

Legal and Compliance Strategies for Health Coaching Businesses

May 8, 2025

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The health coaching industry is expanding. At this time, it is essential for coaches and wellness entrepreneurs to be aware of the legal landscape. The industry is expanding so quickly that in some states, laws governing health coaching don't even exist yet. Because the laws are lagging, there's no clear path to follow, and you know what that leads to—confusion. And operating under a cloud of confusion puts your business at risk. It opens you up to the possibility of being sued and even having to declare bankruptcy. Without a clear direction, this is where a lot of wellness entrepreneurs seem to be headed.

This guide covers several of the major compliance problems that health coaches, wellness startups, and coaching platforms seem to have a hard time grasping. Some of the most important ones are outlined here. They are important because ignoring them could lead to serious legal and financial trouble. They are also important because they affect a lot of people, and dumb compliance problems can make you look untrustworthy or lead to the kind of appearance that makes you seem untrustworthy.

Do Health Coaches Need a License? Understanding State Laws

In the majority of states, you don't need a license to work as a health coach. But depending on the kind of services you offer, especially if they are of a certain kind, you could be violating state laws that require professionals to be licensed. For instance, if you are offering detailed nutrition plans (more than just broad dietary guidelines) or any kind of medical advice, you could be interpreted as practicing without a license.

Several states—including Florida and North Carolina—confine the provision of dietary counsel to licensed dietitians. The same applies to services that resemble psychotherapy; offering those could trigger mental health licensing rules. If you're giving advice that could be considered medical—like diagnosing or treating health conditions—you could confront claims of practicing medicine without a license.

Avoiding the Corporate Practice of Medicine (CPOM)

Health coaching businesses that necessitate a partnership with a licensed professional must be particularly careful regarding the corporate practice of medicine. Why? Because in many states, entities providing medical services must be owned by a physician. If your business model requires the presence of a licensed practitioner, a careful structure is critical—because the alternative could put you in the path of regulatory enforcement.

To investigate the functionality of CPOM and the nature of business structures that are compliant, see [this page](#).

Typical legal structures include the formation of a Management Services Organization (MSO) that oversees administrative functions while the licensed provider has clinical control. Another structure is to operate as a strictly wellness or life-coaching service, avoiding all regulated health services. Some businesses contract with licensed providers instead of hiring them

directly.

Marketing Health Coaching Services: FTC Rules and Red Flags

Also, federal laws govern health coaching. The Federal Trade Commission has rules about advertising, and health coaches must follow those rules. The FTC requires that all marketing be truthful and not misleading. This means you can't promise clients guaranteed results or make unsubstantiated health claims.

See the complete [guidance on health-related advertising from the FTC](#).

You can state, *"This program promotes wellness through lifestyle strategies,"* but you must avoid saying things like, *"This program cures diabetes naturally."* When it comes to making health claims of any sort, you best have them lined with credible scientific evidence. Using disclaimers such as "Results vary" or "Not intended as medical advice" can also help you keep legal risk to a minimum. Be especially careful with testimonials; they should not exaggerate or imply that the program can bring about any more than what it is expected to do.

HIPAA Compliance and Client Health Information

You might be subject to HIPAA regulations if your business collects or stores any sort of client health information. If you're a small business, especially, don't make the assumption that just because you're not a health insurance company or a hospital, you don't count. You might.

Verify your [HIPAA](#) standing.

If your business is regulated by HIPAA, you must use secure communication tools, such as encrypted video conferencing platforms, to talk with clients about anything but the least sensitive health information. You should collect only the information you need to do business—make it a habit to always ask for the client's informed consent first—and you should almost never store any sensitive health information.

More comprehensive security counsel can be obtained from [this page](#).

Protecting Your Business Through Legal Best Practices

To protect your business from legal risk, always make it clear what your role is with proper disclaimers. A typical one is: *"This program provides general wellness advice and is not a replacement for your doctor's orders or prescriptions."*

It is also prudent to obtain professional liability insurance, which can assist you if disagreements with clients occur. And prior to launching your services, think about collaborating with a healthcare attorney to verify that your contracts and business model comply with applicable laws.

Operating a health coaching business entails meeting various compliance mandates. This can be a bit of a balancing act at times because health coaches are not legally licensed as health professionals. Fortunately, the following section clarifies the main compliance challenges health coaches are likely to face, including the following:

- Licensing and Advertising Issues
- Data Privacy and Security Concerns