instruments, perform all duties and powers and do all things for and on behalf of the Company in all matters necessary, desirable, convenient or incidental to the purpose of the Company.

The expression of any power or authority of the Managing Member in this Agreement shall not in any way limit or exclude any other power or authority which is not specifically or expressly set forth in this Agreement.

Each Managing Member shall serve until his resignation as Managing Member.

**Section 6.3 No Management by Other Members.** Except as otherwise expressly provided herein, no Member other than the Managing Member shall take part in the day-to-day management, or the operation or control of the business and affairs of the Company. Except and only to the extent expressly delegated by the Managing Member, no Member or other Person other than the Managing Member shall be an agent

of the Company or have any right, power or authority to transact any business in the name of the Company or to act for or on behalf of or to bind the Company.

**Section 6.4 Reliance by Third Parties.** Any Person dealing with the Company or the Managing Member may rely upon a certificate signed by the Managing Member as to:

- (a) the identity of the Managing Member or any other Member hereof;
- (b) the existence or non-existence of any fact or facts which constitute a condition precedent to acts by the Managing Member or are in any other manner germane to the affairs of or on behalf of the Company; or
- (c) the Persons who are authorized to execute and deliver any instrument or document of or on behalf of the Company; or
- (d) any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member.

## **ARTICLE VII**

### **AMENDMENTS AND MEETINGS**

**Section 7.1 Amendments.** Any amendment to this Agreement shall be adopted and be effective as an amendment hereto if approved by the Managing Member, provided, however, that no amendment shall be made, and any such purported amendment shall be void and ineffective, to the extent the result thereof would be to cause the Company to be treated as anything other than a partnership for purposes of state or federal income taxation.

#### **Section 7.2 Meetings of the Members.**

(i) No annual or regular meetings of the Members are required to be held. Meetings of the Members may be called at any time by the Managing Member. Notice of any meeting shall be given to all Members not less than one (1) day nor more than ten (10) days prior to the date of such a meeting. Each Member may authorize any Person to act for him by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member, or his attorney-in-fact.

(ii) Each meeting of Members shall be conducted by the Managing Member or by such other Person as the Managing Member may designate. The Managing Member, in their sole discretion, shall establish all other provisions relating to meetings of Members, including notice of time, place or purpose of any meeting at which any matter is to be voted on by the Members, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in

person or by proxy or any other matter with respect to the exercise of any such right to vote.

## **ARTICLE VIII**

### **ALLOCATIONS**

**Section 8.1 Profits and Losses.** Subject to the allocation rules of Section 8.2 hereof, Profits and Losses for any Fiscal Year shall be allocated 50% to Dr. S and 50% to Dr. H. This allocation shall be adjusted in accordance with Section 5.10 upon the admission of a new Member, in accordance with Section 4.1(ii) upon receipt of an additional capital contribution by an existing Member or by unanimous approval of the Members.

#### **Section 8.2 Allocation Rules.**

(i) For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Managing Member using any method that is permissible under §706 of the Code and the Treasury Regulations thereunder.

(ii) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits and Losses for the Fiscal Year in question.

(iii) The Members are aware of the income tax consequences of the allocations made by this Article VIII and hereby agree to be bound by the provisions of this Article VIII in reporting their shares of Company income and loss for income tax purposes.

#### **Section 8.3 Tax Allocations; Section 704 (c) of the Code.**

(i) In accordance with §704 (c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with Section 1.1 hereof).

(ii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to Paragraph (2) of the definition of “Gross Asset Value” contained in Section 1.1 hereof, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under §704 (c) of the Code and the Treasury Regulations thereunder.



(iii) Any elections or other decisions relating to allocations under this Section 8.3, including the selection of any allocation method permitted under Treasury Regulation §1.704-3, shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 8.3 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

## ARTICLE IX

### DISTRIBUTIONS

**Section 9.1 Net Cash Flow.** Except as otherwise provided in Article XIII hereof (relating to the dissolution of the Company), any distribution of the Net Cash Flow during any Fiscal Year shall be distributed in the same manner and allocated in the same proportions as set forth in §8.1.

#### **Section 9.2 Distribution Rules.**

(i) All distributions pursuant to Section 9.1 hereof shall be at such times and in such amounts as shall be determined by the Managing Member; provided, however, that the Managing Member shall use his best efforts to cause the Company to distribute to the Members an amount of Net Cash Flow as shall be sufficient to enable the Members to fund their federal and state income tax liabilities attributable to their respective distributive shares of the taxable income of the Company.

(ii) All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment, distribution or allocation to the Company or the Members shall be treated as amounts distributed to the Members pursuant to this Article IX for all purposes of this Agreement. The Managing Member is authorized to withhold from distributions and to pay over to any federal, state or local government any amounts required to be so withheld pursuant to the Code or any provision of any other federal, state or local law and shall allocate such amounts to those Members with respect to which such amounts were withheld.

**Section 9.3 Limitations on Distribution.** Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member with respect to such Member's Interest if such distribution would violate any applicable law.

## ARTICLE X

### BOOKS AND RECORDS

#### Section 10.1 Books, Records and Financial Statements.

(i) At all times during the continuance of the Company, the Company shall maintain, at its principal place of business, separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company business in accordance with generally accepted accounting principles consistently applied, and, to the extent inconsistent therewith, in accordance with this Agreement. Such books of account, together with a copy of this Agreement and the Articles of Organization, shall at times be maintained at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and his or her duly authorized representative for any purpose reasonably related to such Member's interest as a member of the Company.

(ii) The Managing Member shall prepare and maintain, or cause to be prepared and maintained, the books of account of the Company. The following financial information, which need not be examined and certified to by an independent certified public accountant, shall be transmitted by the Managing Member to each Member after the close of each Fiscal Year:

(a) balance sheet of the Company as of the beginning and close of such Fiscal Year;

(b) statement of Company profits and losses for such Fiscal Year;

(c) statement of such Member's Capital Account as of the close of such Fiscal Year, and changes therein during such Fiscal Year; and

(d) a statement indicating such Member's share of each item of Company income, gain, loss, deduction or credit for such Fiscal Year for income tax purposes.

**Section 10.2 Accounting Method.** For both financial and tax reporting purposes and for purposes of determining profits and losses, the books and records of the Company shall be kept on the cash basis method of accounting applied in a consistent manner and shall reflect all Company transactions and be appropriate for the Company's business.

**Section 10.3 Audit.** At any time at the Managing Member's sole discretion, the financial statements of the Company may be audited by an independent certified public accountant, selected by the Managing Member, with such audit to be accompanied by a report of such accountant containing its opinion. The cost of such audits will be an

expense of the Company. A copy of any such audited financial statements and accountant's report will be made available for inspection by the Members.

## **ARTICLE IX**

### **TAX MATTERS**

#### **Section 11.1 Tax Matters Member.**

(i) The Managing Member is hereby designated as "Tax Matters Member" of the Company for purposes of §6231(a)(7) of the Code and shall have the power to manage and control, on behalf of the Company, any administrative proceeding at the Company level with the Internal Revenue Service relating to the determination of any item of Company income, gain, loss, deduction or credit for federal income tax purposes.

(ii) The Tax Matters Member shall, within ten (10) days of the receipt of any notice from the Internal Revenue Service in any administrative proceeding at the Company level relating to the determination of any Company item of income, gain, loss, deduction or credit, mail a copy of such notice to each Member.

**Section 11.2 Right to Make Section 754 Election.** The Tax Matters Member may, in his sole discretion, make or revoke, on behalf of the Company, an election in accordance with §754 of the Code, so as to adjust the basis of Company property in the case of a distribution of property within the meaning of §743 of the Code, and in the case of a transfer of a Company interest within the meaning of §743 of the Code. Each Member shall, upon request of the Tax Matters Member, supply the information necessary to give effect to such an election.

**Section 11.3 Taxation as Partnership.** The Company shall be treated as a partnership for U.S. federal and New York State income tax purposes.

## **ARTICLE XII**

### **LIABILITY, EXCULPATION AND INDEMNIFICATION**

#### **Section 12.1 Liability.**

(i) Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered person.

(ii) Except as otherwise expressly required by law, a Member, including the Managing Member, in the capacity of Member or Managing Member, shall have no

liability in excess of (a) the amount of the Member's Capital Contributions, (b) the Member's share of any assets and undistributed profits of the Company, (c) the Member's obligation to make other payments expressly provided for in this Agreement, and (d) the amount of any distributions wrongfully distributed to the Member.

### **Section 12.2 Exculpation.**

(i) No Member shall be liable to the Company or any other Member for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Member in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Member by this Agreement, except that a Member shall be liable for any such loss, damage or claim incurred by reason of such Member's gross negligence or willful misconduct.

(ii) A Member shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Member reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

### **Section 12.3 Duties and Liabilities of Members.**

(i) To the extent that, at law or in equity, a Member has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Member, a Member acting under this Agreement shall not be liable to the Company or to any other member for good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent they restrict the duties and liabilities of a Member otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Member.

(ii) Unless otherwise expressly provided herein, (a) whenever a conflict of interest exists or arises between Members or between a Member and the Company, or (b) whenever this Agreement provides that a Member shall act in a manner that is fair and reasonable to the Company or any Member, the Member Person shall resolve such conflict of interest, considering in each case the relative interest of each party (including his or its own interest), and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Member, the resolution of the conflict of interest by the Member shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Member at law or in equity or otherwise.

(iii) Whenever in this Agreement a Member is permitted or required to make a decision (a) in his or its “discretion” or under a grant of similar authority or latitude, the Member shall be entitled to consider only such interests and factors as he desires, including his own interests, and shall have no duty or obligation to give any consideration to any interest or factors affecting the Company or any other person, or (b) in his “good faith” or under another express standard, the Member shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

**Section 12.4 Indemnification.** To the fullest extent permitted by applicable law, a Member shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Member by reason of any act or omission performed or omitted by such Member in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of authority conferred on such Member by this Agreement, except that no Member shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Member by reason of gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section shall be provided out of and to the extent of Company assets only, and no Member shall have any personal liability on account thereof. The Company and the other Members hereby expressly waive any claim against a Member regarding any matter for which the Member is indemnified hereunder.

