



MEMORANDUM

Date: May 17, 2011

To: Michigan Economic Growth Authority

From: Robert Wilson, Project Specialist
Packaging Team

Subject: Briefing Memo – Summit Health, Inc.
Standard MEGA Credit

COMPANY NAME

Summit Health, Inc.
25300 Telegraph Road
Southfield, Michigan 48033

HISTORY OF COMPANY

Summit Health, Inc (Summit Health) provides health screening, immunization, and health education services to corporate customers nationwide both directly and through health plans, disease management companies, benefits consultants, and brokers. Summit Health was founded in 1999 by Doug Finch and Richard Penington. Since 1999, Summit Health has grown at an annual rate of 45 percent.

In 2004, Summit Health acquired the Wellness Division of Interim Health Services, represented as the nation's largest provider of home health care and medical staffing, and reincorporated. Summit Health's customers now include the country's largest health plans and many Fortune 100 corporations

The company currently has 65 employees in Michigan.

PROJECT DESCRIPTION

Summit Health will establish their Headquarters and Research and Development Center at 27175 Haggerty Road in the City of Novi, Oakland County. This facility will support a blood processing clinical laboratory, home blood test kit assembly and delivery, data servers, medical record processing, claims analysis, nursing call center, and educational health and wellness video production. This project will also result in the relocation of existing operations from the City of Southfield.

The company plans to invest approximately \$11,375,584, of which \$2,030,584 is lease costs, and create 252 jobs over the next five years, with 82 jobs projected in year one, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$568. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 381 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$3,799,880 (current dollars) due to the presence of this facility.

BUSINESS CASE

Summit Health evaluated the proposed investment relative to sites in Washington, Indiana, and Tennessee where they identified a competitive disadvantage including a difficulty in finding and retaining qualified employees in Michigan. The MEGA tax credit will help in part to offset the disadvantages associated with a Novi, Michigan location.

OTHER STATE AND LOCAL ASSISTANCE

The City of Novi is supportive of this project and has paid the MEGA application fee valued at \$5,000 for Summit Health.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 3 years for up to 252 net new employees in excess of the company's established base of 65.