



How to Create a Healthy High-Performance Culture

*How Leading Employers are Improving Health & Performance with a
Leadership-Driven, Culture-Based Strategy*

CCA Forum 11 – San Francisco

September 9, 2011

David R. Anderson, PhD, LP

Senior Vice President & Chief Health Officer

StayWell Health Management

Presentation Overview

☑ **The case for health as a core business value**

- ✓ Health is a major cost & performance driver
- ✓ Wellness popular but best practices still uncommon

☑ **Driving employee “engagement” in health**

- ✓ Leadership support is the foundation
- ✓ Best practices drive engagement and outcomes

☑ **Learn from leading-edge employer case studies**

- ✓ Leadership commitment and value-based investment
- ✓ Financial return an “order of magnitude” better than market

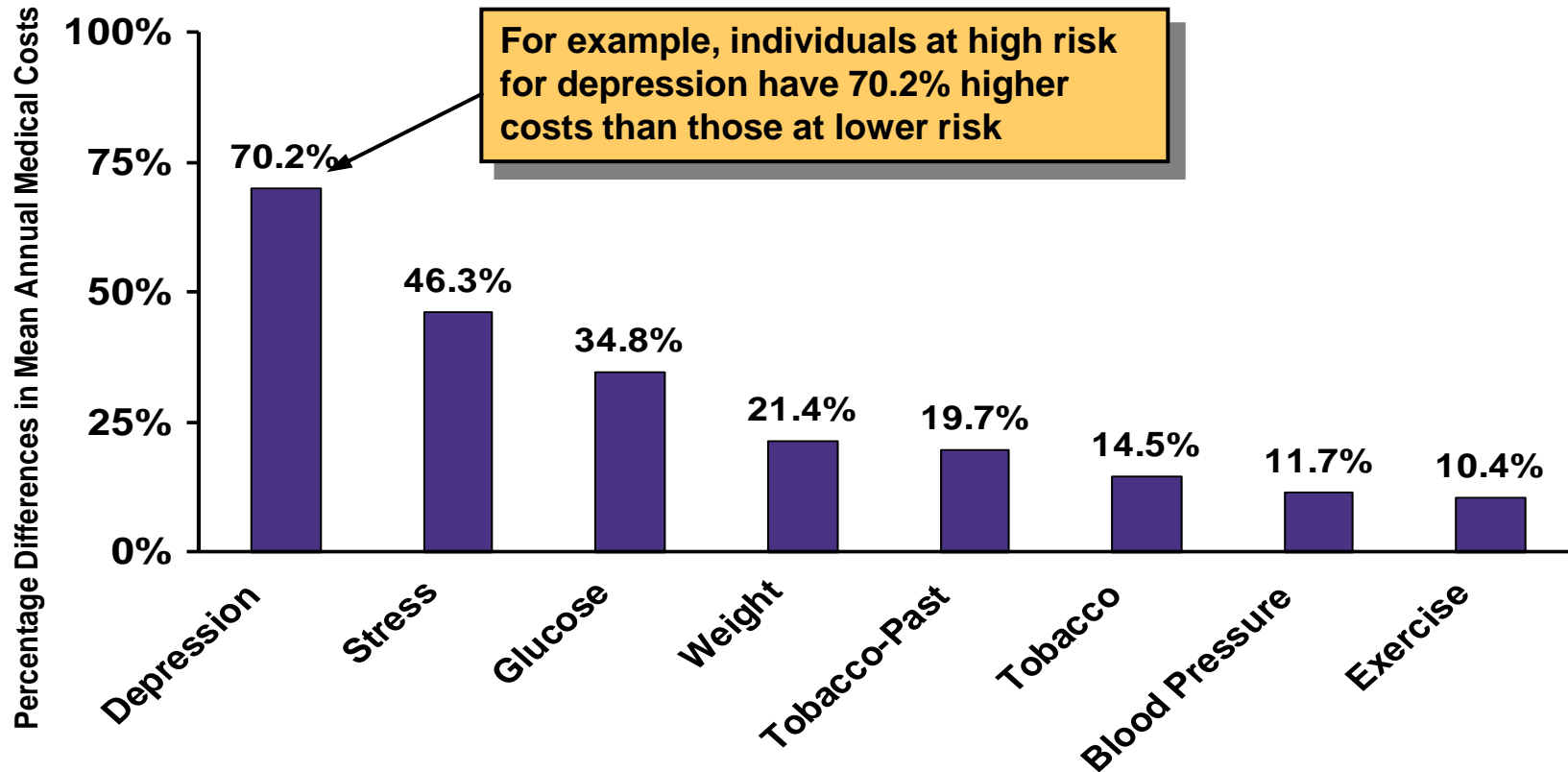
☑ **Impact of health care reform**



Case for Health as a Core Business Value

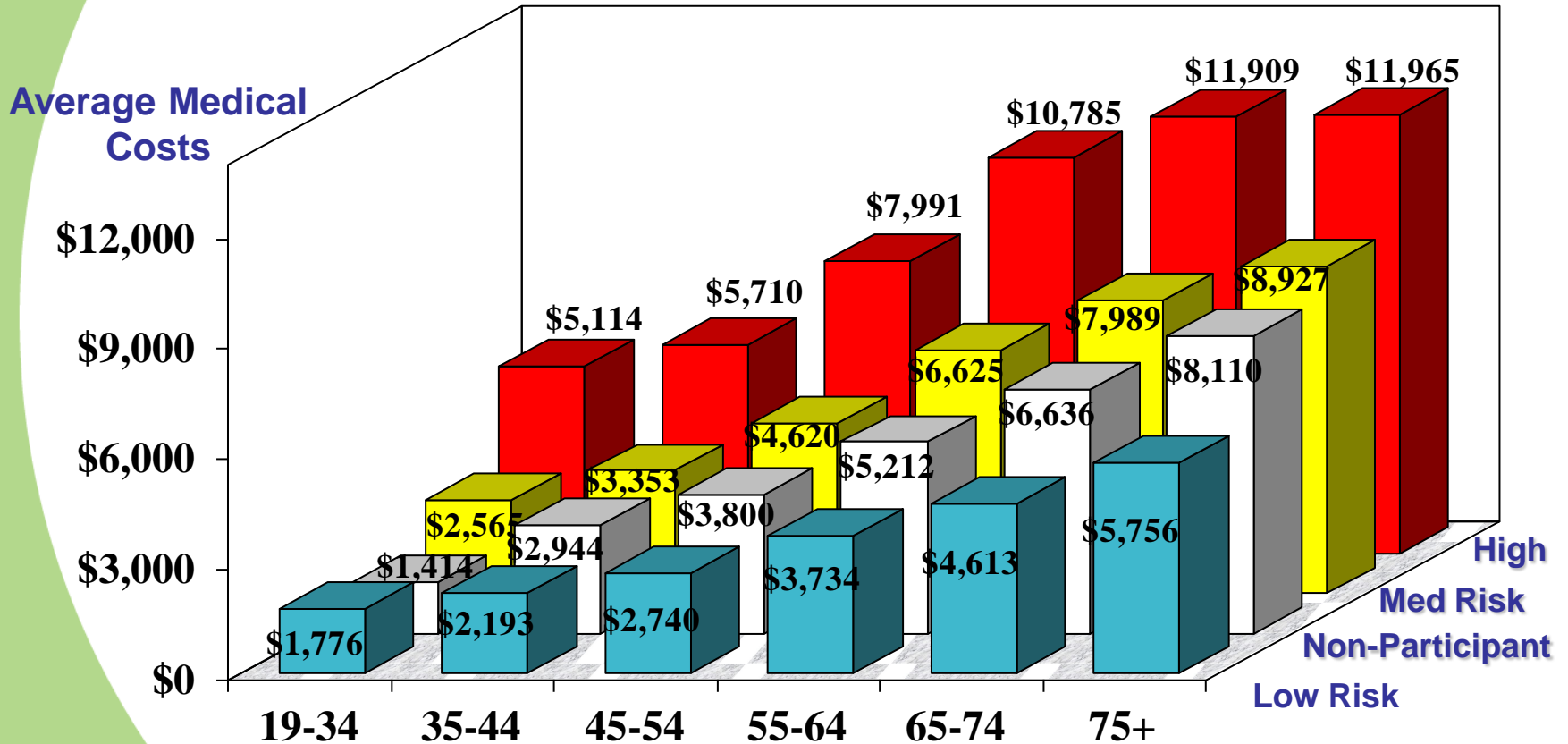
HERO I: Health Risks & Individual Costs

Health Care Costs of High-Risk vs. Lower-Risk Employees



Source: Goetzel et al. (1998)

Annual Medical Costs by Age and Risk Level



Edington. AJHP. 15(5):341-349, 2001

Impact of Health Risks on Employer Costs

Cost Measure	Low-Risk (N=671)	Medium-Risk (N=504)	High-Risk (N=396)	Excess Cost Percentage