**Section 12.5 Expenses.** To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Member in defending any claim, demand, action, suit or proceeding from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Member to repay such amount if it shall be determined that the Member is not entitled to be indemnified as authorized in Section 12.4 hereof.

**Section 12.6 Insurance.** The Company shall purchase and maintain insurance of the types and in the amounts required by the Act. In addition, the Company may purchase and maintain insurance, to the extent and in such amounts as the Managing Member shall, in his sole discretion, deem reasonable, on behalf of Members and such other Persons as the Managing Member shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the activities of the Company or such indemnities, regardless of whether the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement. The Managing Member and the Company may enter into indemnity contracts with Members and adopt written procedures pursuant to which arrangements are made for the advancement of expenses and the funding of obligations under Section 12.5 hereof and containing such other procedures regarding indemnification as are appropriate.

**Section 12.7 Investment Opportunities.** No Member or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company even if

such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof shall have the right to take for its own account (individually or as a partner, shareholder, fiduciary or otherwise) or to recommend to others any such particular investment opportunity.

## **ARTICLE XIII**

### **DISSOLUTION, LIQUIDATION AND TERMINATION**

**Section 13.1 Dissolution.** The Company shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events:

- (i) The expiration of the term of the Company, as provided in Section 2.3 hereof;
- (ii) The bankruptcy or dissolution of a Member or the occurrence of any other event of dissolution specified in the Act provided, however, that (a) a majority of the remaining Members, pursuant to HRS §428-802, or (b) Dr. Stram and Dr. Hassett may waive the right to have the Company's business wound up and may cause the Company to resume carrying on its business as if dissolution had never occurred;
- (iii) the entry of a decree of judicial dissolution; or
- (iv) the written determination of the Managing Member.

**Section 13.2 Notice of Dissolution.** Upon the dissolution of the Company, the Managing Member shall promptly notify the Members of such dissolution.

**Section 13.3 Liquidation.** Upon dissolution of the Company, the Managing Member, as liquidating trustee, shall immediately commence to wind up the Company's affairs, provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share profits and losses during liquidation in the same proportions, as specified in Article VIII hereof, as before liquidation. The proceeds of liquidation shall be distributed, as realized, in the manner provided in Article IX. In the event that the Managing Member is unable to perform in its capacity as liquidating trustee due to its bankruptcy, dissolution, death, adjudicated incompetency or any other termination of the Managing Member as an entity, the liquidating trustee shall be a Person approved by a majority of the principals of the Managing Member, or if the principals shall be unable to perform this function for any reason, then the liquidating trustee shall be a person approved by a majority of the remaining Members.

**Section 13.4 Termination.** The Company shall terminate when all of the assets of the Company have been distributed in the manner provided for in this Article XIII and the Articles of Organization shall have been canceled in the manner required by the Act.

**Section 13.5 Claims of the Members.** Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

**Section 13.6 Dispute Resolution.** The Members agree that all disputes arising out of their affiliation with each other, whether or not directly related to this Agreement, shall be resolved by mediation. If the Members are not able to resolve any dispute through mediation, then the dispute shall be resolved by binding arbitration by a single arbitrator if the parties to the dispute are able to agree on the selection of an arbitrator. If the parties are not able to agree on the selection of a single arbitrator, then each party to the dispute shall appoint an arbitrator. If the appointment of an arbitrator by each party to the dispute results in an even number of arbitrators, then the arbitrators shall select one additional arbitrator. The dispute shall be resolved by a majority vote of the arbitrators. The American Arbitration Association's rules governing commercial arbitration shall be used as guidance, provided, however, that the arbitration need not be conducted in a formal proceeding before the AAA or any other organization. The arbitrator's award shall be final and binding on the Members. The Members understand that by agreeing to final and binding arbitration, they are waiving their rights to seek remedies in court, including the right to file suit and the right to a jury trial. This agreement to arbitrate shall not entitle any Member to obtain arbitration of a claim that would be barred by any relevant statute of limitations if such claim were brought in a court of competent jurisdiction.

## ARTICLE XIV

### MISCELLANEOUS

**Section 14.1 Notices.** All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by registered or certified mail, as follows.

(i) If given to the Company, in care of the Managing Member at the Company's mailing address set forth below:

Integrated Associates, PLLC  
388 Kenwood Ave.  
Delmar, NY 12054

(ii) If given to any Member, at the address set forth on the books and records of the Company.

All such notices shall be deemed to have been given when received.

**Section 14.2 Failure to Pursue Remedies.** The failure of any party to seek redress for violation of, or to insist upon the strict performance of, any provision of this Agreement shall not constitute a waiver of any provision of the Agreement.

**Section 14.3 Cumulative Remedies.** The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

**Section 14.4 Binding Effect.** This Agreement shall be binding upon and inure to the benefit of all Members and, to the extent permitted by this Agreement, their successors, legal representatives and assigns.

**Section 14.5 Interpretation.** Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. All references herein to “Articles”, “Sections” and paragraphs shall refer to corresponding provisions of this Agreement.

**Section 14.6 Severability.** The invalidity or unenforceability of any particular provision of this Agreement shall not effect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

**Section 14.7 Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

**Section 14.8 Integration.** This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior agreements and understandings between them on the same subject matter.

**Section 14.9 Governing Law.** This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of New York, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above stated.

MEMBERS:



**Complimentary Practitioners Contract Example:** We have included examples of two different sub-lease agreements (where the center does not own the premises, but is renting space from a landlord). The first example is based in the U.S., the second one in Canada hence the mention of GST (Goods and Service Tax).

*This Sublease* made this September 15, 2003

Between

**Integrated Associates, LLC** a New York limited liability company, having an address of 388 Kenwood Avenue, Delmar, New York, 12054, hereinafter referred to as LANDLORD,

and **Dr. E**, having an address of 388 Kenwood Avenue, Delmar, New York, 12054, hereinafter referred to as TENANT.

**Witnesseth**, that the Landlord hereby leases to the Tenant, and the Tenant hereby hires and takes from the Landlord the non exclusive use of an office as assigned from time to time by the Landlord on a part-time hourly basis on the first floor of the building known as 388 Kenwood Avenue, Delmar, New York, to be used and occupied by the Tenant, in common with other tenants solely (**Services of the Practitioner to be specifically set forth**) and for no other purpose whatsoever, and further subject to such rules and regulations as the Landlord may adopt from time to time for a term to commence as of Sept 15, 2003, and to end on December 31, 2003 unless sooner terminated as hereinafter provided, at a Rental as follows:

1. Rent shall be paid monthly, on or before the sixth (6st) day of each month. Rent shall be paid at a rate of \$35.00 per hour based on a total of 14 hours per month.
2. The minimum rent per month shall not be less than \$490.00 per month for the first three months. At the end of the third month, this contract may be extended or re-negotiated. In the event that a sliding scale is used for patient payments, it is important to let the office manager know ahead of time so that there are no discrepancies.
3. In the event Landlord has not received monthly rent due hereunder within ten days of the date it is due Tenant shall pay to the Landlord a late charge equal to 5% of the monthly rent payment.

THIS IS A SUBLEASE. The Landlord's interest in the premises is solely as Lessee under an underlying lease (hereinafter "Underlying Lease") made by Stephen M. Bolduc as Lessor to Ronald L. Stram as Lessee dated November 15, 2002 and assigned to

Landlord a copy of which has been made available to the Tenant if Tenant has requested the same. This sublease is expressly made subject to all the terms and conditions of the Underlying Lease. The Tenant shall use the premises in accordance with the terms of the Underlying Lease and this Sublease and not do or omit to do anything which will breach any of the terms of either lease.

THE TENANT COVENANTS:

FIRST - That the Tenant will pay the rent as above provided.

SECOND – That, throughout said term the Tenant will take good care of the demised premises, fixtures and appurtenances and all personal property, furniture and office equipment included therein; promptly pay the expenses of any repairs which are required by the negligence of the Tenant; forever indemnify and save harmless the Landlord for and against any and all liability, penalties, damages, expenses and judgments arising from injury during said term to person or property of any nature, occasioned wholly or in part by any act or acts, omission or omissions of the Tenant, or guests of the Tenant and also for any matter or thing growing out of the occupation of the demised premises; and at the end of the term, to quit and surrender the demised premises with all alterations, additions and improvements in good order and condition.

THIRD – That the Tenant will not underlet the demised premises or any part thereof, permit the same or any part thereof to be occupied by anybody other than the Tenant, make any alterations in the demised premises, use the demised premises or any part thereof for any purpose other than the one first above stipulated. That the Tenant will not erect or inscribe any sign, signals or advertisements unless and until the style and location thereof have been approved by the Landlord. No equipment of any kind shall be installed or used without the prior written consent of Landlord.

IT IS MUTUALLY COVENANTED AND AGREED, THAT

FOURTH. – This sublease agreement is at will. Landlord or Tenant may terminate this sublease at any time. Tenant shall thereupon surrender the premises.

FIFTH. – If after a period of time, the Landlord and Tenant agree to enter into a full-time Tenant agreement, this contract becomes void and a new Tenant agreement must be entered into.

SIXTH - The part-time Tenant will not receive Center marketing, advertising, efforts or referrals (unless it is a person who would have been referred to them anyway). Scheduling patients for part-time Tenants comes after scheduling patients for full-time Tenants. In rare circumstances, part-time Tenants may need to re-schedule appointments if there is a conflict. Part-time Tenant is not entitled to the use of the facility as an office. Use of the phones, fax machine, copier, computers is not, in general, permitted. The landlord provides these services to full-time Tenants. In cases where it is necessary to contact a patient, exceptions may be made. However, the Center may not be used by the

part-time Tenant as an office, for scheduling patients, for writing or creating of advertising or marketing materials.

