

## Reflections on Health Care: A Leadership Challenge

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In 1999, IHRSA and the Fitness Products Council of the Sporting Goods Manufacturers Association published *The American Fitness Industry's Plan for Growth*. John McCarthy authored the report and identified the industry's ten mega-opportunities for growth to 50 million members by the year 2010.

It has been nearly ten years since McCarthy's initial findings were published. As an industry, we have embraced many of the growth opportunities he identified. Services and programs for seniors, families, and women-only audiences have become mainstream and have helped propel the fitness industry toward its recruitment goal. Other opportunities, however, are still largely untapped, despite the fact that the conditions creating these opportunities have become even more compelling. Our health care system is failing. We are the fattest, most stressed out nation in the world. Rates of chronic disease due to physical inactivity are skyrocketing. Given these current conditions, the Health Care Integration Opportunity<sup>1</sup> is poised to eclipse all other mega-opportunities.

### Health Care in Crisis

No one can deny that our nation is in the midst of a health care crisis. Our life expectancy, indisputably a measure of health is lower than you might expect. Did you know that the life expectancy of an African American man in Harlem is lower than life expectancy of his counterpart in Bangladesh? In fact, our life expectancy ranks twenty-third in the world. Yet our medical spending remains the highest in the world. Even those most complimentary of our current system frequently point to enormous and intractable shortcomings. First, the cost of care is exorbitant and growing exponentially, bankrupting even well-do patients and draining the world's richest economy. Second, access to health care is shrinking at the same time that aging baby boomers are beginning to need and demand more care than the system has ever been called upon to provide. Finally, and frighteningly, the perils of placing oneself in the care of physicians and hospitals seem to be multiplying at a pace befitting third world infrastructure rather than the technology advanced pre-eminence that American medicine presumes to have.

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<sup>1</sup> John McCarty, *50 Million/2010*. p.32 The Health Care Integration Opportunity. "The evidence regarding the protective effect of regular exercise in preventing chronic illnesses is multiplying every week. So, too, is the evidence regarding the healing power of exercise in rehabilitating patients with injuries or chronic diseases. This means that the industry's opportunities for integrating its services with mainstream healthcare providers has never been greater. Partnerships between the health club industry and the health care industry can prove immensely powerful motivators for millions of people, many of whom have never exercised regularly, to become involved in medically-based programs of prevention and rehabilitation."

## Cost of Care

The growing cost of health care makes headlines daily. This fact is so commonly accepted that the numbers barely rate a glance from most of us. The following figures, however, might grab your attention. Our nation's medical spending is the highest in the world, nearly twice that of Switzerland, the second-highest health care consumer. Within the next five to seven years, health care in America will devour more than \$4 trillion annually, or 21% of gross domestic product. Why are costs so high? Costs are high for many reasons. We love a quick fix. Therefore, our system prescribes the most sophisticated and expensive drugs and technologies even when there are cheaper, effective alternatives – like regular exercise or a balanced diet. Administrative costs are through the roof. Profit is calculated on and added to every transaction and every procedure rather than in the aggregate. The staggering increase in doctors' medical malpractice insurance is ultimately passed on to patients.

As medical costs climb, expenses continue to shift from insurers and employers to individuals. Along with employer cutbacks, the shift by insurers from community rating to experience rating of applicants has reduced the number of individuals able to afford coverage. For those fortunate enough to obtain insurance, coverage is limited. To add insult to injury, health care charges vary widely, even within the same medical practice. Some patients, many who are uninsured, pay five to ten times as much for the same procedures as other patients. Medical debt has become a leading cause of individual bankruptcy in America.<sup>2</sup>

## Access to Care

Current indications are that by 2012, one in five Americans will be uninsured. In addition, tens of millions more will be underinsured and lack sufficient coverage to pay for basic care. For those privileged enough to have coverage or the means to pay and to secure an appointment, the average time they will actually spend with the physician is only eight minutes.