Short-term Disability	\$ 120	\$ 216	\$ 333	41%
Worker's Comp	\$ 228	\$ 244	\$ 496	24%
Absence	\$ 245	\$ 341	\$ 527	29%
Medical & Pharmacy	\$1,158	\$1,487	\$3,696	38%
Total	\$1,751	\$2,288	\$5,052	36%

Source: Wright, Beard, Edington. JOEM. 44(12):1126-1134, 2002

The Real Problem: The Full Cost of Poor Employee Health

Medical &
Pharmacy costs
\$3,376 PEPY

Health-related
Productivity Costs
\$10,128 PEPY

Total Costs =
\$13,504 PEPY

Personal Health Costs

25%
Medical Care
Pharmacy

Productivity Costs

Absenteeism

Short-term Disability
Long-term Disability

75%
Presenteeism

Overtime
Turnover
Temporary Staffing
Administrative Costs
Replacement Training
Off-Site Travel for Care
Customer Dissatisfaction
Variable Product Quality

Sources: 2006 Mercer Employer Annual Survey; Edington DW, Burton WN. *Health and Productivity*. In McCunney RJ, Editor. *A Practical Approach to Occupational and Environmental Medicine*. 3rd edition. Philadelphia, PA. Lippincott, Williams and Wilkins; 2003: 40-152. Loeppke, R., et al. Health-Related Workplace Productivity Measurement: General and Migraine Specific Recommendations from the ACOEM Expert Panel. *JOEM*. April, 2003, Volume 45, Number 4, Pages:349-359.



Wellness Programs Popular

Wellness Programs Increasingly Popular...