SEVENTH – The failure of the Landlord to insist, in any one or more instances upon a strict performance of any of the covenants of this sublease, or to exercise any option herein contained, shall not be construed as a waiver or a relinquishment for the future of such covenant or option, but the same shall continue and remain in full force and effect. The receipt by the Landlord of rent, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach and no waiver by the Landlord of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Landlord.

EIGHTH - Any notice or demand which under the terms of this sublease or under any statute must or may be given or made by the parties hereto shall be in writing and shall be given or made by mailing the same by certified or registered mail addressed to the respective parties at the addresses set forth in this lease.

NINTH. – The Landlord shall not be liable for any failure of water supply or electrical current, sprinkler damage, or failure of sprinkler service, nor for injury or damage to person or property caused by the elements or by other tenants or persons in said building, or resulting from steam, gas, electricity, water, rain or snow, which may leak or flow from any part of said buildings, or from the pipes, appliances or plumbing works of the same, or from the street or sub-surface, or from any other place nor for interference by anybody other than the Landlord, or caused by operations by or for a governmental authority in construction of any public or quasi-public work, neither shall the Landlord be liable for any latent defect in the building.

TENTH – The Landlord may make such other and further rules and regulations as, in the Landlord’s judgment, may from time to time be needed for the use, operation, safety, care or cleanliness of the building and for preservation of good order therein. The Tenant shall observe and conform to all such rules and regulations.

TWELFTH. – The Landlord has made no representations or promises in respect to said building or to the demised premises including the right to use the premises for the purposes herein intended by the Tenant except those contained herein. This instrument may not be changed, modified, discharged or terminated orally.

THIRTEENTH – The sum of two hundred and fifty dollars (\$250.00) is deposited by the Tenant herein with the Landlord herein as security for the faithful performances of all the covenants and conditions of the lease by the said Tenant. If the Tenant faithfully performs all the covenants and conditions on his/her part to be performed, then the sum deposited shall be returned to said Tenant.

FOURTEENTH – This Sublease is granted and accepted on the especially understood and agreed condition that the Tenant will conduct business in such a manner, both as regards noise and kindred nuisances, as will in no wise interfere with, annoy, or

disturb any other tenants, in the conduct of their several businesses, or the Landlord in the management of the building; under penalty of forfeiture of this sublease and consequential damages.

FIFTEENTH – The invalidity or unenforceability of any provision of this sublease shall in no way affect the validity or enforceability of any other provision hereof.

SIXTEENTH – Nothing contained in this sublease shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture, or any other relationship between Landlord and Tenant, except that of landlord and tenant.

**THE LANDLORD COVENANTS**

FIRST. – That if and so long as the Tenant pays the rent and “additional rent” reserved hereby, and performs and observes the covenants and provisions hereof, the Tenant shall quietly enjoy the demised premises, subject, however, to the terms of this sublease, and to the mortgages above mentioned provided however, that this covenant shall be conditioned upon the retention of Landlord’s interest in the premises under the Underlying Lease.

SECOND. – Landlord shall provide, at its own cost and expense, heat and air conditioning, water, electric, cleaning services, waste removal and security services for the premises.

And it is mutually understood and agreed that the covenants and agreements contained in the within lease shall be binding upon the parties hereto and upon their respective successors, heirs, executors and administrators.

*In Witness Whereof*, the Landlord and Tenant have respectively signed and sealed these presents the day and year first above written.

**IN PRESENCE OF:**

\_\_\_\_\_  
, Landlord (L.S.)

\_\_\_\_\_ (L.S.)

**SPACE SHARING AGREEMENT** (the “Agreement”) dated the \_\_\_ day of \_\_\_\_\_ 2003.

BETWEEN:

The Family Practice Centre of Integrative Health and Healing

(hereinafter referred to as “FPCIHH”)

- and -

\_\_\_\_\_  
(hereinafter referred to as “the “Practitioner“)

FPCIHH hereby agrees to share a portion of Suite 301 at 672 Brant Street, Burlington, with the Practitioner on the following terms and conditions:

1. Space:

The Space shall comprise the exclusive use of the treatment room(s) shown cross-hatched on the attached plan (the “Designated Treatment Room(s)”), together with shared use of the common waiting, reception, corridors and staff areas in Suite 301.

2. Term:

The Term of this Agreement shall commence on \_\_\_\_\_.

Either party may terminate the Agreement at any time by giving the other party prior written notice of its intent to do so (the “Notice”).

If the option to terminate is exercised, the effective date of termination (the “Termination Date”) shall be the last day of the month which is three (3) months after the date of the Notice. The Rent shall continue as provided for herein up to the Termination Date, and the Practitioner shall deliver up possession of the Space to FPCIHH on the Termination Date and both parties shall be relieved from all rights and obligations hereunder.

3. Designated Hours:

The Practitioner shall be entitled to use the Space for a total of \_\_\_\_\_ hours per week, during the following periods (the “Designated Hours”):

Monday	_____	Tuesday	_____
Wednesday	_____	Thursday	_____
Friday	_____	Saturday	_____
Sunday	_____		

The Practitioner acknowledges that other practitioners may use the Designated Treatment Room(s) outside of the above periods.

In the event that any of the Designated Hours fall outside of the Normal Business Hours for the Building, then the Practitioner shall:

- (a) comply with all security and/or access restrictions imposed by the owner and/or property manager for the Building, which may include personally granting patients ingress to and from the Building; and
- (b) ensure that the security of other tenants in the Building is not compromised, and personally be present at all times when patients or employees of the Practitioner are required to be in the Space outside of the Normal Business Hours for the Building.

4. User Fee:

The monthly User Fee for the Space shall be calculated as set out below, payable in equal monthly installments on or before the first day of each and every month during the Term, the first payment due on \_\_\_\_\_.

Practitioner's Hourly Rate x 30% x the Designated Hours per Week x Four Weeks

FPCIHH hereby acknowledges receipt of the Practitioner's deposit cheque in the amount of \_\_\_\_\_ (the "Deposit"). The Deposit shall be applied to the first month's User Fee.

If at any time during the Term the Designated Hours are adjusted, then the User Fee shall be adjusted accordingly.

5. Goods and Services Tax:

If applicable, the Practitioner shall pay to FPCIHH in respect of the User Fee due hereunder, the Goods and Services Tax due in respect thereof, and FPCIHH covenants to remit such Goods and Services Tax to the taxing authority having jurisdiction.

6. Insurance:

The Practitioner shall, at its expense, arrange for insurance coverage on any of its personal possessions stored within the Space, as well as general liability and business interruption insurance in the same manner provided for in Section 8.03 of the Lease (as FPCIHH hereinafter defined).

In addition, the Practitioner shall retain professional liability insurance and shall have a valid business license while practicing. All claims and actions, both civil and criminal, for bodily or personal injury, whether occasioned while responding to professional calls

or otherwise, shall be defended properly and diligently by the Practitioner. The Practitioner shall indemnify and save harmless FPCIHH for all losses, costs, expenses, liabilities or suits resulting to by FPCIHH reason of any claim or actions described herein against FPCIHH. The Practitioner will use its best efforts to ensure that the Practitioner's insurance carrier names FPCIHH as an additional insured with respect to liability only, particularly the malpractice component of the policy.

7. Use:

The Practitioner shall use the Space only for the purpose conducting

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The Practitioner will not carry on any other business without the written consent of FPCIHH. The Practitioner represents that he/she is a practitioner registered and in good standing with a health profession regulatory authority established by a statute in the Province of Ontario with a scope of practice defined by such statute. The Practitioner shall at all times conduct his/her practice in accordance with the regulations governing same, and shall maintain its status as a health professional whose qualifications, professional standing and scope of practice are acceptable to the Practitioner's health profession regulatory authority.

The Practitioner shall at all times ensure a clear identification is made for the benefit of the public as to the qualifications or professional designation of the Practitioner, in a location within the Space designated by FPCIHH for such purpose.

8. Equipment and Services:

FPCIHH shall provide, at its expense for use by the Practitioner in common with FPCIHH and the other practitioners sharing Suite 301, the following: (i) fully furnished and equipped treatment rooms, having regard to the Practitioner's intended use of the Designated Treatment Room(s); (ii) telephone, fax and photocopying services; (iii) laundry facilities; (iv) designated filing cabinet(s) and/or filing drawer(s) for the Practitioner's patient files; and (iv) personnel to provide secretarial, scheduling and billing services between the hours of 9:00 a.m. to 5:00 p.m., Monday to Friday.

The Practitioner agrees to leave the Designated Treatment Room(s) in a clean and tidy condition at the end of each session. Any damage to any furniture or equipment within Suite 301 caused as a direct result of the Practitioner's use of same or by any of its patients or invitees, shall be repaired or replaced at the expense of the Practitioner.

9. Assignment

This Agreement may not be assigned by the Practitioner without the prior written consent of, FPCIHH which consent may be withheld. In the event the Practitioner desires to sell its practice and assign this Agreement, the Practitioner acknowledges that the purchaser of the practice shall be subject to the approval of FPCIHH.

#### 10. Advertising

The Practitioner will ensure that any and all advertising and promotional material finished by the Practitioner will not violate any guidelines respective governing associations have established for their members with respect to advertising and promotion.

#### 11. Referrals

The Practitioner agrees to avoid conflict of interest by ensuring that all referrals within Suite 301 are made only to improve the quality and continuity of care. Such referrals shall not involve giving or receiving special privilege. The patient must always explicitly be given the choice of seeking such a referral outside of Suite 301 at his or her discretion. Referrals made within Suite 301 shall be made without fee or remuneration to the Practitioner.