Around the time of the Great Depression, the average cost of a week in the hospital exceeded what the average American earned in a month. It was in the ensuing years that the Committee on the Costs of Medical Care, a blue ribbon commission that spent five years conducting the first national census on health care, recommended the creation of something that resembles modern health insurance. By 1938, 2.8 million people were enrolled in Blue Cross plans across the country.

During World War II, the demand for such benefits increased. The federal government decreed that fringe benefits were exempt from wartime control on wages. Because money spent on health insurance by employers was not subject to income tax, the demand for

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<sup>2</sup> Elizabeth Warren, Teresa A. Sullivan, and Melissa B. Jacoby, "Medical Problems and Bankruptcy Filings" (April 2000). Norton's Bankruptcy Advisor, May 2000 Available at SSRN: <http://ssrn.com/abstract=224581> or DOI: 10.2139/ssrn.224581.

such benefits increased. In effect, a dollar of health insurance became more valuable to workers than a dollar of wages, and without added expense for the employer. Much of modern health care was built on the foundation of this economic accident, which coincided with post World War II explosions in population, education, and scientific and technological advances.

Unfortunately, the cost of health care skyrocketed at the same time that the long postwar prosperity began to falter. Large manufacturing companies, long the employers of choice, struggled to cut costs in the 1980s in order to compete with foreign producers. Among the largest, and therefore most attractive targets for expense reduction, of course, were employee health benefits.

Twenty years later, companies are still chipping away at employee health care. Companies not bound by the terms of union contracts scale back their commitment to generous health benefits to make ends meet. As of 2005, less than half of Wal-Mart employees nationwide had company-provided insurance. In early 2006, employee health care expense constituted more of the cost of a General Motors automobile than did steel, and bankruptcy looms.

#### Quality of Care

Every day brings another story that illustrates a system fraught with peril for the most vulnerable participants – patients. What we call modern medicine is of fairly recent vintage. Dr. Alan Gregg, a renowned scientist, famously remarked, “it was about the year 1910 or 1912 when it became possible to say of the United States that a random patient with a random disease consulting a doctor chosen at random stood better than fifty-fifty chance of benefiting from the encounter.” There are nearly 1000,000 medical errors that cause death in the United States every year,<sup>3</sup> the same as if a 747 crashed each day.

You might think that personal injury lawyers in hospital waiting areas (at least in the form of well-placed ads that promise lottery-like winning) would reduce the incidence of such egregious errors. On the contrary, most fatal errors do not result in lawsuits. Moreover, many of the lawsuits actually filed are either unfounded or fail to earn settlements for the litigants. The result is that the system extracts more expense from all of us – somebody has to pay all those legal and administrative costs – with little or no corresponding improvement in quality. In all fairness to the medical community, there is a shortage of nurses, as well as poor pay and long hours for many care professionals. Regardless of the reasons, the real lottery is the gamble taken every time you entrust yourself to the care of our nation’s doctors and hospitals.

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Health care in America is in crisis. Most Americans understand that access to care is declining, that quality is falling, and that this downward spiral will continue. Most Americans recognize that as costs rise, they will be the ones to bear the burden of health

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<sup>3</sup> Robert Langreth. *Fixing Hospitals*. [www.forbes.com](http://www.forbes.com) June 20, 2005

care expenses. The United States has not seen serious political initiatives in health care since the early 1990's. It will undoubtedly be a deciding issue in the upcoming presidential election. The unavoidable facts of our health care crisis portend radical change, and this change represents an important opportunity for the fitness and wellness professional community.

### The Benefits of Exercise

In 1964, when the Surgeon General of the United States published the first report on the dangers of smoking, about half of Americans smoked. Today, only one fourth do. The report was a national call to action. Reports and campaigns by the American Cancer Society, the American Heart Association, and the American Medical Association produced more conclusive evidence and educated the public at large. In subsequent years, legislation restricted advertising of tobacco products and smoking in certain public places. Forty years later, despite a very large number of passionate, addicted smokers and a powerful tobacco industry, America has at least 80 million fewer smokers today than would have been expected based on pre-1964 estimates.

