



TO: HONORABLE MEMBERS OF THE PERSONNEL COMMITTEE	DATE: 5/19/08
REFERENCE:	COUNCIL FILE: 08-0280
SUBJECT: CORPORATE GYM MEMBERSHIP	

RECOMMENDATION

1. That the Personnel Committee receive and file the following regarding gym membership programs.
2. Instruct the Personnel Department to commence a campaign to improve employee awareness of the discounts currently available through the City's health benefits programs.

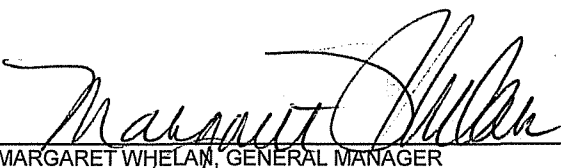
BACKGROUND

This report has been prepared in response to a February 5, 2008 Motion submitted by Councilmember Zine, (CF #08-0280). The Personnel Department was directed to prepare and present a report on the following:

1. Feasibility of contracting with large chain gym(s) to provide City employees with discounted gym memberships and related outreach and promotion efforts; and
2. Percentage of City employees who use existing gym membership discounts through their health care providers.

FINDINGS

Current Discounts Available: Currently, both Blue Cross and Kaiser offer discounted gym memberships in conjunction with the City-sponsored employee health benefit programs: Blue Cross through its *360° Health Program* and Kaiser through its *Thrive Program*. The cost of these discounts is built into the current contractual costs for the benefits programs. Both plans utilize independent contractors. Members access the discounts by visiting the provider online, selecting a participating gym, and verifying participation with the gym. Discounts vary by the gym selected. Both employees and their dependents covered by their health plans qualify for the discounts. A random sampling of participating gyms in the downtown Los Angeles area gave these pricing results:



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Current Discounts Available Under Health Care Providers

Health Plan	Gym/Program	Employee's Discounted Rate	Employee's One-Time Fee
Blue Cross	Curves-Downtown	\$42 / month	\$59 Activation Fee
	Bally's Downtown (All locations)	\$41 / month	\$59 Activation Fee
	Hollywood Gym	\$33.50 / month	\$59 Activation Fee
	Meridian Gym (Miracle Mile)	\$42 / month	\$59 Activation Fee
	<i>*Discussions are underway to add 24 Hour Fitness to the Program.</i>	n/a	n/a
Kaiser	Curves (Boyle Heights)	\$44 / month	\$75 Enrollment Fee
	24 Hour Fitness (All locations)	\$34 / month	\$0 Enrollment fee

Unfortunately, the Blue Cross and Kaiser plans do not have a tracking system to identify the number of members using the discounts. However, to increase awareness of this benefit, the Personnel Department will conduct an awareness campaign which may include payroll inserts, higher visibility on the website, and special focus in the open enrollment booklet.

Other Group Discounts Available Outside Current City Contracts: Several local chain gyms offer group gym memberships, outside those offered under our current health benefit contracts, including 24 Hour Fitness, Bally's, LA Fitness and Equinox. A telephone survey of these providers' benefits and pricing models was conducted for comparison purposes and the results are as follows:

- **24 Hour Fitness** has two plans, Silver and Gold. Silver membership would cost the City \$1.00 per year per employee and offers the employee the opportunity to waive the initiation and processing fees, while offering a rate of \$31.99 - \$38.99 (depending on the location of gym selected) per month for membership. The Gold plan would cost the City \$3.00 per year per employee and offers the opportunity for employees and their family members to waive the initiation and processing fees while offering a rate of \$28.99 - \$35.99 (depending on the location of the gym selected) per month for membership. The \$1.00 or \$3.00 fee is per City employee, not per employee electing to join the gym, and equates to \$42,500-\$65,000 annually. Along with the discounts, 24 Hour Fitness offers seminars, participation in health fairs, a monthly newsletter that can be forwarded to employees, and usage reports. Currently 24 Hour Fitness is offering a 50% discount on the price to the employer for their Gold membership.
- **Bally's** has a similar structure to the 24 Hour Fitness program.
- **LA Fitness** has a different approach to the group plans. It is considerably less expensive to the City, ranging from \$500 - \$2,000 annually, as compared to the cost of the 24 Hour Fitness programs, which for the City would range from \$42,500 to \$65,000 annually. However, LA Fitness does not offer seminars, participation in health fairs, or a monthly newsletter. The LA Fitness plan is simply a discount on rates depending on the amount contributed by the City.

The primary difference between a group gym membership purchased by the employer, memberships through the health plans, or even joining a gym on one's own, is the extra services that are available to the City and its employees. As part of the current City health benefit plan, Kaiser, Blue Cross, and MHN (our Employee Assistance program services provider), already offer most of these services, including seminars and participation in wellness fairs. The only known extra services, which might be provided through a new additional gym contract, would be newsletters and usage reports.

Feasibility of Contracting: For the City of Los Angeles to contract with a large chain gym, a Request for Proposal would need to be released. Additional funding would need to be identified for this purpose.

The cost difference between a group gym membership purchased by the City and those offered through the health plans is not significant to the employee. Below is a comparison between the discounts offered under Blue Cross and Kaiser through our current health benefits plans, two discounted group plans through 24 Hour Fitness, and two individual (undiscounted) plans which members could obtain on their own.

Comparison of Gym Discounts Under Health Care Providers and Others

Type	Gym / Program	Employee's Monthly Cost	Employee's One-Time Fee	City's Additional Annual Cost
Currently Available Through City Health Plans				
{	Kaiser	24 Hour Fitness	\$34.99	\$0
	Blue Cross	Bally's	\$ 36.80 - \$38.80	\$0
Other Discounts Available Outside City Contracts				
{	Group Plan	24 Hour Fitness-Gold	\$28.99 - \$38.99	\$0
	Group Plan	24 Hour Fitness-Silver	\$31.99 - \$38.00	\$0
Individual (Undiscounted) Plans				
{	Individual Plan	24 Hour Fitness	\$29.99 - 43.99	\$79.99
	Individual Plan	Bally's	\$29.00 - \$50.00	\$5

Note: The information on the final two lines of the chart above was obtained by going online and attempting to enroll.

Overall, with the discounts being very similar, and similar educational services being offered by other providers, it is not recommended that additional funding be pursued to provide what would essentially be duplicative services. Instead, it is recommended that the Personnel Department commence a campaign to improve employee awareness of the discounts currently available through the City's health benefits programs.

FISCAL IMPACT

To fund a group gym membership, the Personnel Department estimates at least \$42,500-\$65,000 will need to be added to the Human Resources Benefits budget.