#### 12. FPCIHH Lease:

The Practitioner acknowledges that FPCIHH has entered into a lease for Suite 301 (the "Lease"), a copy of which shall be provided to the Practitioner.

The Practitioner shall be bound by and honour and perform all of the tenant's covenants, agreements and restrictions in the Lease as they relate to the Space, save and except for FPCIHH's requirement to pay Base Rent and Additional Rent, and except that the provisions respecting leasehold improvements, renewal rights, option to terminate, parking and signage shall be exclusive to FPCIHH and shall not pertain to this Agreement.

FPCIHH covenants to comply with its obligations pursuant to the Lease and maintain the Lease in good standing at all times throughout the Term hereof.

In the event of non-performance of any of the terms, covenants and conditions of this Agreement or the Lease by the Practitioner, FPCIHH shall have the same rights or remedies available to it pursuant to the terms of the Lease or at law. In addition, FPCIHH shall have the right to retain the Deposit.

If the Lease is terminated by FPCIHH or the landlord named therein at any time during the Term for any reason, then FPCIHH shall notify the Practitioner, and this Agreement shall terminate one day prior to the termination date of the Lease.

#### 13. Other Conditions:

- (a) FPCIHH covenants with the Practitioner that FPCIHH has full power and authority to enter into this Agreement with the Practitioner.
- (b) The parties shall have no responsibilities to the other except as specifically set forth herein. Nothing contained in this Agreement shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties which would impose personal liability on one party



for the acts of the other. The Practitioner acknowledges personal responsibility for all registrations, filings and remittances that are required by law in respect of the professional activities and business carried on by the Practitioner.

- (c) The parties hereto agree that FPCIHH has operations, financial, legal and marketing information relating to the operation of a multidisciplinary medical/health facility which is proprietary to FPCIHH and which the Practitioner will become aware of and will be entitled to use as a result of the Practitioner's relationship with FPCIHH. The Practitioner agrees to hold such information in confidence and not to make the information available to any other party or use the information for a period of two (2) years from the termination date of this Agreement, and not to use the information for any commercial or other purpose.
- (d) This Agreement constitutes the entire agreement between the parties and no earlier statements or prior written matter shall have any force or effect. The Practitioner is not relying on any representations or agreements other than those contained in this Agreement.
- (e) It is mutually agreed that the covenants and agreements contained in this Agreement shall be binding upon the parties hereto and upon their respective heirs, executors and administrators.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written:

\_\_\_\_\_

DR. Esther Konigsberg Sole Proprietor  
For FPCIHH

\_\_\_\_\_

Practitioner

**Office staff employee contracts, job description letter of intent.**

April 30, 2003

Dear \_\_\_\_\_,

It is my pleasure to offer you the position of *Office Manager* at the Center for Integrative Health & Healing.

Your employment will commence on \_\_\_\_\_, 2003.

The expected hours of employment are Monday through Friday, 10 am - 4 pm.

The salary is based on the hourly rate of \$\_\_\_\_/hr at \_\_\_\_\_ hours per week. Health benefits are included after completion of a two-month probationary period. They will commence on the first day of the first month following the probation period.

Ten vacation days are given per calendar year. Time is accrued monthly (.833333333 days are earned per month). An employee is not eligible to use accrued vacation days until three months have passed from the start date of employment. Vacation days must be used in the year in which they are earned and they will not be carried over. The employee will not receive payment of any kind for unused vacation days.

Employment is at will and may be terminated at any time.

By signing this agreement, you agree that you understand and will abide by the conditions as laid out in this document. Also, that you have been made aware of and will perform the duties, responsibilities and expectations of the Office Manager position.

\_\_\_\_\_  
Employee Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ron Stram, MD, President CIHH

\_\_\_\_\_  
Date

## Facility, Construction and Cost

The Center will be laid out and decorated in a manner to create an atmosphere consistent with a healing environment. When patients enter the center they will noticeably feel relaxed and welcomed.

### Construction :

In the design of an Integrative Medical Center one needs to differentiate an Integrative Center from a contemporary medical practice. For example the following is a design concept the for Center for Integrative Health and Healing (CIHH).

#### The Facility

1200 sq feet (leased) at 388 Kenwood Ave., Delmar, N.Y.

Carefully planned healing environment includes 4 treatment rooms that are multipurpose for physicians, nutritionists, chiropractors, acupuncturists, massage therapy and naturopathy.

Spa-like setting and décor throughout distinguishes it from medical office

Expandable to 3400 sq feet

Full capacity 9 full-time practitioners

Free parking in rear of building

### Project description and costs for Start-up CIHH

#### *Inventory*

<i>List</i>	Description	Quantity	price/unit totals	
	Exam room desks	3	1000	3000
	Exam room chairs	8	450	3600
	Waiting room chairs	5	250	1250
	Coffee table	1	250	250
	Reception Desk counter	1	3500	3500
	Reception chair	1	300	200
	Copy machine	1	800	800
	Computer	3	2000	6000
	Printer	2	150	300
	Fax machine	1	250	250
	Phone system	1	3000	3000
	Cell Phone	2	200	400
	Blood Pressure monitor	2	500	1000

Resuscitation equipment	1	3000	3000
Otoscope	2	250	500
Massage table	4	700	2800
Mattress pads	12	50	600
Mattress bolsters	12	50	600
Sheets	50	10	500
Towels	30	20	600
Microwave	1	300	300
Coffee maker	1	100	100
Book Shelf	2	300	600
Library books	50	20	1000
Waiting room chairs room decorations	5	250	1250
Rug	2	500	1000
Plants	5	25	125
Herbal Inventory and supplements		3000	3000
Wall paper			\$1,500
Flooring			2000
lighting			6400
Rent prior to start-up			5,100
Advertising start-up			3,000
LLC and LLP business incorporation			2,300
<b>Total for start-up expenses</b>			<b>\$55,425.00</b>

## PHASING AND SCHEDULE

### A. PROJECT DEVELOPMENT:

Creating a project plan puts direction into the project by enabling you to map it out accurately. It consolidates the scope, resources, schedule, and budget in one place. It also helps to clarify milestones and allows you to continually assess how well you are keeping on the proposed schedule.

#### 1. Define the Project

Start by defining the scope of the project using your vision and mission statement

Define clearly what services you plan to offer.

Determine the goals you wish to accomplish with this specific project

Decide which major tasks are required to attain these goals

#### 2. Plan the Project

Create a master task list. The task list can include the following factors:

See **Sample Master Task List** to develop your own list

How many tasks are required?

What are these tasks?

Who will perform each task?

What is the estimated cost of each task?

What is the estimated cost of the entire project?

What is the task sequence?

What are the dependencies among tasks?

What is the estimated duration of each task?

What are the task constraints?

What is the estimated length of the entire project?

### B. CREATING A REALISTIC TIME LINE

#### 1. Determine the proper sequence of accomplishing the tasks

Creating the Master Task List will help to identify the rate-limiting steps/tasks. Project tasks are quite often linked in such a way that it is possible to start a task only when some other task is completed. A rough time line can be developed in this way.

#### 2. Consider using project management software (optional)

Using project management software enables you to enter tasks during the planning phase. It helps you to estimate and calculate how many hours or days it will take to complete each task, schedule each task, and calculate the finish date. You can specify when one task should start relative to another and assign resources to tasks. The software can alert you when the scope, resources, and time are out of balance.

The following are examples of common project management tools:

**a. Gantt time line**

Gantt charts are bar graphs that help plan and monitor project development or resource allocation on a horizontal time scale. Typically, Gantt charts indicate the exact duration of specific tasks, but they can also be used to indicate the relationship between tasks, planned and actual completion dates, cost of each task, the person or persons responsible for each task, and the milestones in a project's development

**b. Pert Graph (Program Evaluating and Review Technique)**

Pert graphs resemble a flowchart that graphically represents tasks as a network of dependencies. In the project diagram, you can indicate such a link with an arrow between the tasks. If you refine it by adding the estimated duration of each task, it becomes possible to specify the **critical path** of your project. It means the sequence of those tasks which dictate the shortest possible duration of your project (assuming that you have enough resources at your disposal). In reality, few research projects have unlimited manpower resources; nevertheless a PERT graph may prove useful in clarifying the **logical chain** of tasks.

Two resources for software that can be downloaded include the following:

[www.smartdraw.com/specials/charts](http://www.smartdraw.com/specials/charts)

[www.planware.org](http://www.planware.org)

**SAMPLE MASTER TASK LIST (use this to create your ownlist and a rough project development timeline.)**

1. Create a vision
2. Write a mission statement and identify goals (What services will you offer)
3. Do a needs analysis or survey for your vision (Could be done at the same time as 1 &2).
4. Do a formal market analysis
5. While working on the Financial Analysis Plan (which will include capital costs, ongoing overhead costs vs. capital raised and projected revenue) with a good accountant work on the following:

**Note (Critical Step): It may be necessary to complete your financial analysis plan before going any further to secure a bank loan**

- a) Find a space about a year or more out from opening. - Depending upon how difficult the zoning board process is. Looking for space at the same time you are writing the business plan and start-up costs is critical. And Do Not sign a lease until financing is secured! The reason for looking for space now is to understand the zoning issues for the towns they are looking at and their various permit process. Some are rigid, arduous and long (months to years) to get through, some are easy. The market analysis will narrow down the locations. Some places will need a lot of build-out and some will need very little. Some will be already fitted with sprinklers (which affect insurance cost) and some won't. Make sure the owner is willing to pay to install them before signing the lease!) The landlord should also disclose common area rental fees and what they include. For instance "if I am the sole tenant in a free standing building do I do all of the

"common area" care (like landscape, parking lot, plowing etc) or does the landlord?" It is also important to distinguish which of the utilities the landlord is paying and which the tenant is paying. And property tax is part of cost that most landlords pass on in addition to rent.