- **Supply-side approaches didn't solve health cost problem**
 - Utilization management
 - Negotiated prices
 - Predominant strategy 1980-2000
- **Employers have shifted focus to consumer demand**
 - Consumer-driven health plans
 - Wellness/health management
 - Trend toward integrated health management across entire continuum
- **Over 90% of employers report offering wellness***

*Source: CCA. Disease Management and Wellness: Results of a Market Research Survey.
Available for purchase on CD-ROM at www.carecontinuum.org

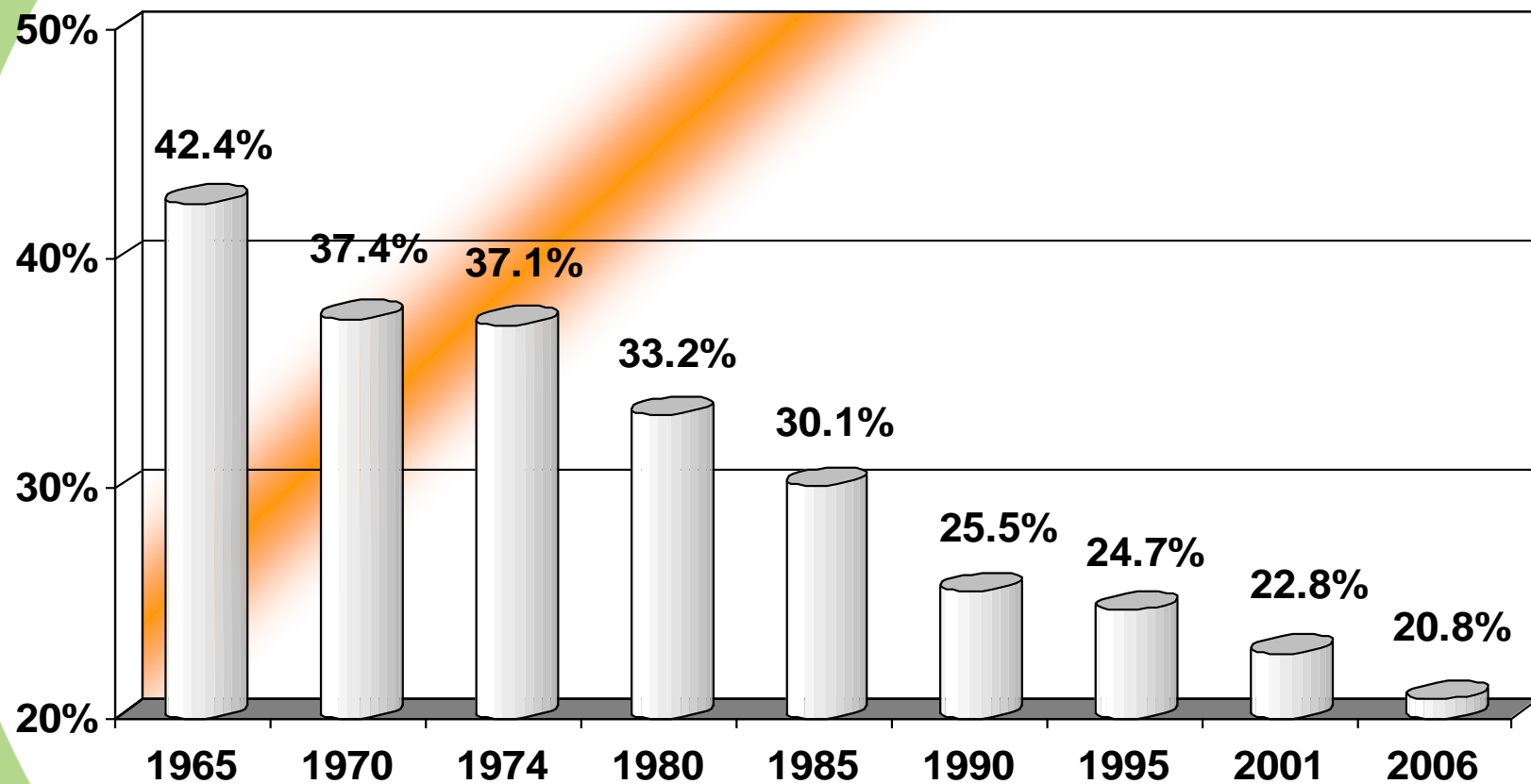
...But Best-Practice Strategies Still Uncommon

- **< 7% of worksites offer comprehensive health promotion programs**
 - 2004 National Worksite Health Promotion Survey
- **Less than 5% of employers doing best practice programs**
 - Ron Goetzel, personal communication, 2008
- **No Consortium member a “Champion Company” – total population health strategy encompassing healthy culture**
 - Dee Edington, NBGH Conference, December 2008



