



## OFFERING "FREE" SERVICES TO EMPLOYEES

Free services to employees come with a cost, but one that is well worth it when you take the time to create a well-thought-out policy.

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Apr 15th, 2022

There are several benefits to offering free products and services to your staff members. First, everyone loves to get something for free, and your employees are no exception. After undergoing a treatment or bringing home a new skin care product they received as a job perk, they are likely to get excited about it and talk the product or service up to their friends, family members and your prospective patients. They may even post on social media and share it.

Staff members also are inclined to provide you with honest feedback about the experience, allowing you to fine-tune your offerings. Free services help foster staff loyalty and act as a great way to provide advanced training to employees.

While this perk is typically provided for free or at minimal cost to your employees, it does come with a cost to the business. Let's explore how to make free services for employees a win-win for your staff and your practice's bottom line.

### The Cost of "Free" Services

The Internal Revenue Service (IRS) is likely to consider the products and services you give to your employees as fringe benefits. IRS Publication 15-B (2021), the Employer's Tax Guide to Fringe Benefits states, "Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it." There are exclusions for employee discounts, but there are limits on these exclusions. Talk to your tax professional for guidance on the taxable consequences of providing these perks as you develop your program.

There is also the wholesale cost for the physical product that you give to your employee. For services, there is the cost of the provider's time in addition to the cost to operate the equipment and the cost of any consumable supplies. There is also the "opportunity cost," meaning that while your employee is enjoying a free treatment, a paying patient cannot be.

You can overcome this concern by scheduling a block of time every quarter for staff treatments or by squeezing an employee treatment into an empty no-show slot. If you offer the latter option, you should create a policy clarifying that the treatment must be approved and documented by a manager.

#### A Free Perk Policy

Since offering free services comes at a cost to your practice, it is important that you have a well-defined, written employee manual with a policy defining the benefits—including free or discounted products and services—available to your employees. For example, when is a staff member eligible to begin regularly receiving freebies? It's common for an employee to work full time for a year before they become entitled to paid vacation time, so requiring them to work either three months or six months before receiving free services is reasonable. Surgical procedures as perks usually start after one year, and some practices request that employees pay a fee if they leave in the year following the surgical perk. Be cautious of employees coming to work for you only to obtain free procedures and then leaving soon after. This does happen, so have a policy in place to address this ahead of time.

Products and services also have different costs, so outlining what products and services are available for free is also important. You may wish to offer lower cost products and services earlier in the probationary period, then work up to the more expensive offerings. For instance, after three months, an employee may become eligible for free neurotoxins; at six months of employment, they may be eligible for fillers or threads; followed by a higher cost more invasive treatment after nine months of employment.

Your policy should address which products and services are available free of charge and those available at cost, as well as when an employee is entitled to receive them and the frequency at which they can do so. Take into consideration patient demand for these offerings. Consider which products would benefit from the promotional influence an employee's personal experience brings to the patient interaction.

"I give my staff complimentary Botox, fillers and facials as needed. I feel it's important to keep them happy and feeling appreciated, and they need to experience the treatments they provide," says Tracy Olson, owner of Youthtopia Med Spa in Alpharetta, Georgia. "They can get CoolSculpting when we hit a certain quota. I also let them buy any products at 40% off. My staff are like business partners to me, and I compensate them well both monetarily and with services."

Having staff members that can speak from firsthand experience about the results they enjoyed from a specific treatment or use of a product is very powerful. Patient testimonials are what prospective patients are seeking as they investigate providers. Having personally had a treatment allows your employee to relate their experience to a potential patient in a manner that is more genuine and convincing. It builds trust and helps form a connection with the patient considering the treatment.

Offering perks on a monthly or quarterly basis may be too expensive for a small practice, so consider what will work for your situation. The idea is to make this a win for the employee and a win for your practice, where your cost to provide the perk results in an equal or larger gain for the practice. When calculating the "gain," don't overlook the morale boost employees receive as a result of the freebies they receive.

"Initially, I offered medical aesthetic services to my staff at cost of the consumables, but soon realized they did not participate. Once I gave them opportunities to have services at no charge, not only did they love the laser and aesthetic services but there was an immediate increase in aesthetic sales," says Judy

Corbett of Baldwin GYN & Aesthetics in Foley, Alabama. "The staff loves sharing their before-and-after photos and individual experiences. The small cost in consumables spent was more than recovered with increased revenue."

#### Vendor Support

Another way to help turn free employee perks into a win-win is to obtain products and disposables labeled for education from your vendors. Your vendors want you to succeed with their products, so having knowledgeable, well-trained people in the practice is in their best interest.

Take advantage of all supplier training and allow your staff members to act as "models" for the treatments, thereby experiencing the treatment firsthand at a reduced cost to your practice. Product vendors may also be willing to donate samples of their products for employee training sessions.

Legally, you cannot require a staff member to get treatments and, even if they choose to do so, you cannot require them to share their before-and-after photos or show a potential patient the results of a procedure or treatment they had done. However, they can show off their results on a voluntary basis at their own discretion.

If you would like to share their outcomes on your website, in your "look book" or on social media, the employee must sign a medical waiver and marketing form, and these forms must be signed annually. Have the forms reviewed by your healthcare attorney to ensure they are sufficient prior to using them.

Offering free treatments to employees not only makes them happy, it allows them to gain in-depth knowledge of product and treatment benefits. The greater their knowledge, the better able they are to educate your patients.

Before offering any new employee benefits, it is wise to do an in-depth cost assessment with the help of your team of advisors. Understanding the cost impact and tax consequences of offering free services to employees is important. In my experience, the benefit of offering such a program far outweighs the costs to the practice.