- b) Bank application should be 3 months prior to start of construction
  - c) Incorporation as a legal entity should be at least 1-2 months before going to the bank, and before major expenditures that the accountant will designate should be spent from the corporate account instead of a personal account.
  - d) Business plan should be done 3 months prior to going to the bank, and rewritten /revised again.
  - e) Who will be on your team: Determine management and staffing. It is preferable to have a team before signing a lease, but not mandatory. Many CAM practitioners have month to month leases and will join up in the last few months and weeks prior to opening.
  - f) Determine what contractual agreements will be made with various staff.
  - g) Determine location of facility, leasing costs and costs of construction
  - h) Determine what equipment will be needed and what maintenance fees will be needed
6. Secure finances: Bank loan or other financial resources.
  7. Hire Architect/Designer/ Contractor. Work on design of structure as well as décor. Begin this approximately 2 – 3 months prior to construction.
  8. Begin Construction - Construction should begin 8-12 months before if it is de-novo construction, 6-8 months before if there is major build-out, rehab, and 3-6 months prior for interior renovations.
  9. Equipment orders including medical equipment, furniture, phones and computers should be ordered 3-4 months prior to opening with deliver 2-4 weeks prior to opening.
  10. Advertising for hiring should be 3-4 months prior to opening. Hiring should be 2 months prior with trainings and set up 4-6 weeks prior. It's a good idea to begin taking appointments a few weeks before opening.
  11. Some type of umbrella-like insurance should be in place once furnishings and equipment begin to arrive as the contractor has insurance on the structure and fixtures while it is under construction.
  12. Develop formal market and Promotion Plan - Marketing and Promotion plan can be developed while construction is under way, and they will advise on when to run first advertisement. Pre-marketing can begin now, by doing lectures for various target groups- a local health club, a senior center, a women's health center, a church or even the hospital you are affiliated with if they offer consumer lecture series.
  13. Obtain facility and equipment licenses.
  14. Purchase finishings including artwork, office supplies, medical supplies, etc. 2-4 weeks before opening.
  15. Move in

## FINANCIAL ANALYSIS

Income statements, along with balance sheets are the most basic elements required by potential lenders, such as banks, investors, and vendors. They will use the financial reporting contained therein to determine how much credit to grant the business. Developing these statements is a process where a **good accountant is strongly advised**.

### A. INCOME STATEMENT

**Definition:** An income statement, otherwise known as a profit and loss statement, is a summary of a company's profit or loss during any one given period of time, such as a month, three months, or one year. The income statement records all revenues for a business during this given period, as well as the operating expenses for the business. (Work Sheets are included for Potential Income and Operating Expenses)

**Purpose:** Income statements are used to track revenues and expenses so that you can determine the operating performance of your business over a period of time. Small business owners use these statements to find out what areas of their business are over budget or under budget. Specific items that are causing unexpected expenditures can be pinpointed, such as phone, fax, mail, or supply expenses. Income statements can also track dramatic increases in product returns or cost of goods sold as a percentage of sales. They also can be used to determine income tax liability.

**Assumptions will have to be made about the following in creating an income Statement:**

#### 1. Volume

One of the important areas to outline is an estimate of the volume of business anticipated for the ensuing year. Since this figure is usually a rough estimate at best, the calculations provide inexact but never-the-less very helpful guidance. Therefore, in doing this calculation there is no need to split hairs over precise numbers. Rather, it is crucial to show that the numbers are realistic.

Minimum Target Volume or Break-even Volume should be calculated based on the Break-even financial point (Defined below in E. Break Even Analysis)

Think about the following:

- Will practitioners rent space from the business or be employees
- Determine the type of practitioners
- Determine the number of each type of practitioner
- Determine the number of treatments done per practitioner
- Determine the average cost of visits and treatments per practitioner
- Determine the average cost of supplements and % of buyers

For example:

- a. One integrative Medicine physician @~144 patients/mo  
Three 1.5 hour integrative medicine intakes per day @~\$150  
Six .5 hour follow-ups per day @ ~ \$60  
Total:  $\$810 \times 4 \text{ days/week} \times 4 \text{ weeks} = \$12,960/\text{mo}$
- b. Two Massage Therapists on a 60:40% split @~ 80 patients/mo  
40 open slots for massage per week



Anticipate 20 to fill @\$60/massage  
Total Clinic Income:  $480 \times 4 \text{ weeks} = \$1,920/\text{mo}$

c. Average Revenue from Product Sales is \$50 and anticipates that 50% of the patients will buy one product

Total:  $144/2 = 72 \times \$50 = \$3,600/\text{mo}$

Total collected revenue for a month based on the above clinic example is \$18,960. With this amount in mind, one can extrapolate the Volume of patient services and sales necessary to meet the break-even point and any productivity goals above that amount.

## 2. Projections over 3 – 5 years

A description of the desired % growth for each time interval should be described and then the appropriate figures will be adjusted on the Income Statement. There will also be changes in the expense column to reflect changes in: Inflation, Salaries, Benefits, Product Inventory, etc.

For example:

The business anticipates adding 1 integrative medicine physician per 2 years and thus at year 3 anticipate monthly revenue generated to yield \$25,920 and at year 5 \$51,840 based on the above example.

The business anticipates that massages will conservatively increase by 10% per year and thus at year 3 anticipate clinic monthly revenue generated to yield \$726 and at year 5 \$879.

## 3. Inflationary factors: Overall inflation averages 3% per year.

Raises for employees and health care providers, Increase in Insurance rates, Increase in Utilities, etc.

Note: A good business accountant should be able to figure inflation to the cost for each future year projections.

## COMPONENTS TO INCLUDE IN THE INCOME STATEMENT: (We recommend two worksheets as seen below)

There are two sections to plan for in detail; Potential Income and Operating Expenses

### Think about the following:

Will practitioners rent space from the business (Independent Contractor), make a percentage of generated revenue (Independent Contractor or employee), or be salaried employees?

**Salaried Employees:** Their incomes will fall under salary or payroll expenses.

**Independent Contractor:** Their incomes will fall under potential income as a % of labor or as effective rental income.

### Potential Income:

1. Patient Services Revenue: Assumptions will have to be made based on the Volume of Services as outlined above
2. Rental income for office space.
3. Product Sales
4. Interest Income from investments, bank accounts, etc.

5. Institutional Revenue (money received by medical schools/residency programs, Medicare and other governmental programs).
6. Research/Grant Revenue.

**Operating Expenses:**

These are the daily expenses incurred in the operation of your business. Since most of these are done on a monthly basis, don't forget to include the estimated monthly amount of line items that are normally paid on a quarterly or annual basis such as payroll taxes or insurance. For example, if your annual insurance charge is \$9,000, use 1/12 of that.

**1. SALARY OR PAYROLL EXPENSES**

- Physician's Salaries
- Front Office personnel's Salaries
- Medical Assistant Nurse's Salaries
- FICA Expense (Social Security Tax and Medicare Tax)
- FUTA Expense (Federal Tax)
- SUTA Expense (State Tax)
- Retirement Expenses
- Health Insurance Expenses
- Work comp

**2. NON-SALARY EXPENSES**

**Advertisement**

Marketing Brochures, Travel, Yellow Page ad, Web page and Services, etc.

**Bank Service Charges**

**Insurance:**

Property, Malpractice, Disability, etc.

**Legal and Professional:**

Legal Fees, Consulting Fees, Accounting, Licenses, Permits, etc.

**Maintenance and Repair:**

Building, Equipment, Grounds, Cleaning Service, Laundry, etc.

**Interest Expenses:**

Mortgage, Business Loans, Credit Cards, etc.

**Utilities:**

Telephone, pagers, cell phones, Electric, Gas, Water, Sewer, Hazardous Waste Removal, Trash, etc.

**Office Expense:**

Charts, Dictation, Copy paper, Ink, Misc. Office Supplies, Toilet Paper, Tissue Paper, etc.

**Furniture and Fixture:**

Exam Tables, Waiting Room Chairs and Tables, Office Chairs, Office Desks, etc.

**Medical Supplies:**

Gowns, Alcohol Swabs, Cotton Balls, DTR Hammers, Disposable Pinwheels, etc.

**Product Supplies/Inventory:**

Supplements, Hot/Cold packs, Orthopedic Braces, etc.

**Depreciation:**

Depreciation is considered an annual expense that takes into account the loss in value of equipment used in your business. Examples of equipment that may be subject to depreciation include copiers, computers, printers, and fax machines, office furniture, and medical equipment.

**Terms to know:**

**1. Gross Revenue:**

Total of all income derived from all sales and services.

**2. Gross Profit:**

Is derived by subtracting the cost of goods sold and services provided from gross revenue. It does not include any operating expenses or income taxes.

**3. Net Profit:**

Is derived by subtracting all other expenses, taxes, etc. from the Gross profit.

**4. Taxes**

This is the amount of income taxes you owe to the federal government and, if applicable, state and local government taxes.

**5. Total expenses**

This is a tabulation of all expenses incurred in running your business, exclusive of taxes or interest expense on loans, if any.