Fundamental Change Possible...
... with an Aligned Strategy

Smoking Trends Among U.S. Adults

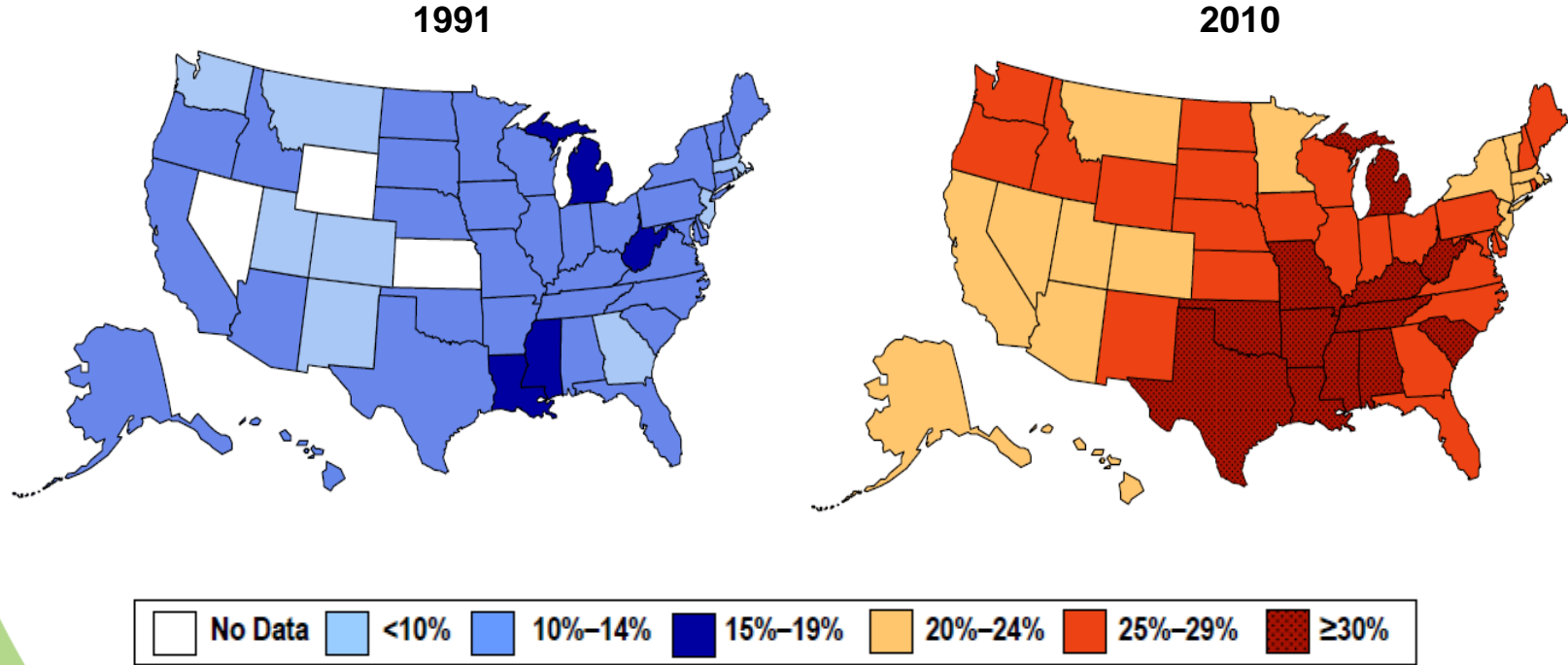


Source: National Health Interview Surveys, 1965–2006.

Obesity Trends* Among U.S. Adults

BRFSS, 1991 versus 2010

(*BMI >30, or about 30 lbs overweight for 5' 4" person)



Source: Behavioral Risk Factor Surveillance System, CDC.



Driving Employee Engagement in Health

The “Three Pillars” of Engagement

Culture



Communications



Incentives



Leadership – the “Foundation”

Leadership Drives Culture...

... and culture always wins!

**... by making healthy choices
the *easy* choices**

What Is a “Culture of Health” Anyway?

- **Organizational culture includes:**
 - Vision – Mission – Values
 - Management practices
 - Work environment
 - Policies
 - Communications
 - Supportive programs, e.g., wellness
- **It’s “the way we do things around here”**
 - Shared values, attitudes, goals, practices
 - Norms

Incentive Use by StayWell Clients

- **91% implementing incentives of some kind**
- **39% using point systems**
- **21% incorporating outcomes into incentive design**
 - 10% currently; 11% next program year
- **1% philosophically opposed to incentives**

Source: StayWell client incentive design review, June 2011.

What Do We *Know* About Incentives?

- **Incentives increase short-term compliance**
 - HA, activity participation
 - Short-term behavior change (e.g., start exercise program)
- **Long-term change requires “intrinsic motivation” or large ongoing incentive**
 - Large external incentives *decrease* intrinsic motivation
- **Initial compliance may become intrinsic over time**
 - Requires strong *cultural* alignment and effective *communication*
 - Seat belt use, smoking, littering are examples
- **People work long and hard for valued goals**
 - Health is not a “passion” motivating most people until it’s gone
 - Large financial incentive may increase perceived value of health outcomes

