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Is Health Club Membership an ERISA Benefit?

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QUESTION: Our company contributes toward the cost of health club memberships for employees. Does that make the program subject to ERISA? What if we offered an on-site health club or fitness center—would ERISA apply?

ANSWER: In general, neither paying for employees' health club memberships nor providing an on-site fitness center for employees will constitute an ERISA plan. For an employer-provided benefit program to qualify as an ERISA plan, it must (among other things) provide one or more of the benefits listed in the ERISA definition, such as medical, sickness, or disability benefits. While health and fitness clubs and on-site fitness centers promote general good health, they normally are made available without regard to sickness or disability and do not diagnose or treat specific medical conditions, so they typically do not provide medical care, benefits in the event of sickness, or any other ERISA benefit. Absent an ERISA benefit, a policy or program of paying for health club memberships or providing an on-site fitness center would not be an ERISA plan.

In relatively rare situations, membership in a health club or access to an on-site fitness center may be offered to employees as part of an arrangement, such as a disease-management program, that includes diagnostic, therapeutic, or preventive care or "coaching" for specific health conditions or risks. This type of health club arrangement may be viewed as providing a medical benefit, potentially making it subject to ERISA and applicable group health plan rules either on its own or as an element of a larger plan, depending on how the arrangement is structured. Determining how ERISA applies to this type of program is complex and fact-specific, and should be undertaken with the assistance of legal counsel. Note that whether a benefit is subject to ERISA does not depend on or affect whether the benefit produces taxable income for participants or beneficiaries. However, an employer's payment or reimbursement of health club dues or provision of an on-site fitness center may raise tax issues, which should also be reviewed with legal counsel.

For more information, see EBIA's ERISA Compliance manual at Sections VI.D ("Does the Plan Provide the Type of Benefits Listed in ERISA?") and VI.J.4 ("Examples of Typical Plans/Programs Not Providing Medical Care"). See also EBIA's Consumer-Driven Health Care manual at Section VI.F ("ERISA Considerations"), EBIA's Fringe Benefits manual at Section XXIV.D ("On-Premises Athletic Facilities"), and EBIA's Cafeteria Plans manual at Section XX.L.6 ("Exercise Programs and Health Club Memberships").

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