\*\* Here is an example of an Income Statement for an Integrative Medicine Center:

	<u>Oct - Dec 02</u>		<u>Jan - Dec 02</u>	
<b>Income</b>				
400 · Rental	49,323.40	99.81%	200,207.89	99.85%
410 · Interest Income	92.12	0.19%	294.55	0.15%
<b>Total Income</b>	<u>49,415.52</u>	<u>100.00%</u>	<u>200,502.44</u>	<u>100.00%</u>
<b>Expense</b>				
501 · Advertisement	0.00	0.00%	8.00	0.00%
502 · Bank Service Charges	0.00	0.00%	37.50	0.02%
<b>503 · Insurance</b>				
5031 · Workcomp	0.00	0.00%	515.78	0.26%
5033 · Health Insurance	710.28	1.44%	2,764.50	1.38%
5034 · Property Insurance	0.00	0.00%	2,048.00	1.02%
<b>Total 503 · Insurance</b>	<u>710.28</u>	<u>1.44%</u>	<u>5,328.28</u>	<u>2.66%</u>
<b>504 · Legal &amp; Professional</b>				
5041 · Legal Fees	111.10	0.22%	111.10	0.06%
5043 · Consulting	0.00	0.00%	277.76	0.14%
504 · Legal & Professional - Other	675.90	1.37%	5,642.12	2.81%
<b>Total 504 · Legal &amp; Professional</b>	<u>786.40</u>	<u>1.59%</u>	<u>6,030.98</u>	<u>3.01%</u>
505 · Maintenance & Repair	831.59	1.68%	3,422.58	1.71%
506 · Office Expense	0.00	0.00%	79.93	0.04%
507 · Management	4,205.28	8.51%	13,789.10	6.88%
<b>509 · Interest Expense</b>				
5091 · Mortgage	8,461.39	17.12%	35,753.08	17.83%
<b>Total 509 · Interest Expense</b>	<u>8,461.39</u>	<u>17.12%</u>	<u>35,753.08</u>	<u>17.83%</u>
<b>511 · Payroll Expenses</b>				
5111 · FICA Expense	361.46	0.73%	1,271.81	0.63%
5112 · FUTA Expense	0.00	0.00%	56.00	0.03%
5113 · SUTA Expense	18.00	0.03%	63.60	0.03%
515 · Wages	4,725.00	9.56%	16,625.00	8.29%
<b>Total 511 · Payroll Expenses</b>	<u>5,102.46</u>	<u>10.33%</u>	<u>18,016.41</u>	<u>8.99%</u>
<b>512 · Taxes</b>				
5121 · Property	3,289.16	6.66%	6,880.31	3.43%
513 · Other Tax & Licence	0.00	0.00%	88.33	0.04%
<b>Total 512 · Taxes</b>	<u>3,289.16</u>	<u>6.66%</u>	<u>6,968.64</u>	<u>3.48%</u>
<b>514 · Utilities</b>				
5141 · Telephone / Communication	333.16	0.67%	1,902.24	0.95%
5143 · Electric	703.88	1.42%	3,332.72	1.66%
5144 · Water/Sewer/Refuse	1,101.80	2.23%	6,186.23	3.09%
<b>Total 514 · Utilities</b>	<u>2,138.84</u>	<u>4.33%</u>	<u>11,421.19</u>	<u>5.70%</u>
520 · Lawn Expense	0.00	0.00%	49.48	0.02%
<b>Total Expense</b>	<u>25,525.40</u>	<u>51.65%</u>	<u>100,906.15</u>	<u>50.33%</u>
<b>Net Income</b>	<u>23,890.12</u>	<u>48.35%</u>	<u>99,597.29</u>	<u>49.67%</u>

## WORKSHEET FOR THE INCOME STATEMENT

There are two sections to plan for in detail; Potential Income and Operating Expenses

### **Think about the following:**

Will practitioners rent space from the business (Independent Contractor), make a percentage of generated revenue (Independent Contractor or employee), or be salaried employees?

**Salaried Employees:** Their incomes will fall under salary or payroll expenses.

**Independent Contractor:** Their incomes will fall under potential income as a % of labor or as effective rental income.

## WORK SHEET FOR POTENTIAL INCOME

7. Patient Services Revenue: Assumptions will have to be made based on the Volume of Services projected.

### **Think about the following:**

Determine the type of practitioners

Determine the number of each type of practitioner

Determine the number of treatments done per practitioner

Determine the average cost of visits and treatments per practitioner

2. Rental income for office space.
3. Product Sales.

Make a separate worksheet and list all supplements and products for sale

Determine the average retail cost of supplements and % of buyers: For example if the average retail cost per product is ~\$50 and you anticipate that 50% of the patients will buy one product.

Total Retail Product Sales:  $144(\text{total number of patients})/2 = 72 \times \$50 = \$3,600/\text{mo}$

4. Interest Income from investments, bank accounts, etc.
5. Institutional Revenue (money received by medical schools/residency programs, Medicare and other governmental programs).
6. Research/Grant Revenue.

## WORKSHEET FOR OPERATING EXPENSES

### A. SALARY OR PAYROLL EXPENSES

Determine the type of practitioners

Determine the number of each type of practitioner

Physician's Salaries \_\_\_\_\_  
Front Office personnel's Salaries \_\_\_\_\_  
Medical Assistant Nurse's Salaries \_\_\_\_\_  
FICA Expense (Social Security Tax and Medicare Tax) \_\_\_\_\_  
FUTA Expense (Federal Tax) \_\_\_\_\_  
SUTA Expense (State Tax) \_\_\_\_\_  
Retirement Expenses \_\_\_\_\_  
Health Insurance Expenses \_\_\_\_\_  
Work comp \_\_\_\_\_

### B. NON-SALARY EXPENSES

#### Advertisement

Marketing Brochures \_\_\_\_\_ Travel \_\_\_\_\_  
Yellow Page ad \_\_\_\_\_ Web page/Services \_\_\_\_\_

#### Bank Service Charges

#### Insurance:

Property: \_\_\_\_\_ Malpractice \_\_\_\_\_  
Disability: \_\_\_\_\_

#### Legal and Professional:

Legal Fees: \_\_\_\_\_ Consulting Fees: \_\_\_\_\_  
Accounting Fees: \_\_\_\_\_ License Fees: \_\_\_\_\_  
Permits Fees: \_\_\_\_\_

#### Maintenance and Repair:

Building \_\_\_\_\_ Grounds \_\_\_\_\_  
Cleaning Service \_\_\_\_\_ Laundry \_\_\_\_\_  
Equipment(make a list) \_\_\_\_\_

#### Interest Expenses:

Mortgage: \_\_\_\_\_ Business Loans \_\_\_\_\_  
Credit Cards \_\_\_\_\_

#### Utilities:

Telephone: \_\_\_\_\_ Pagers/cell phones \_\_\_\_\_  
Electric: \_\_\_\_\_ Gas \_\_\_\_\_  
Water: \_\_\_\_\_ Sewer \_\_\_\_\_  
Hazardous Waste: \_\_\_\_\_ Trash, \_\_\_\_\_

**Office Expense:** Make an inventory List supplies furniture and fixtures (see next page)

## Inventory List for Office Expenses

Description	Quantity	price/unit totals
Exam room desks		
Exam room chairs		
Waiting room chairs		
Coffee table		
Reception Desk	counter	
Reception chair		
Copy machine		
Computer		
Printer		
Fax machine		
Phone system		
Cell Phone		
Blood Pressure monitor		
Resuscitation equipment		
Otoscope		
Massage table		
Mattress pads		
Mattress bolsters		
Sheets		
Towels		
Microwave		
Coffee maker		
Book Shelf		
Library books		
Waiting room chairs room decorations		
Rug		
Plants		
Herbal Inventory and supplements		
Wall paper		
Flooring		
Lighting		
Rent prior to start-up		
Advertising start-up		
LLC and LLP business incorporation		
<b>Total for start-up expenses</b>		

## **B. BALANCE SHEET**

**Definition:** A balance sheet comprises assets, liabilities, and owner's or stockholder's equity. Assets and liabilities are divided into short and long-term obligations including cash accounts such as checking, money market, or government securities. At any given time, assets must equal liabilities plus owner's equity. An asset is anything the business owns that has monetary value. Liabilities are the claims of creditors against the assets of the business.

**Purpose:** A balance sheet helps a small business owner quickly get a handle on the financial strength and capabilities of the business. Is the business in a position to expand? Can the business easily handle the normal financial ebbs and flows of revenues and expenses? Or should the business take immediate steps to bolster cash reserves?

Balance sheets can identify and analyze trends, particularly in the area of receivables and payables. Is the receivables cycle lengthening? Can receivables be collected more aggressively? Is some debt uncollectible? Has the business been slowing down payables to forestall an inevitable cash shortage?

### **Terminology to Know:**

#### **1. Total fixed assets**

This is the total dollar value of all fixed assets in your business, less any accumulated depreciation.

#### **2. Total assets**

This figure represents the total dollar value of both the short-term and long-term assets of your business.

#### **3. Total current liabilities**

This is the sum total of all current liabilities owed to creditors that must be paid within a one-year time frame.

#### **4. Long-term liabilities**

These are any debts or obligations owed by the business that are due more than one year out from the current date.

#### **5. Owners' equity**

Sometimes this is referred to as stockholders' equity. Owners' equity is made up of the initial investment in the business as well as any retained earnings that are reinvested in the business.

### **Assets**

Simply stated, assets are those things of value that your company owns. They are subdivided into current and fixed (long-term) assets to reflect the ease of liquidating each asset.

#### **Current Assets:**

Current assets are any assets that can be easily converted into cash within one calendar year. Examples of current assets would be:

Checking/Savings:



Bank Account-Checking

Bank Account-Savings

Money market accounts

Accounts receivable, and notes receivable that are due within one year's time

Product inventory

Intangible Assets:

Loan origination fee

Research and Development

Good Will

### **Long-term Assets:**

Land: unlike other fixed assets, is not depreciated, because land is considered an asset that never wears out.

Buildings: are categorized as fixed assets and are depreciated over time.

- Office equipment

Includes: office equipment such as copiers, fax machines, printers, and computers used in your business.

- Office furniture and fixtures

- Medical equipment

Includes: equipment used in your office to provide medical services or products. Examples of might include EKG machine, lamps, X-ray machine, etc.

- Vehicles

Includes: any vehicles used in your business.

### **Liabilities and owner's equity**

This includes all debts and obligations owed by the business to outside creditors, vendors, or banks that are payable within one year, plus the owners' equity. Often, this side of the balance sheet is simply referred to as "Liabilities."