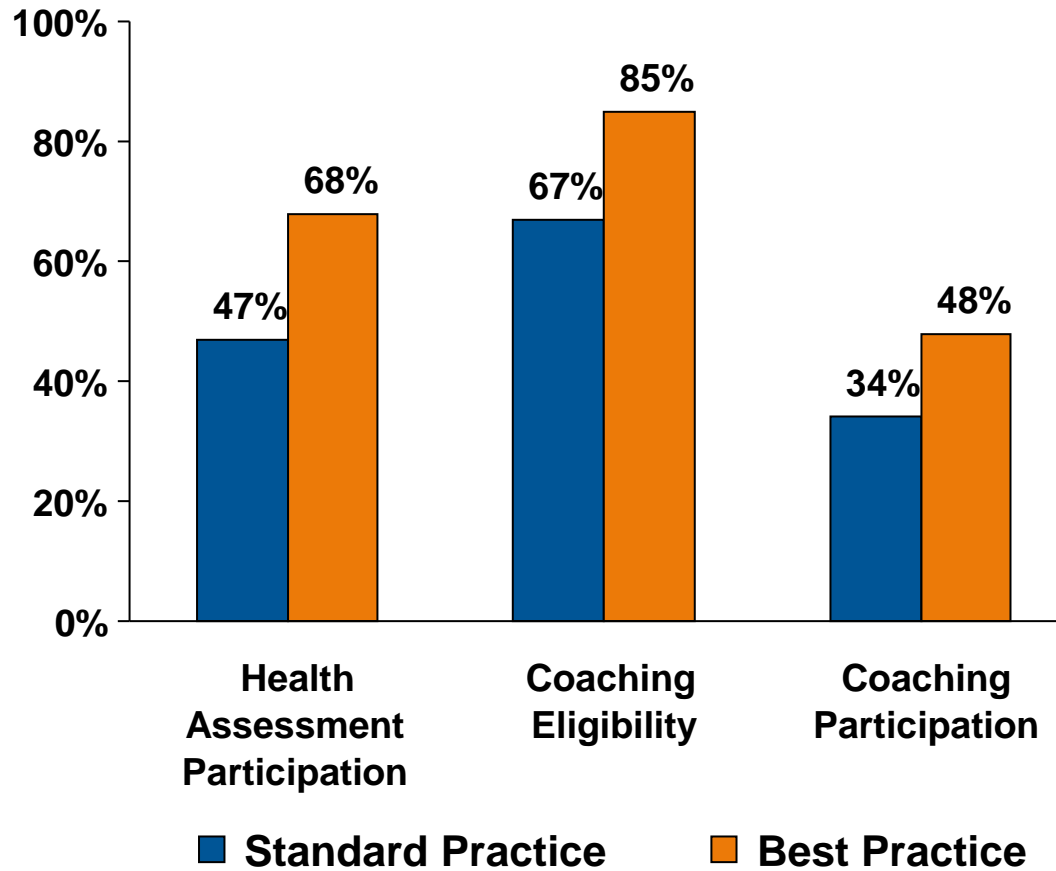
StayWell Best Practices Research

- **22 companies from StayWell book of business**
 - Over 750,000 total employees
- **Rated on 9 Best Practice Elements**
 - Comprehensive program design
 - Integrated incentives
 - Integrated, comprehensive communication plan
 - Strong senior management support
 - Dedicated onsite staff
 - Multiple program modalities (phone, mail, online)
 - Population-based awareness building activities
 - Biometric health screenings
 - Vendor integration
- **Compared “Best Practice” vs. “Standard Practice” Groups**

Reference: Terry PE, Seaverson ELD, Grossmeier J, Anderson DR. Association between Nine Quality Components and Superior Worksite Health Management Program Results. *Journal of Occupational and Environmental Medicine*, 2008;50:633-641