In 1996, the Surgeon General of the United States released the first-ever report on the health dangers of inactivity and the benefits of exercise. The report indicated that only 30% of adults were exercising enough to optimally protect themselves from disease. Another 40% were exercising sporadically, and 30% were completely sedentary. While the data clearly demonstrated the overall inactivity of the population, the research relied on self-reporting. In independent research, Harvey Lauer of American Sports Data reports that the number of Americans exercising regularly is closer to 15% or 20%. As club operators and owners, we know that the true number of active Americans is far closer to 20%.

Simply put, the number of Americans who were vulnerable to the risks of inactivity in 1996 was far greater than the number vulnerable to the risks of smoking in 1964. With 80% of the American population physically inactive, there is an opportunity to make a real impact through fitness and wellness initiatives.

There is more conclusive research today than ever before about the health benefits of regular exercise. Organizations that are in the vanguard of scientific research continue to build a compelling case for the benefits of physical activity. While the most respected and prestigious journals publish research results at unprecedented rates, this information is also readily available to the general public. It is difficult to read a magazine, watch the news, or surf the Internet without finding stories about the benefits of physical activity.

Evidence now proves that the health gains from becoming physically active are greater than those from quitting smoking. In John's McCarthy's *Plan for Growth*, we learn that:

- The risk of colon cancer is 54% less for regular exercisers than it is from sedentary individuals.
- The risk of heart attacks is 38% less for frequent exercisers than it is for non-exercisers.

- Over a five-year period, the all-cause mortality rates of non-exercisers, aged 65 to 101, was 67% higher than it was for exercisers.
- Regular exercise reduces the risk of Type II diabetes by more than 35%.
- The risk of a fatal stroke was 60% less for men, aged 65 to 84, who exercised regularly.

There are many other findings extolling the virtues of physical activity. In the context of our national health care emergency, two conditions are particularly responsive to exercise.

### Overweight and Obesity

As John McCarthy noted in the foreword of *50 Million/2010*, “American is the fattest nation on the face of the earth.” In one generation, Americans have managed to become the fattest civilization in the history of our species. The National Institute on Health classifies approximately 60% of American adults – more than 100 million of us – as carrying so much extra weight that it has become a serious health threat. More than 64 million American adults now meet the criteria of overweight and clinical obesity.<sup>4</sup>

As compelling and conclusive as the benefits of physical activity are, the deleterious effects of overweight and obesity are equally and devastatingly far reaching. Almost all of the maladies that are mitigated or prevented by exercise are likely to be triggered or exacerbated by overweight. This epidemic of historic proportions is eminently treatable. Proper diet and exercise are the only know cures.

### Diabetes

There is another disease that poses a striking threat to our health care system and the economy. As a society, Americans spend more money on diabetes than any other single disease, accounting for roughly \$1 of every \$10 flowing through the U.S. medical system.

Diabetes is the body’s inability to convert sugar, the basic fuel for cells, into energy. There are two types of diabetes. In Type I diabetes, the body does not produce enough insulin, the hormone required to break down sugar. In Type II diabetes, the body doesn’t produce enough insulin and/or its cells do not respond to insulin. The onset of Type II diabetes can be related to lifestyle, such as poor diet, physical inactivity, and overweight/obesity. With the majority of Americans, including children, leading sedentary lifestyles, the prevalence of this disease will steadily increase.

Within five years, Type II diabetes will likely afflict more than 60 million Americans at a cost of \$400 billion per year. Researchers believe that Type II diabetes is preventable and that as many as two-thirds of all new cases would be prevented with 30 minutes of walking every day and a reduction of 5% to 10% of body weight.

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<sup>4</sup> American Obesity Association statistics section. <http://www.obesity.org> Source: <http://www.cdc.gov/nchs/products/pubs/pubd/hestats/obese/obse99.htm>

Of the 80% of the population who are inactive, 63% of them might be called the “interested deconditioned.” These individuals recognize the benefits of physical activity and want to become healthier, but they have not yet begun to exercise. The greatest opportunity for IHRSA to grow its profile and for club owners to grow their memberships lies with that demographic. The best pathway to penetrate that broader market is through medical alliances.

