

BUSINESS DAY

Fat Freezing Helps Doctors Enhance Physiques, and Their Revenue

Entrepreneurship

By ANN CARRNS JULY 12, 2017

FAYETTEVILLE, Ark. — Fat freezing, a treatment that can eliminate people's fat cells, is becoming a hot new revenue opportunity for doctors' offices and spas looking to capitalize on Americans' willingness to open their wallets for a trimmer physique.

Dermatology clinics and medical spas are increasingly offering a procedure called CoolSculpting to shrink love handles, flabby tummies and jiggly arms. Doctors' offices are eager to offer the treatment because it represents a way to meet the fast-growing demand for fat-reduction services that don't require surgery. It is also, they say, a way to get new types of customers in the door, including men.

Revive Medical Spa, the cosmetic arm of a dermatology practice in Fayetteville, Ark., began offering CoolSculpting almost two years ago, after its owner, Dr. Lance Henry, decided it would meet his patients' demand for nonsurgical fat reduction.

Revive began with one CoolSculpting machine and added a second so clients could have two target areas treated at once. Anne Scott, Revive's spa director, said it

stays busy with fat-freezing clients. “CoolSculpting has allowed our business to grow both in reaching new clients and in revenue,” she said, although she would not give specifics.

Suzanne Kilmer, founder of the Laser & Skin Surgery Center of Northern California, which participated in early testing of the treatment, said her center has four CoolSculpting machines and does 300 to 400 treatments a month. “The four machines go all the time,” said Dr. Kilmer, who is on the advisory board of Zeltiq Aesthetics, the company that developed the treatment. (Zeltiq was acquired in April for \$2.4 billion by the pharmaceutical behemoth Allergan.)

CoolSculpting, promoted heavily on television, uses a technique known as cryolipolysis — fat freezing, or “controlled cooling” — to eliminate fat cells without the risk and time out of work required by surgery. During the treatment, clients recline while a clinician affixes a plastic suction cup — sort of like an upholstery attachment to a vacuum cleaner — to the targeted area. The cup — its size and shape vary, depending on the part of the body being treated — is attached by a hose to a machine that hums as it sucks the tissue into the cup and cools it.

Treatment lasts 35 minutes to an hour, depending on the targeted area. The effects are seen over a period of weeks after treatment, as the body eliminates the dead fat cells. It can take two to four months to see full results.

CoolSculpting was initially cleared by the Food and Drug Administration in 2010, based on a 2007 study that found “clinically meaningful” changes in 60 patients after treatment for the reduction of love handles. Six months after treatment, ultrasound measurements found an average 19 percent reduction of the targeted fat layer. Zeltiq said in regulatory filings it has improved its systems since then.

The procedure is not covered by insurance, and costs an average of \$625 per treatment, according to Zeltiq. A course of procedures, typically treating different areas of the body, can run \$2,000 to \$4,000. An investor presentation in January estimated that a practice averaging two patients a week, with four treatments each, could expect “gross profit” of \$200,000 a year.

Zeltiq sells its machines and a set of attachments for about \$150,000. Zeltiq says it performed nearly 4 million treatment cycles on about one million patients as of the end of last year, and had more than 5,600 machines installed worldwide.

The procedure is marketed to doctors and spas as a “gateway” treatment that can help grow a clientele of people who might otherwise not get cosmetic treatments. The idea is that when people arrive to get their fat iced, they can also hear about Botox (another Allergan product) and other aesthetic options.

CoolSculpting isn’t alone in marketing noninvasive fat reduction machines to doctors, and some practices offer multiple products to clients. Other options include radio-frequency and laser-based treatments. Fat freezing, however, is the market leader, according to the American Society for Dermatologic Surgery, which found CoolSculpting made up almost half of all body-sculpting treatments in 2016.

On a recent weekday morning, Ms. Scott, Revive’s spa director, showed a visitor the room where CoolSculpting clients pose for “before” and “after” photographs. Calming music played in the halls, as clients arrived for massages and other treatments.

Clients often read, work or even nap during a treatment, Ms. Scott said. Once the treatment is started, the doctors or clinicians administering it don’t have to remain in the room, freeing them to tend to other clients — another way to enhance revenue.

Patients like Krystal Willhite, 40, of Stillwater, Okla., say they are pleased with the treatment. At 5 feet 9 inches and 135 pounds, she said, she isn’t concerned about her weight. “I’m already pretty skinny,” Ms. Willhite, the general manager of a car dealership, said in a telephone interview. But she felt self-conscious about a double chin. She considered a treatment that involved injections, but opted for CoolSculpting instead, and visited Revive a year ago for her first treatment. “There’s no pain to it,” she said. Her chin was red afterward, she said, but she was able to return to work.

She said she noticed a slight difference a few weeks after her first treatment, but saw a bigger change after a second treatment. “It’s gone,” she said of her double

chin. She said the results justified the cost of about \$1,300.

Others say there can be some discomfort. Steve Kizzar, 49, who said he keeps in shape and teaches fitness classes, said that after his first treatments at Revive, on his abdomen and flanks, he found it difficult to button his pants for a week or so because of swelling. And his skin had some numbness and tingling, which subsided over a couple of weeks. During a subsequent treatment, he said, he felt the suction cup didn't attach properly, so he had the procedure repeated at no charge.

"It's not immediate," Mr. Kizzar said. "It's kind of a slow process."

Still, Mr. Kizzar said he is satisfied with the end result. "I think it made a lot of difference," he said.

W. Grant Stevens, a clinical professor of plastic surgery at the University of Southern California's medical school and an early tester of fat freezing, said he maintains more than two dozen machines at his network of clinics near Los Angeles. The procedure may be especially appealing to men, he said, as a discreet nonsurgical treatment.

"They don't want anybody to know," Dr. Stevens said. Zeltiq said about 20 percent of CoolSculpting patients are men.

Correction: July 13, 2017

An earlier version of this article misstated the number of treatments necessary to get a gross profit of \$200,000 a year for CoolSculpting procedures, according to an investor presentation. It would take an average of two patients a week receiving four treatments each, not two treatments each.

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