

## Reducing Health Care Costs

*By Thomas P. Sattler, Ed.D., & Julie E. Mullen, M.S.*

**Management of skyrocketing** health care costs in the United States continues to be a hotly debated issue. The federal government is looking to business to shoulder this burden by actively helping enhance the health of their employees. On average, U.S. Fortune 500 corporations spent 61.2 percent of after-tax profits on medical care for employees, dependents and retirees. As a result, corporations increasingly are establishing or maintaining quality pension plans while also investing in health promotion programs to reduce the risk of chronic illness.

The health care controversy puts fitness centers in an enviable position. The focus on preventive health and self-responsibility has shed more attention on, and provided more growth opportunities for, the fitness industry than ever. Research has shown that corporations benefit by investing in the health of their employees. By working with local companies, fitness centers can enhance the lives of employees, reduce health care costs and boost their own membership and profits.

### The current situation

The current national health expenditure has more than tripled since 1980 and now accounts for approximately 11 percent of the U.S. Gross National Product (GNP). More than \$1 trillion was spent in the U.S. on treating disease -- more than in any other country. Unfortunately, only 4 percent went toward prevention.

Research from the University of Michigan shows that nearly 80 percent of medical risks and 80 percent of medical costs can be attributed to 15 percent of the population. Individuals at high risk for disease can reduce their risk by participating in fitness and wellness programs, thereby substantially cutting their medical claims.

Because studies continually are indicating the financial rewards of fitness and health improvement programs, fitness centers are in a position to help improve the GNP profile.

### Cost effectiveness

One early study in 1985 found that for every dollar a company invests in employee health programs, \$3 to \$10 will be returned due to reductions in health care claims. A 1993 study found that worksite intervention health and fitness programs saved \$513 per person per year -- including medical claims and decreasing loss of productivity.

Ten years into a 20-year study of Steelcase Inc., conducted by the University of Michigan, the following results were evident. High-risk employees who dropped to low-risk through participation in health and fitness programs at work decreased their average annual medical claims by 54 percent. In contrast, high-risk individuals who remained high-risk increased their costs by 26 percent. And low-risk employees who became high-risk increased their annual claims by 130 percent.

Numerous other studies have shown that workplace exercise and health programs result in reduced sick leave and absenteeism, and improved productivity and morale.

### Fitness center opportunities

By offering services to local companies, fitness centers can capitalize on opportunities and expand their businesses. Programs can be held at the worksite, at the fitness center or at a

rented facility such as a hotel. Services and programs can be as elaborate and varied or as basic as your staff will allow, but all programs should be tailored to employee interests and needs.

To begin, identify several staff members who would be able to devote time to working with companies. If your budget permits, you may hire someone part or full time, but initially you may contain costs by working with existing staff.

Your team must decide on programs to be offered and flesh out the details of implementation. You may want to provide one-time body fat screenings and consultations, including handouts about body weight and fat management. Similarly, you may conduct fitness assessments, such as flexibility, muscular strength and endurance and cardiovascular endurance tests. Lunch-time seminars on wellness topics like stress management could also be presented. Your facility could work with other health organizations to arrange a one-day health fair at the company. Longer-term programs, such as a four-week weight management class, could be taught as well. A massage therapist could provide seated mini-massages for a nominal fee.

The possibilities of corporate programs are as diverse as your staff and facility will allow. Each potential program should be thoroughly planned and documented in terms of implementation, number of staff members required, necessary supplies, and equipment and space needed. These documents can be used as part of your menu of options to present to each targeted company.

After assembling corporate health programs, you will need to determine pricing. Don't just set an arbitrary fee; take time to budget so that your facility doesn't lose money. Estimate staff time to prepare and present the program, as well as any other out-of-pocket costs for copying, equipment, space, refreshments, etc. Companies can be charged a flat rate per program or a per-capita cost. Some companies may subsidize all or only a portion of the cost, leaving the remainder for the employee to pay.

At this point, develop a target list of local companies. Work with your local chamber of commerce, scout the area around your facility, consult your phone book and talk to your members. Focusing on companies where your members work may help you get a contact name and initial interview. Larger companies most likely are a better option, as small businesses often don't have sufficient budgets to accommodate extra services. As you develop your list, call companies to find the name of whom you can send correspondence. Usually this will be someone in personnel or human resources.

Your initial correspondence should include a cover letter introducing your services, and several collateral pieces or a menu list. You don't have to spend a lot on fancy printing and an enormous packet of material, but make sure your materials are professional-looking and proofread. Include a page documenting research about the benefits of worksite health promotion programs. Promise in your letter to follow up by phone to arrange an interview.

When staff members follow up by phone, they need to be persistent. Voice mail and automated answering services can make speaking to an actual human being a challenge. Assign each staff member to a specific company, and provide a suggested script or list for handling objections. Don't just leave one phone message and wait for a call back. Within a reasonable amount of time, you may try to call again. Have all staffers log each contact attempt with the date, time, message or comments so that a potential client isn't mistakenly called twice.

The goal of the calls is to arrange a time to meet with the appropriate person to discuss your programs. At that time, you and/or your designated staff member(s) can explain and try to sell your services, emphasizing cost-benefit research. Present several options to the company; try to be flexible to cater programs to specific needs. You may even offer a sample survey to assess

employee interest in the type of programs you are offering, and to help the company select from your menu.

Discuss billing options. The company can fully or partially subsidize the cost, or they may have employees pay 100 percent of the charges. Of course, participation will be higher if the company pays for the programs, but your facility can still benefit by getting a foot in the door.

After your meeting, send a thank-you note that recaps your discussion. Follow up with another phone call. If a company declines, ask if you may approach them again at another time. FM

## REFERENCES

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