#### **Current Liabilities:**

Payroll Liabilities:

- Fica Taxes Payable

- Futa Taxes Payable

- Suta Taxes Payable

#### **Long Term Liabilities**

- Bank line of Credit

- Bank Loan

- Accounts payable:

This is comprised of all short-term obligations owed by your business to creditors, suppliers, and other vendors.

Accounts payable can include supplies and materials acquired on credit.

- Notes payable:

This represents money owed on a short-term collection cycle of one year or less. It may include bank notes, mortgage obligations, or vehicle payments.

- Accrued payroll and withholding:

This includes any earned wages or withholdings that are owed to or for employees but have not yet been paid.

**Owner's Equity:**

Owner's equity follows the liability section of the balance sheet. This is the difference between assets and liabilities. Hopefully, its positive-assets exceed liabilities and you have a positive owners' equity. In this section one can put in things like:

- Partners' capital accounts
- Stock
- Retained earnings

\*\*Note: The balance sheet does not get zeroed out at year-end. The balance in each asset, liability, and owners' equity account rolls into the next year. So the ending balance of one year becomes the beginning balance of the next.

\*\* Here is an example of a Balance Sheet for an Integrative Medicine Center:

Dec 31, 02

**ASSETS****Current Assets****Checking/Savings**

111 · Bank Account - Checking	-714.36
112 · Bank Account - Savings	100.20
113 · Money Market	91,651.67
114 · Dean Witter	11,603.11
115 · Cash on Hand	100.00

<b>Total Checking/Savings</b>	<b>102,740.62</b>
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**Other Current Assets****140 · Intangible Assets**

1341 · Origination Fee	933.61
1342 · Loan Origination Fee - 2nd	1,422.50
1343 · Engineering Fee	14,967.31
1344 · Loan Origination Fee LOC	6,056.00

<b>Total 140 · Intangible Assets</b>	<b>23,379.42</b>
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<b>Total Other Current Assets</b>	<b>23,379.42</b>
-----------------------------------	------------------

<b>Total Current Assets</b>	<b>126,120.04</b>
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**Fixed Assets****120 · Improvements****121 · Buildings & Other Depreciable**

1211 · Building	654,934.34
1212 · Sewer Line	218,906.39
1213 · MHP - Expansion	58,933.81

<b>Total 121 · Buildings &amp; Other Depreciable</b>	<b>932,774.54</b>
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1215 · Land	376,611.12
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122 · Improvements Accum. / Dep.	-572,809.64
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<b>Total 120 · Improvements</b>	<b>736,576.02</b>
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<b>Total Fixed Assets</b>	<b>736,576.02</b>
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<b>TOTAL ASSETS</b>	<b>862,696.06</b>
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**LIABILITIES & EQUITY****Liabilities****Current Liabilities****Other Current Liabilities**

200 · Security Deposits	5,950.00
213 · Payroll Liabilities	
2132 · Fica Taxes Payable	722.93
2134 · Futa Taxes Payable	56.00
2135 · Suta Taxes Payable	16.00

<b>Total 213 · Payroll Liabilities</b>	<b>794.93</b>
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<b>Total Other Current Liabilities</b>	<b>6,744.93</b>
--	-----------------

<b>Total Current Liabilities</b>	<b>6,744.93</b>
----------------------------------	-----------------

**Long Term Liabilities**

Bank Of America Line of Credit	485,466.30
Bank of America Line of Credit	36,871.71

<b>Total Long Term Liabilities</b>	<b>522,338.01</b>
------------------------------------	-------------------

<b>Total Liabilities</b>	<b>529,082.94</b>
--------------------------	-------------------

**Equity**

310 · Partners Capital	234,015.83
Net Income	99,597.29

<b>Total Equity</b>	<b>333,613.12</b>
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>862,696.06</b>
---------------------------------------	-------------------

### C. FUNDING

Funding can come from many sources and should be listed as income on the Income Statement or as an asset on Balance Sheet.

Private Investors, Grant Money, Institutional Funding, Research Funding, etc.

### D. COMPANY/BUSINESS TAXES

This is another assumable factor in the sense that it changes as to whether the business is set up as a sole proprietorship, an s-corporation ("S-Corporation" is a type of corporation designed for small businesses. It has some special conditions that apply to small businesses....generally has fewer restrictions and an easier framework to operate by than a traditional corporation), a regular corporation, or as a limited liability company. Generally the tax burden decreases when the business is set up as one of the latter three options.

### E. BREAK-EVEN ANALYSIS

For any new business, you should predict what gross sales or services volume level you would have to achieve before you reach the break-even point. The **Break-Even point is the Gross Profit Volume Where All Operating Expenses Are Covered.**

You will start a break-even analysis by establishing:

1. All the operating (overhead) expenses of your business, (See Income Statement).
2. The gross profit.

- Gross profit = Total revenue for product sales and services minus the cost for those products and services.

3. The break- even volume of sales and services to meet the break-even point.

For the purpose of a model of break-even, let's assume that the total expenses column of your Income statement look as follows:

Administrative salaries	\$1,500/mo
Rent	\$ 800/mo
Utilities	\$ 300/mo
Insurance	\$ 150/mo
Taxes	\$ 210/mo
Telephone	\$ 240/mo
Auto expense	\$ 400/mo
Supplies	\$ 100/mo
Sales and marketing	\$ 300/mo
Interest	\$ 100/mo
Miscellaneous	\$ 400/mo
Total	\$4,500/mo

The two critical numbers in these calculations are the total expenses and the gross profit. The total expenses in this example on a monthly basis are \$ 4,500. Now let's assume that each patient averages \$150.00 revenue per patient visit and the cost for those services, and supplements sold are \$ 50.00, then the Gross profit per patient visit is \$ 100.00 and therefore the break-even volume of patient visits to meet the break-even point is 45 patient visits per month.

By performing a break-even analysis and then varying the assumptions regarding sales levels and variable and fixed costs, the real factors behind the profit potential (or lack thereof) of a business become more clear. This process will highlight the most significant factors and assumptions (particularly assumptions about the ability to set prices) in the buyer's business plan.

## **F. RETURN ON INVESTMENT (ROI)**

The term **Return on Investment (ROI)** is commonly used in different ways. In financial circles, the strict meaning of Return on Investment (ROI) is Return on Invested Capital; a measure of company performance. More generally, Return on Investment is the income that an investment provides in a year. For businesses, revenues minus cost of sales plus operating expenses, and taxes over a given period of time.

## **G. INCOME DISTRIBUTION**

This is essentially how the business distributes its income amongst all the various expenses outlined in the income statement. This is an important factor in a business plan as it outlines how the managers/owners intend to properly allocate profits, and various incomes toward essential operating expenses to illustrate how they intend to not only keep the business afloat, but to grow the business into profitability.

## Risk Assessment and Exit Strategies

This section describes the potential risks associated with starting our proposed business. It examines risks that are related to the product or service, as well as those that are related to market conditions. In addition, it helps to identify how those risks will be addressed in order to minimize their impact on a successful business launch.

The second piece of this section describes what the exit strategy is. How is the owner or the investors going to be able to pull out of the business, whether to retire, to move on to other ventures, or in an unexpected emergency.

### Risks

**Product/Service Risks-** Risks associated with the product are those risks inherent in any healthcare delivery. This includes the risk of error, omission, and bad outcome without actual malpractice. Complementary and alternative medicine providers have historically had fewer malpractice suits brought against them. However, the fact that Integrative Care by definition includes the involvement of a doctor, may result in consumer expectations and their reactions to bad outcomes that will more closely mirror what is seen in conventional medical practice.

**This may be mitigated by ensuring that all patients with a diagnosis of cancer or other life-threatening conditions is thoroughly evaluated by the physician prior to receiving care by any other provider, and referred to appropriate medical care without delay. In addition, an effort can be made to educate patients about evidence-based integrative care through service counseling and brochures so that expectations will be more realistic. Sufficient malpractice coverage will be required of all providers, as well as corporate insurance coverage for errors and omissions.**

**Market Risks-** These risks includes issues about timing or market readiness for the service and competition. While holistic health centers are not new per se, the concept of integrative care which includes side by side delivery of allopathic (conventional medical care) with complementary and alternative services is an emerging concept. Much of the risk with integrative care comes from two areas: the health care consumer and other health care providers. Consumers may not fully understand what integrative care is and therefore the growth curve of the business may be slower than typically seen in medical service startups. There may also be some uncertainty as to how much to pay for such services and the associated hesitation to use services that are not covered by insurance. Research by Dr. Eisenberg in 1999 supports the timeliness of Integrative Care. His research indicates that consumers are already paying out of pocket for an increasing amount of alternative medical care.

**Providing services in a geographic and demographic area that is more likely to use these services and where discretionary income is available will minimize this risk. A market assessment is recommended to assess the demand for the proposed services. In addition a successful pre-opening marketing campaign will help educate consumers on the services provided, their utility, and safety. (See Chapters on Market Analysis and Marketing and Promotion Plan)**

**Competitive Risks-** Competition must be assessed. This includes direct competition from other integrative medicine providers, which in most areas may be limited. However, as mentioned in the marketing section, there would be additional indirect competition with freestanding alternative medical providers who may already be established or have lower overhead costs. Competition also comes from conventional medical providers both directly and indirectly. It may take consumers some time to choose integrative care over conventional care. In addition conventional medical providers may begin to expand their training and services offered to include one or two complementary modalities. The other major risk may be that physicians also do not fully understand what integrative care is, and therefore may foster a stagnant or even hostile environment for referrals and collegial interaction.

**Physicians may be reached through the same marketing efforts used for consumers and through direct contact with them about how referrals will be handled and the kind of consultation information they will receive back on each patient. A key piece of building confidence and referrals is to educate physicians by including journal references as objective evidence available to support a particular remedy.**

**Implementation Risks-** These risks include failing to deliver the services planned. This may mean not providing the core services which create the niche or it may mean not providing the quality expected. This makes it difficult to capitalize on the growth associated with word of mouth referrals from satisfied customers. This problem occurs through poor planning and wrong staffing.