Best Practices Study

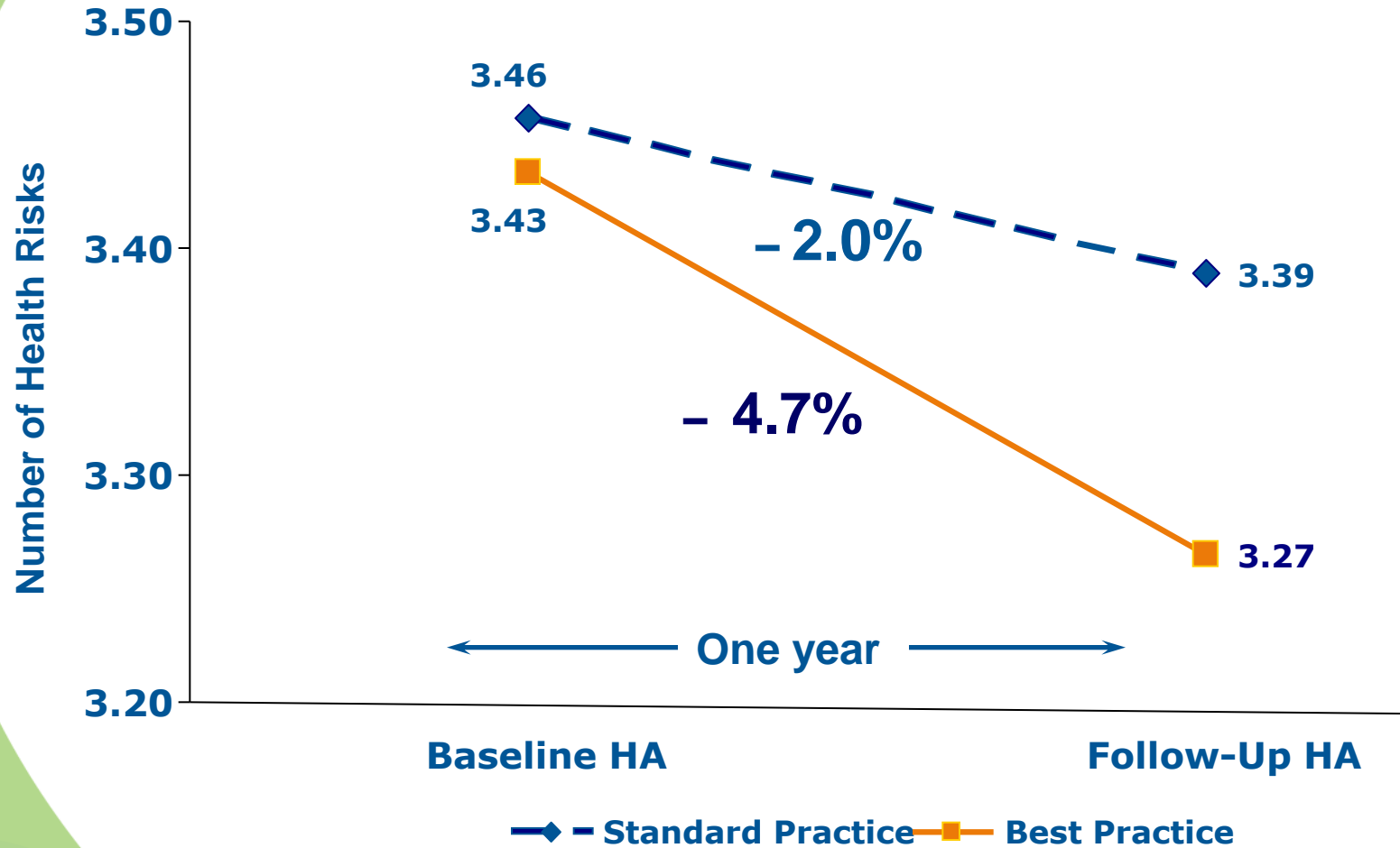
Engagement Rates



Source: Terry et al. *JOEM*, 2008.

Best Practices Study

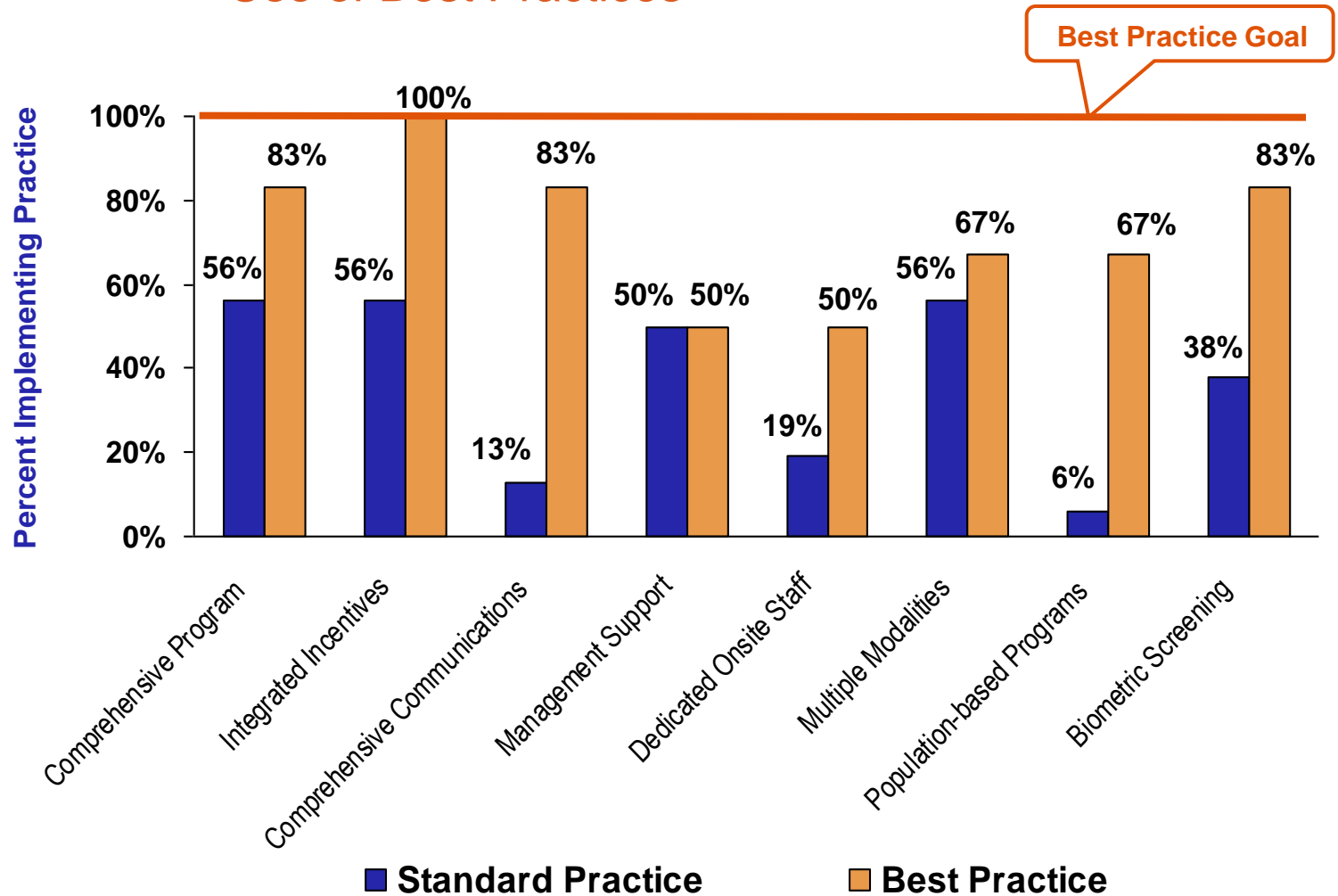
Population-level Risk Change



Source: Terry et al. *JOEM*, 2008.

