

California Health Clubs Benefit From Health Care Reform



By Mike Rucker

In Q 1, I wrote an article for the CCD News Update about how the Affordable Care Act is affecting our industry. It summarized how new incentives and public policy changes put forth through health care reform are opening up new possibilities for health club operators who want to boost membership and improve their club's bottom line. The simple truth is as the cost of health care goes up, employers that self-insure are bearing most of the burden. Many have turned to

wellness programs and employee incentives as a way to lower their costs and encourage their employees to stay (or get) healthy.

We are now seeing doctors and allied health professionals starting to work more closely with health clubs as a way to encourage their patients to make positive changes in their lives. Overall there's an increasing trend toward prescriptive wellness and this positive trend, and the opportunities that come with it, will undoubtedly continue to increase in the coming years. Clubs in California can benefit from this rising tide by discovering ways their club can participate.

Health Care Reform And Health Clubs

Where does your health club fit into this changing landscape? Previously, I noted that the Affordable Care Act (ACA) includes provisions addressing two kinds of wellness programs: participatory programs and health-contingent programs. Participatory programs can potentially subsidize the costs of a club membership across an entire employee base. Health-contingent programs, on the other hand, require participants to meet specific health-related criteria. For an example of this type of program, visit California WorksWell at www.calhr.ca.gov/employees/Pages/wellness.aspx. It provides state employees with discounted memberships at health clubs across the state through a partnership with GlobalFit, as well as free guest passes at partnered health clubs. Major corporations in California are increasingly offering wellness discounts for members. If you are on the MINDBODY platform, it may behoove you to learn more about their Exchange program at www.mindbodyonline.com.

Focusing On Health-Contingent Wellness Programs

Among health-contingent wellness programs are physician-referred exercise programs (PREPs). These programs have several potential benefits. First, physicians are often an untapped source of prospects. Doctors and allied health professionals are encouraging patients to get more active (reference: www.cdc.gov/nchs/data/databriefs/db86.htm). Second, if you convert these referrals, they are more likely to be intrinsically motivated. Couple this "drive" with effective economic incentives from their employers, and the data supports that you're likely to retain these members longer than your general member base.

These programs can benefit your staff by reconnecting them with a higher purpose. With PREPs, the goal isn't just selling memberships, its about helping people change their lives for the better. For general managers worried about employee morale, reminding your staff about the positive change they create every day is a great way to get them reengaged in your club's "why".

If you want to use PREPS as a way to improve membership, try these tips for connecting with the medical community: (1) Make friends with the office staff of local medical centers; (2) Host an event for medical professionals at your health club or find other creative ways to encourage them to visit your club; (3) Attend events you know will attract medical professionals and network; (4) Hire a liaison to help you make connections with physicians; (5) Have a knowledgeable staff member provide guest content for a local medical website and negotiate some sort of reciprocity agreement.

Boost Business By Targeting Key Demographics

Boost your club's business by targeting underserved demographics. SilverSneakers (www.silversneakers.com) is a nationwide program available through various health care providers, including Medicare, that encourage senior citizens to focus on their health. It empowers them to get fit by providing free memberships for seniors. The market holds plenty of potential for this segment. Consider these statistics: (1) People 55 and over control more than 75 percent of America's wealth; (2) Baby boomers, the people born between 1946 and 1964, spend more than any other generation, \$400 billion more each year on goods and services.

By offering special programming targeting this group, you can draw in an otherwise underserved demographic. SilverSneakers provides compensation to health clubs based on participation, along with additional opportunities for revenue from supplemental programs. You get access to program and marketing support, free class equipment, and free training to better serve your members. You can attract SilverSneakers members by emphasizing benefits such as fewer hospital admissions and lower medical care costs. These opportunities transcend the baby boomers demographic. The ACA also needs low-risk populations to buy health care coverage from their exchange. Covered California is awarding millions of dollars in grants for outreach programs that educate young adults about the benefits of health and encourage them to enroll.

More To Come

If you are willing to deal with the often-complex regulations of HIPAA, you can collaborate with employers to offer health screenings and track biometric data. This biometric data can be used by employers to offer discounts on health care premiums. There are California startups like Jiff (www.jiff.com) that you can partner with to make it easier to offer these types of services at scale.

In 2018, health insurance benefits exceeding a certain threshold (\$10,200 for individuals and \$27,500 for families) will be subject to a 40 percent excise tax. High-end employers will start looking to wellness programs to further reduce their costs and alleviate this particular burden. Given that this segment has significant disposable income, it could be an advantageous group to target if your club is properly set up to cater to a high-end demographic.

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