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MAY 2008

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Plus One Manages 130-Year-Old JCC

THE JCC MetroWest in West Orange, N.J., turned to Plus One Health Management, New York, N.Y., which designs, develops and manages fitness centers and wellness programs, after completing a \$24 million renovation toward the end of 2006. This decision allowed the JCC to concentrate on its core capabilities, while Plus One took over the management of



Plus One took over the management of the new Bildner Family Fitness Center at JCC MetroWest.

the new Bildner Family Fitness Center. Prior to choosing to partner with Plus One, the JCC MetroWest had operated internally for more than 130 years.

As part of the transition process, Plus One transferred 3,200 existing memberships to a paperless electronic platform. During Plus One's first 12 months of operations, the JCC MetroWest membership increased 28 percent to 4,100 memberships, while the average monthly dues rate was increased 34 percent. Ancillary revenue per membership is also up 72 percent, largely as a result of a re-launched and repurposed personal training program. In addition, the number of group exercise classes has increased from 65 to 115 each week, and registration fees per membership are up 172 percent.

New programs and services were added to the facility, including Smart Start Orientation for all new members, a full-time registered dietician, prenatal yoga and massage, Pilates reformer classes, a racquetball program and instructor, a Parent Free Zone (fitness classes for children in kindergarten to eighth grade), chiropractor services on site, childcare for children six weeks and older, and J Play sports and games for children in kindergarten to fifth grade. **FM**

DID YOU KNOW?

People who consistently engage in high levels of exercise over the long term (expending 2,500 calories per week) are the most successful at losing weight and keeping it off compared to those who exercise less.

-American Journal of Clinical Nutrition, April 2007

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2) Lack of Time
3) Lack of Technical Experience
4) Lack of Design Experience
5) Lack of Content

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Health Insurance for Staff Members

Even with the rising costs of health insurance coverage, many facilities provide medical insurance as a way to attract and keep quality staff, and as acknowledgement that fitness centers are part of the healthcare continuum.

By Anne B. McDonnell, Senior Editor

FITNESS CENTERS ARE all about health — getting members to exercise so that they not only look and feel better, but they are actually healthier. But, what about your employees? Sure, they are fit and exercise regularly, but what about their overall health? Do you provide them with health insurance to make sure they stay healthy? Or, are the skyrocketing costs of healthcare preventing you from offering the kind of health plan you would like? Here, facility owners and managers share their thoughts on providing health coverage to their fitness center employees, and strategies for keeping costs down.

Why offer insurance

The 2006 Kaiser/HRET Employer Health Benefits Survey found that employers are the principal source of health insurance in the United States. (The survey included 3,159 randomly selected public and private firms with three or more employees.) Fifty-nine percent of workers are covered by health benefits offered by

the company they work for. And, the vast majority of workers who are offered coverage take it.

With so many companies offering health insurance, it's no wonder that fitness centers have begun to embrace the idea, in order to stay competitive in the job market. Says Von Hardin, owner of PowerHouse Gyms, Fort Gordon, Ga., "Offering a benefits package attracts more-qualified individuals." Dave Milani, vice president of human resources for Plus One Health Management, with headquarters in New York, N.Y., agrees that it is a matter of attracting the best candidates for a job: "We believe that, in order to succeed in our mission, ... we need to attract and retain the most talented professionals our industry has to offer. A comprehensive benefits plan helps us do that."

Although it is rare to find a fitness center that offers health insurance to part-time employees, the fitness center at Davis Regional Medical Center, Statesville, N.C., does. Eric J. Rzepecki, director of fitness and cardiac rehab, says that this is an advantage for his facility when it

comes to hiring: "We are a hospital-based fitness program, so we do offer medical and dental to our employees. ... We [even] offer benefits to part-time staff, which is definitely a plus when potentially hiring a part-time person."

Not offering health insurance to employees working in a fitness environment seems to go against what the industry represents, according to Taso Papas, COO of Extreme Fitness, Toronto, Ont., Canada. Papas believes that offering insurance to full-time employees is necessary to remain competitive, since most companies now offer some form of benefit plan to their employees. "Also, and especially in our industry, we believe in the overall health and well-being of our employees, as well as members, and we want to promote that," Papas says.

In addition to attracting the best employees, health insurance can help to keep those staff members once they are hired. Jim Evans, general manager of The Big C Athletic Club in Concord, Calif., says, "Offering insurance coverage reduces turnover and encourages stability. It also gives employees a more favorable impression of us. In other words, they have a greater sense that their employer cares about them as people, and not just employees."

Paradise Fitness for Women and Paradise Fitness for EveryBODY, Dothan, Ala., also use health insurance as an incentive not only to keep employees, but to motivate them to move up in the ranks. Says General Manager and Owner David Smith, "Our benefit program is reserved for managers and department supervisors. By doing this, it keeps the team striving to advance in our clubs. ... [Health insurance] is a benefit that, as a manager or supervisor, is earned."



Finding the right insurance

While the decision to offer (or not offer) insurance may be a simple math problem for many fitness managers, finding the right health insurance for your staff is a whole other matter. Countless companies offer insurance, and there are many different plans within those companies. So, getting through all of that information is a monumental task. Evans says that he did “a lot of shopping around and a lot of comparing to meet the particular needs of our staff.”