Best Practices Study

Use of Best Practices



Source: Terry et al. *JOEM*, 2008.

Estimated 3-Year ROI of Health Management

Best-Practice Programs*	Average ROI**	ROI Range
Program Year 1	1.0	0.6-2.0
Program Year 2	1.8	0.2-3.3
Program Year 3	2.0	1.6-2.6
Year 1-3 Total	1.7	0.7-2.7

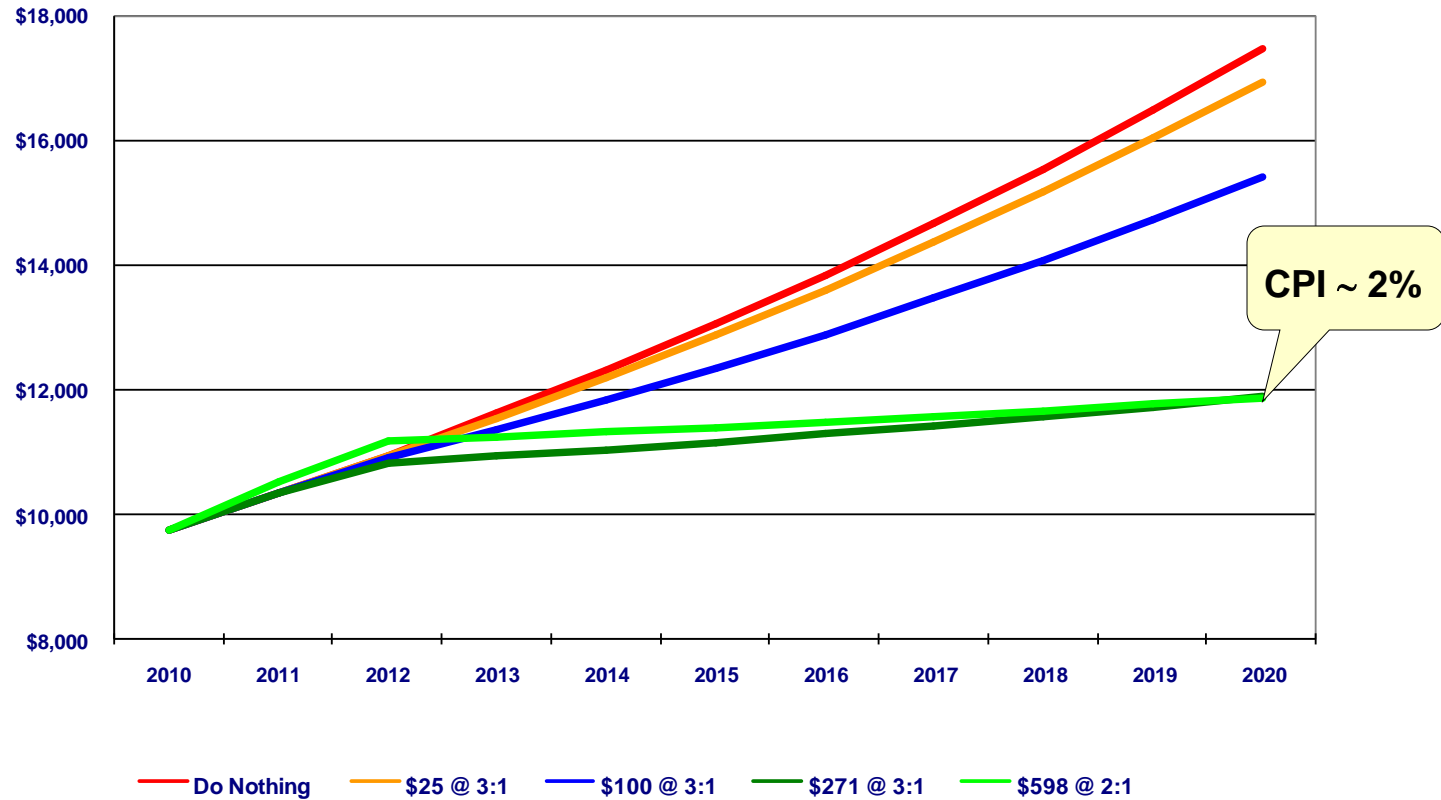
*All programs included HA and lifestyle management; some also included DM.

**ROI compared impact on medical/pharmacy claims to program costs.

Source: Serxner et al. Do employee health management programs work? Am J Hlth Prom (2009)

Impact on Trend – Investing Enough to Matter

Health Care Cost Per Employee



Assumptions:

1. 2010 cost = \$9,750 per employee; 2010 trend = 6%; Source: Mercer, Towers, Hewitt surveys
2. Annual program costs and benefits do not change
3. 3-year ramp-up to full benefit



Total Value of Health to Employers?

What Is Health Worth to Employers?