**Strategies to minimize this risk include interviewing all providers and staff for their qualifications and experience, and checking references. Where possible applicants should have their capabilities tested prior to hiring; and after hiring require a probation period. Company policy should address company standards, service reviews, ongoing training, incentives and rewards, as well as disciplinary procedures in order to maintain the high quality expected by health care customers. If the relationship between the Center and the providers is that of a rental agreement, then a 1 to 3 month notice of termination clause should be built into the lease.**

**5. Capitalization Risks-** The number one reason why businesses fail is under capitalization. Even in medical services, offices that have signed high-cost leases, or purchased too much new equipment instead of leasing are at risk for failure or long lead times until break-even. An Integrative Medicine center not only must confront the need to maintain the lowest possible overhead, but it may also have to confront a slower growth and income stream. The latter is due to the fact that the unique services and the target market (cash-paying customers) will foster a heavier reliance on marketing and consumer

willingness than conventional medical centers which are able to utilize insurers and their existing referral mechanisms.

**This risk may be addressed by keeping our overhead low and by budgeting 12 months of operating expenses into the start up costs and capital requests.**

## **Exit Strategy**

If the owner and founder of the center is also one of the health-care providers at the center, a decision must be made about the level of involvement throughout the phases of the business. This includes making plans for eventual retirement, and post retirement involvement. As the center grows by necessity other doctors trained in Integrative Medicine may be invited to join in a group practice. Mechanisms for adding partners should be defined at startup.

One option for adding partners may be to hold an annual performance review, and at the second anniversary offer the opportunity to buy into the ownership/partnership. An attorney may suggest other options.

When the principal owner/founder retires or otherwise terminates his/her relationship with the center, the relevant ownership portion may be sold back to the group, or it may be handed down to offspring. If this is not predetermined before adding partners, then it is likely that other partners may want to have some input into how to handle the shares of the principal or any other partner that is leaving.

If the center is very successful consideration may be given to opening additional centers. Each additional center will need a new business plan and additional consideration for raising capital and opening investment opportunities to others through a privately held corporation.

The owners must also determine how to handle an emergency exit by any of the owners. This might be handled entirely differently from voluntary exit. Consideration should be given for unexpected relocation, prolonged illness of more than a proscribed length of time, and death. There may be different strategies for the founder/principal than for other owners. All of this must be spelled out in legal documents. An example of one possible exit strategy is the right to purchase shares will go first to the original owner(s), then to other owners, and lastly to non-owners who have received the recommendation of the board of directors.

Finally, consideration must be given to exiting the business due to bankruptcy. This generally occurs when the expenses of operating the business continue to outgrow income. This can occur early on if the cash reserves set aside at startup for the purpose of covering operating costs until break even becomes depleted. It also can occur after break even, if despite increasing revenue, debt servicing and other expenses continue to outstrip income, and payment dates are being missed. In either case, the need to file bankruptcy occurs because investors (or vendors, lien-holders, the bank) are demanding payment. Expense reduction, downsizing, and debt restructuring are all possible remedies. However, failing that liquidation may be forced. It is highly advisable to seek competent legal advice at the point when debt restructuring is being considered and certainly before filing bankruptcy.



Law proscribes who gets paid off first during bankruptcy, but almost always, the consumer comes last. Therefore, it is important to stay cognizant at all times of the amount consumers have prepaid for services, and to make every attempt to make refunds, prior to filing bankruptcy. In fact, it may be prudent to hold these funds in an escrow account rather than in the general funds of the business. An accountant can set up such an account at start-up. Looking out for the customer is important because in an emerging field the credibility of all Integrative Medicine centers may be affected by the lack of integrity of just one.

## Legal Review

This section generally includes information about the legal structure of the business (i.e. Sole proprietorship, Limited Partnership, or Corporate Entity) and other critical legal issues. It is best to seek legal advice on legal structure prior to seeking a bank loan or opening your doors. It also includes information about the governance of the business, and ownership. The board of directors is legally responsible for the governance of a corporation, while other scenarios may apply to the other two legal structures. Contract employees are listed elsewhere and should not be listed here, but partners and owners, and stockholders (with number of shares issued and held) should be.

If licensing, permits, copyrights, or other legal matters have not been addressed elsewhere, they should be addressed here. Any equipment or proprietary service that is used during the center's operations is listed in the Chapter Facility, Equipment, Licenses. Any proprietary service or product that we license to others is listed here.

**Incorporation is often the legal entity chosen because it offers the greatest legal protection, the most flexibility for adding and removing partners, the option to raise capital through stock sales, and a mechanism to become a nonprofit in the future should it be decided to do so.**

The copy of incorporation documents, the list of partners, and the list of the board of directors should be included in the appendix of the business plan. Governance should also be defined in this section. If incorporated a board of directors must be formed. The board consists of owners, investors, and one or two non-owner/non-investor members. Much care is required in appointing board members, as they are responsible for determining growth strategy and for garnering first or second round capital funding. Some Integrative Medicine centers also elect to have one or two consumer advisor(s) as a non-voting member of the board, or as part of a separate board of advisors. The board size will be limited in order to be able to make decisions efficiently. The exact number varies, and often ranges from 3 to 11, keeping the number odd to help prevent even split during voting.

## Evaluation

The purpose of the evaluation section is to set a framework for evaluating the successfulness of the business. Different from clinical outcomes or service goals and objectives, the criteria identified in this section measure the business' financial performance. The purpose is to identify if the business is "failing to thrive" and what "diagnostic and therapeutic" steps are needed to achieve improvement. In addition it helps to delineate when the business is considered "terminal and not a candidate for resuscitation." Some of the more common criteria are listed below, but others that are pertinent to a specific setting may be used as well. In the latter case, ultimately the board of directors must decide if a major shift in mission and objectives may salvage some portion of the business, if selling the salvage potential to others is an option, or if the business should close and file bankruptcy.

### A. Criteria for Evaluation

1. Number of new patients per month, identify how they came to the practice
2. Number of new referrals per month
3. Cash Flow Monthly, Income Statement Quarterly
4. Revenue/Expense Ratio, Profit Margin
5. Balance Sheet/Company Net Worth
6. Strategic Fit, Market Re-analysis, competition analysis

### B. Performance Evaluation Time Frames

1. Monthly assessment of cash flow
2. Monthly assessment of patient enrollment
3. Quarterly assessment of Actual Income/Expenses versus Projected Income/Expenses
4. Quarterly assessment of Referrals
5. Annual assessment of Balance Sheet/Net Worth, Debt
6. Annual assessment of Strategic Fit

### C. Criteria for Considering Termination

1. Missing Break Even by more than 6-12 months
2. Flat patient growth in the first 2 years of operation
3. Failed second round fundraising, if needed
4. Need for third round funding
5. Excessive Increase in Exposure risks (i.e. Malpractice, other)

## Resources

The following is a list of various graduates and participants in the University of Arizona's Program in Integrative Medicine who are willing to provide sage advice about the do's and don'ts of opening up and operating an Integrative Medicine Practice and/or Center.

**Martin Chwistek, MD** at the **Center for Integrative Health in Wausau**. "We now have two physicians doing consults (myself and my friend, Hilary, who is completing the LA course in acupuncture), massage therapists, lifestyle coach, yoga, tai chi instructors, nutritionist and a healing touch person. We of course hope to grow over time and add additional practitioners."  
marcin@chwistek.com

**Kevin Coughlin, MD** has been practicing in a solo wellness practice. "It is small scale with me and one employee (CMA who functions as nurse, receptionist, and business/office manager). I am learning a lot about budgeting, marketing, patience and perseverance."  
Lincoln, NE Class of 2004  
kcoughlin@neb.rr.com

**Michael Finkelstein, MD** at the **Center for Health and Healing of Northern Westchester** - "Our doors opened about 6 months ago and we are slowly starting to see some business. We have about 20 different practitioners. I also work at the affiliated hospital (Northern Westchester Hospital in Mount Kisco, NY) as the medical director there and am attempting to "enlighten" the medical staff and hospital in general."  
Our email is [www.westchesterhealing.com](http://www.westchesterhealing.com).

**Jung Kim, MD** and **Scott Morcott, MD** at the **Alitus Integrative Health & Wellness** - "Our business model for a primary care Integrative Medicine clinic is up and running - we are currently offering family medicine, massage therapy, acupuncture, psychological services, psychiatry, registered dietician, naturopath, personal training, Tai Chi, Yoga, 12-week weight management program and community lecture series."  
drmorcott@northshorehealth.com

**Esther Konigsberg, MD** at **The Family Practice Centre of Integrative Health and Healing** - "We offer both Integrative Family Medicine and Integrative Medicine consulting. We presently have a naturopath, Chinese Medicine Practitioner, Chiropractor, Massage Therapist, Stress Management Consultant, Psychotherapist and a nurse who practices Reiki."  
infin8health@hotmail.com

**Sandy Newmark, MD** at the **Center for Integrative Pediatric Medicine**. "It will be a consulting practice only, no primary care. The contact information for any questions or referrals is: The Center for Pediatric Integrative Medicine, 310 N. Wilmot, suite 307, Tucson, AZ 85711, [snewmark@peds.arizona.edu](mailto:snewmark@peds.arizona.edu), (520) 886-4884."

**Ron Stram, MD** at the **Center for Integrative Health and Healing**. “This is an Integrative Medicine consulting practice with other practitioners including a Naturopath, Chinese Medicine Practitioners, a massage therapist, a reiki practitioner, and a dietician.”  
ronstram@msn.com

**Miguel Trevino, M.D.** “I have started a clinic here in Florida called the **Center for Integrative Medicine and Healing Therapies** It has 3 components: one is my practice, the other is healing therapies with massage, energy medicine and oriental medicine and acupuncture and the third is research business.  
MTrev97727@aol.com