

How The Affordable Care Act Is Affecting The Health Club Industry



By Michael Rucker

As the Affordable Care Act (ACA) continues to get implemented throughout 2014, certain aspects of the law will have a significant impact on the health club industry. One of the principal components of the ACA is a set of initiatives that increase the focus on wellness promotion. Based on a growing body of empirical evidence that supports the economic benefits of maintaining wellness over primarily focusing on disease treatment, the ACA hopes to shift the paradigm of America's predominantly disease-centered

approach to healthcare to one that helps people stay well. This shift has the potential to bode well for allied health professionals, integrated health providers, wellness centers, and health clubs.

How Are Things Changing?

No matter which side of the fence you sit on regarding the ACA, the reality is much of the legislation of the ACA is likely to be implemented. Putting rhetoric and opinion aside for a moment, few would argue that moving towards a system that reaches people before they fall ill is a worthy pursuit. What is still being determined is the proper way to reengineer our system to support this ideology.

Practitioners who are focused on sustaining health, traditional roles prevalent in integrated and allied health professions, will undoubtedly play an expanded role within this new paradigm. This also means that the "scope of practice" for certifications within these fields (many of which can be found in health clubs, i.e., exercise physiologists, nutritionists, physical therapists, etc.) will likely expand to service a population that is now being more effectively encouraged to stay well.

Upcoming Opportunities

The United States Department of Labor has committed, starting in 2014, to promote evolving employer wellness programs as a mechanism to control health care spending (www.dol.gov/ebsa/newsroom/fswellnessprogram.html). According to the Department of Labor, in conjunction with the Department of Health and Human Services (HHS) and the Treasury, the ACA will empower lawmakers to introduce new incentives and help expand wellness program policies. Many of these measures pertain to "participatory wellness programs" which refers to programs that can generally be applied to the entire population. These types of participatory programs include economic incentives like fitness center membership reimbursement and monetary rewards for coming into a health club to complete a health risk assessment.

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Also expanding in 2014 are "health-contingent wellness programs". These programs are meant for participants who are usually subsets of the general population. However, this does not diminish the opportunity for health clubs to benefit from catering to these specific groups. For instance, subsidized wellness programs targeting Baby Boomers that service the aging-well are an advantageous revenue stream for health clubs that are able to create innovative programming specific to keeping seniors active. Other avenues, such as weight control programs, are also candidates for this type of reimbursement. Some might have read (www.clubindustry.com/profits/checkup-health-club-opportunities-affordable-care-act) how Miramont Lifestyle Fitness in Colorado has been profiting from these types of programs.

The Current Economics

Although much of the lasting effects of the ACA is still uncertain due to active challenges by policymakers, as it currently stands, rewards associated with health-contingent wellness programs will increase from 20 percent to 30 percent this year, and could eventually increase to 50 percent for certain groups over time. Furthermore, this year through the ACA \$200 million in wellness grants has been earmarked for wellness program development.

Early Innovators

Although some of the ways for operators to capitalize on these opportunities require creativity, those willing to do the work are already benefiting. For example MINDBODY – who has stated that less than 10% of most company employees are aware they can use their health savings accounts (HSAs) and/or flex spending accounts (FSAs) to pay for traditional health club services such as yoga and massage – has developed a product to streamline the processing of substantiation making it easier for members to purchase these types of services with pre-tax dollars. Companies such as Bravo Wellness offer products and services to help organizations keep track of improved health metrics while complying with Health Insurance Portability and Accountability Act (HIPAA) regulations. By pairing traditional health services with the monitoring of health metrics that are tied to the reward benefits now offered through the ACA, health clubs will be able to add another level of member motivation which will undoubtedly lead to better retention rates. There are even lobbyists like Active Policy Solutions, as well as the efforts of American College of Sports Medicine's Exercise is Medicine division, that are working with health clubs directly to create new opportunities based on the ACA. Lastly, you will soon be reading about progressive health clubs that have carved out some of the \$200 million dollars in grant money through innovative programs aimed at helping entire municipalities with their residents' health concerns.