Finding out what other fitness centers offer is another way to whittle down your choices. “We evaluated what our competitors were doing, and tried to be one step better in as many areas as we could,” says Milani. “We also looked at what our corporate fitness clients were offering, and aspired to offer benefits that were as close to their plans as possible,” he says.

When doing your comparison shopping, make sure you know your employees, and that the company knows your business, says Papas. “Knowing your demographic of employees is the most important research. ... And, deal with a reputable broker who recognizes the uniqueness of your employees and the industry,” he says.

Smith narrows his choices down by letting his employees do their own research. “We allow our managers to pick their own insurance, and then we reimburse them the costs monthly. This way they can get the coverage they are comfortable with.”

Keeping costs down

The major reason that fitness centers don't offer health coverage for their employees is

cost, and things aren't getting any cheaper. The 2006 Kaiser survey found that the cost of health insurance rose 7.7 percent in 2006, which is higher than the overall rate of inflation (3.5 percent). The average cost of premiums for single coverage in 2006 was \$354 per month or \$4,242 per year. This figure includes both the worker and employer contribution. The average cost of premiums for family coverage was \$957 per month or \$11,480 per year.

This same survey asked the companies for their strategies to help contain healthcare costs. Two ways that were rated “somewhat effective” by the firms surveyed were higher employee cost sharing and disease management programs. It would seem that the “disease management programs” strategy already takes place at fitness centers, since employees have access to the fitness center, and are, hopefully, encouraged or required to use it. Says Milani, “We try to leverage our health-conscious workforce by offering incentives that reinforce healthy and preventive behaviors.”

In addition to this, fitness center managers have a few other strategies to keep costs down, none of them a magic bullet. “One way we can lower the rates is to have a non-optional plan. That way, everyone participates in the cost, which keeps the overall expense lower,” Papas says. Hardin agrees: “As a small business, the employees have to participate in the program. Most feel when they have to pay a portion for the coverage, they are usually hesitant, [so] we train and ... educate our employees on [the benefits we offer].”

Another option is to find another health insurance company with better rates. However, says Papas, “Switching companies can be costly

— simply in the time it takes to set up all the paperwork. And, often, the rates are only low in the first year or two. Once a history is available, the costs may go even higher.”

Evans has a strategy for avoiding the costs associated with switching a plan. “We are always shopping around to stay on top of the changing market. If we find something that is new or different, we always ask our current carrier if they can provide it first before looking elsewhere,” he says.

Milani, on the other hand, has changed carriers to reduce costs. “We have changed carriers a few times to ensure we receive the best value we can in the marketplace, but have been able to avoid changing the benefits dramatically.” He says that additional strategies for keeping costs down is “a balancing act of tweaking employee contribution amounts, ... as well as managing the plans to ensure that we don't offer a plan that is too rich for the way our employees utilize it. We try not to cut benefits to reduce costs,” says Milani.

Finally, some associations offer deals or discounts for being a member. Says Hardin, “The best process that I'm working on is joining an association with quantifiable members where you can get three to four companies to bid and underwrite the coverage. ... A [health insurance] company ... would bid for this business or co-underwrite with another primary company.”

Whatever your strategies, there doesn't seem to be one right answer when it comes to saving money on health insurance. Doing your research and keeping employees healthy to begin with can put a dent in your bill, however.

Staying competitive without insurance

According to a U.S. Census Bureau report, "The percentage of people covered by employment-based health insurance decreased to 59.7 percent in 2006, from 60.2 percent in 2005." So, if you don't offer health insurance to your staff members, you're not alone.

The main reason fitness facilities don't offer health insurance to full-time employees is cost. Explains Sheila Nichols, owner of Taking Shape, Grand Rapids, Minn., "We do not offer insurance to any of our employees. As a small business with substantial competition in our area, we simply do not have the profits available to offer any insurance to employees." However, Nichols says the work environment at Taking Shape makes up for any perceived lack of benefits. "What we do have is a stress-free, fun working environment, and I treat my employees as I would want to be treated. In fact, I generally never call them employees — they are my co-workers and I work with them on a daily basis as a very involved owner," Nichols says.

Part-time employees anywhere, including at fitness centers, almost never receive health benefits. Evans says that it is a matter of money, of course, plus commitment to his facility. "The return on investment is simply too expensive for part-time employees who gen-

erally have only a part-time commitment," he says. Plus, part-time staff members don't usually stay long enough to make offering health benefits worth it for a facility. Says Papas, "We do not offer part-time employees insurance coverage. The cost of that coverage would be fairly high to the company. This keeps our costs down, and encourages those employees who want coverage to become full-time staff."

But many fitness centers that do not offer health coverage for part-time staff are either looking into it, or finding other ways to assist their employees. "We do not offer part-time employees coverage, but do offer names and addresses of local and nationwide agents and companies that will at least underwrite them," says Hardin. And Milani says that Plus One does not currently offer part-time employees insurance coverage, but the company is "actively looking into how it can expand benefit coverage to more of its employee population."

The future of health coverage

Insurance premiums are rising every year, and it seems coverage is decreasing, says Smith, so what are fitness center owners to do? The theory is that by attracting the best employees with a good benefits package, your fitness center can offer the best programs and keep your members happy. This, in turn, can help your facility turn a profit. And, it only seems fitting that a health-related company should want to keep its employees in the best health possible. After all, says Smith, "If they stay healthy, they are better employees and better leaders." **FM**

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