### The Need for Leadership

The role of our industry is clear, and the reasons to become involved are compelling. Leadership is the prerequisite to seize this opportunity. By expanding IHRSA’s existing initiatives and creating new ones, we can move the industry into a position of health care leadership.

### The IHRSA Institute on Exercise and Health

In 1996, IHRSA initiated a program to make sure that information relating to the health benefits of exercise was disseminated to the health club industry. Every week, industry news and research updates are delivered directly to the inboxes of industry leaders:

- The Pulse
- Club Business for Entrepreneurs
- Capitol Report
- The Link
- Insight
- Health eReview
- IHRSA Book Club
- Group Purchasing e-Newsletter
- Active Careers Digest

While this program currently enjoys a large audience among fitness and wellness professionals, there is room for improvement in our distribution strategy. In addition to preparing publications for those employed in our industry, preparing materials for direct distribution to club members would add value to being a part of the IHRSA network.

### Strategic Alliances

The Surgeon General’s 1964 report on the health effects of smoking was the catalyst for what became one of the most successful public health campaigns in history. But neither the report itself, nor the research that bolstered it, could have had the impact that it did without the support of the entire medical community. The American Heart Association, the American Medical Association, and the American Cancer Society all developed and led campaigns to reduce the number of smokers in the United States.

We have entered an era when the Surgeon General warns us that inactivity is the new equivalent of smoking, and the medical establishment acknowledges the role exercise has

to play in health. The fitness industry must align itself with leading health care organizations that have the power to persuade millions of Americans to become more active. The opportunity to create strategic partnerships with those associations is evident. There are millions of patients currently in the health care system who want to become healthy. We have the science, technology, and delivery system to introduce them to exercise as a tool for good health.

IHRSA should appoint a health care envoy to negotiate strategic alliances with respected associations. Shared resources, including marketing initiatives, research findings, and health insurance buying cooperatives, can benefit all involved.

### Health Care Initiatives Clearinghouse

None of us is ever as smart as all of us. By emulating the best practices of other clubs, our industry can flourish.

- “[Many] years ago, Natasha Ford, the owner of three American Fitness Institute (AmFit) facilities in Greenwich, Norwalk, and Stamford, Connecticut, began to include in her membership application a question that asked each of her new members to give her the name of their [sic] personal physician. As a result of this one step, and with the permission of each of her members, Ford created a network of community-based, primary care physicians. Over the years, she kept them continually informed about health promotion programs at her club, and about the myriad health benefits of exercise. Most importantly, she has kept the physicians apprised of their patients’ progress in the health promotion programs at her club. Today there are more than 400 physicians in AmFit’s community health promotion network.”<sup>5</sup>
- In 2004, Atlantic Coast Athletic Clubs in Virginia and Pennsylvania created the Physician Recommended Exercise Program (PREP). Communication between community health care providers and the health club is the cornerstone of the program. With a “prescription” from a physician, an individual can enroll in a sixty-day trial program that incorporates small group resistance training and cardiovascular exercise. PREP is particularly successful because it creates welcoming conditions for physically inactive individuals and requires little financial commitment. Over the last three years, participation has tripled. In 2007, ACAC will enroll almost 1,000 individuals in the PREP program. Even better, more than 40% of PREP enrollees will join on a regular club membership once the 60-day program is over. The outcome is a win-win for everyone involved.

Throughout the United States, health clubs are creating programs and products in partnership with health care providers. IHRSA should create a program to identify successful initiatives and provide the information necessary to replicate them.

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<sup>5</sup> John McCarthy, *Plan for Growth*. p.75.

Our population is older and heavier than any in history, and our health care system is in critical condition. There is, however, a beacon of hope. Exercise is a form of prevention and treatment that holds more promise than any other. IHRSA has a firmer grip on the science, technology, and delivery of that therapy than any other industry. We are an association that represents more of the fitness and wellness industry worldwide than any other. By positioning our trade association at the forefront of the health care movement, we can build spheres of influence and secure our own industry's future. It is difficult to imagine a more worthy initiative for IHRSA in the coming decade.