Ounce Of Prevention Is Worth A Pound Of Cure

Despite the ongoing debates regarding the ACA, it is clear that big business recognizes that small upfront investments like health club memberships for their employees mean future cost savings with significant returns on investment down the road. In addition to this growing sentiment, there are strong, powerful interest groups that believe that keeping populations healthy is not just good for people, but good for business too. Gary Loveman, who is the CEO of Caesars Entertainment Corporation and also the Chair of the Business Roundtable's Health and Retirement Committee, wrote in an open letter to the White House's Office of Information and Regulatory Affairs (OIRA), "Wellness programs work. **CONTINUED ON PAGE 19**

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Good Design Can Influence...

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Regular to Enthusiast

As we further involve the member, design influence around imagery becomes less critical, but design intelligence that supports the workout remains important. Success and accomplishments will create an enthusiast. Is your facility designed to accommodate these amateur athletes? Is the lighting in one's eyes while doing benches? Do you have the diversity of programming necessary to keep this group engaged? Yes, great water pressure is a bonus, but also provide enough room for individual or small group training. This group requires you to keep up with the latest fitness trends. The facility must be flexible enough to accommodate them. With this group, I like to look at the facility as equipment. How integrated are all the fitness toys with the building design? If the newest trend is shoehorned in a hallway, the "athlete" may look elsewhere.

Design has much more influence in your club than what you may expect. Good design that moves members beyond the simple act of working out to seeing their facility as a place that holds social significance will elevate and encourage their spiritual awakening, and give reasons to feel glamorous and good.

Rudy Fabiano, a registered Architect and Interior Designer is president of Fabiano Designs © Fabiano Designs 2014. Rudy@fabianodesigns.com 973-746-5100. See Rudy Fabiano at IHRSA booth 1448.



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They lower healthcare costs by keeping workers and their families healthier." He continued on with quantifiable data to support his claim using health statistics from Caesars that showed the positive results of investing in employee health. This is just one example of a growing body of empirical evidence that supports the argument that wellness programs, when administered properly, reduce healthcare costs and improve population health. The current ACA rules are vague in defining the parameters of how wellness programs can be designed and administered. Like most new frontiers, this provides an unprecedented opportunity – especially within the health club industry – to strengthen our voice in this ongoing conversation as well as benefit from increasing our role in preventative care.

If you would like to join in on the conversation, please visit my roundtable discussion on the role of health clubs in the era of health care reform at this year's IHRSA convention in San Diego on Friday, March 14th from 1:30pm to 3:00pm.

Before joining Club One, Mike provided online strategy for companies such as Universal Studios, Sony, Red Bull, and Better Homes and Gardens Real Estate. He is currently pursuing his Ph.D in Organizational Psychology at Alliant University with a focus on corporate wellness and positive behavior change. mike.rucker@clubone.com



Co-Training Clients...

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just want to be with that one trainer, even after that trainer has tried to persuade them to work out with someone else while they're gone," Chemer said. To enhance client comfort levels, let customers know they can always refuse being "shared."

Exercise Design In A Sharing-Centric Business

There are different ways to create exercise plans when two or more trainers share the same client. Instead of individual trainers writing custom programs, at Proch's facility a single staff member—called a Director of Personal Training—writes each program based on movement patterns that individual small-group clients are to follow. Floor trainers then lead clients in these set workouts, further customizing the exercises when necessary.

Chemer's studio model is similar. "Our Director of Training meets with (all) members (when they first join the studio) and then comes up with an exercise plan to meet that client's needs," Chemer says. "Because of this, any trainer can step in and continue forward with any participant toward his/her goals."

Other studios elect to pursue a different practice. When Selman's personal trainers and health coaches share a trainee, harmonious program design is only discussed between the two instructors involved. "The challenge with sharing a client between trainers is primarily in making sure the program design makes sense and is being balanced between the different trainers," she said. "However, this can easily be accomplished through quick communications between the trainers." Of course, in some facilities there is a single trainer with more experience and education than the other professionals on staff. Your approach to shared workout design should therefore align with both your business philosophy and trainers' abilities.

Sharing The Wealth

Client sharing, when done correctly, enhances your members' exercise experiences and your business' goals. "I sometimes think that we can make our clients too dependent (on us as individual trainers)," Sunderland said. "Part of my goal is to have my clients be confident and comfortable about exercising in many different situations, including without me."

Megan Senger has had a long-term love affair with her passport and backpack. She spent many years traveling the world as a fitness instructor, including extended stints teaching in England, Iceland, Bermuda and Senegal, plus many years on cruise ships. She enjoys trying new yoga poses and overseas air travel (although not at the same time). Contact her at www.megansenger.com.