- **Unclear due to few best-practice examples**
- **Companies with most effective H&P programs**
 - 2.4% versus 11.0% health care cost trend
 - 20% more revenue per employee
 - 16.1% higher market value
 - 57% higher shareholder returns
 - Watson Wyatt/NBGH 2007/2008 Staying@Work Report
- **Case studies demonstrate potential**



Wellness Councils of America



Platinum Well Workplace Award



Case Study: Lincoln Industries

Lincoln Industries – Company Overview

- **Based in Lincoln NE < 500 employees**
- **Nation’s leading supplier of products requiring high-performance metal finishing**
- **HR magazine “Top 25 Medium Companies to Work for in America” four years in a row**
- **National recognition for wellness:**
 - C. Everett Koop National Health Award - 2008
 - US Department of Health and Human Services: “Innovation in Prevention” Award - 2007
 - Great Place to Work® Institutes: “Respect” Award for Wellness Focus - 2007
 - American Heart Association: Platinum Award for “Start! Fit-Friendly Workplace” - 2007
 - Partners for Prevention: “Leading by Example” Company - 2007
 - Center for Disease Control: Worksite Wellness “SWAT” Project 2005-2007
 - Wellness Councils of America (WELCOA): Two Time Platinum Award Winner – 2003, 2006

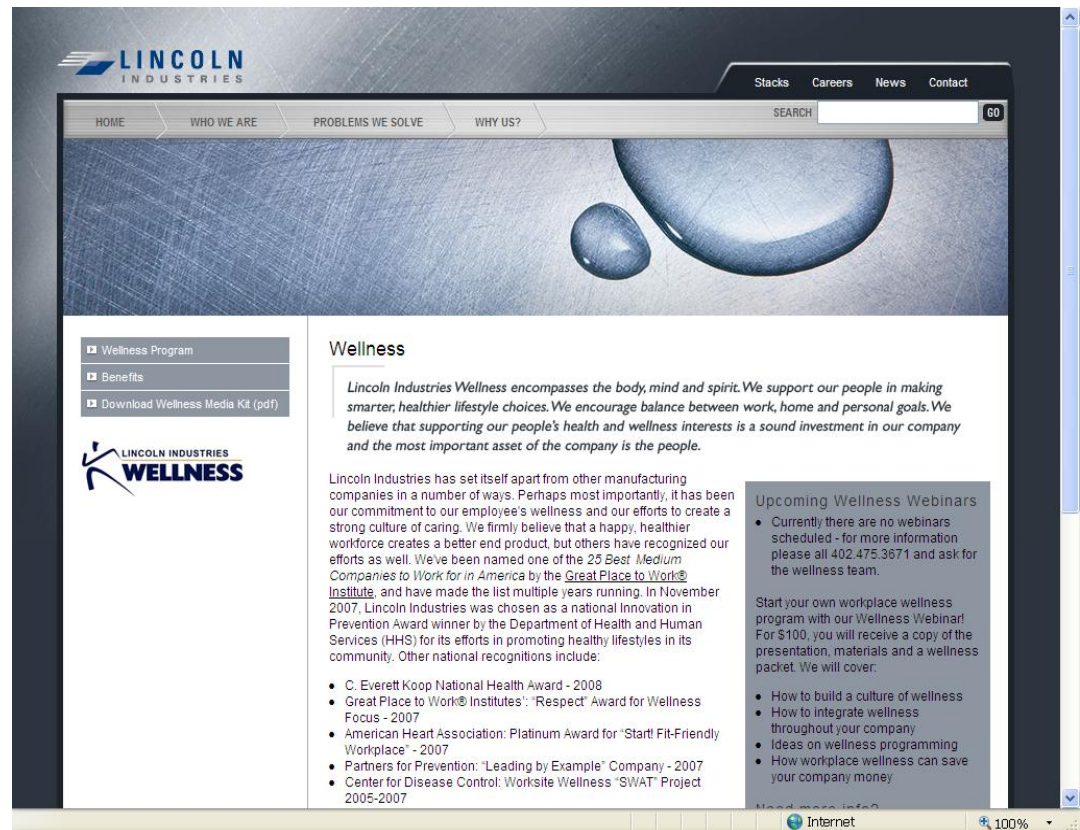
Lincoln Industries – Senior Leadership Commitment

“Too often companies look at wellness as a stand alone program – just another benefit. At Lincoln Industries, we have fully integrated wellness into every aspect of the company’s culture. It’s a source of pride and reflects how we care for one another. As a result, wellness has become a critical element of our success.”

Marc LeBaron
Chairman & CEO

“You couldn’t kill wellness here, but you could let it die.”

Hank Orme
President



The screenshot displays the Lincoln Industries website's Wellness page. The header features the company logo and navigation links for Stacks, Careers, News, and Contact. A search bar is located in the top right. The main navigation menu includes Home, Who We Are, Problems We Solve, and Why Us?. The Wellness section is highlighted in the left sidebar, with links to the Wellness Program, Benefits, and a Download Wellness Media Kit (pdf). The main content area features a large image of blue bubbles and a text block titled "Wellness" that describes the company's commitment to employee health. A list of awards and recognitions is provided, including the C. Everett Koop National Health Award and the Great Place to Work® Institute's "Respect" Award. A sidebar on the right lists upcoming wellness webinars, noting that none are currently scheduled.

Wellness

Lincoln Industries Wellness encompasses the body, mind and spirit. We support our people in making smarter, healthier lifestyle choices. We encourage balance between work, home and personal goals. We believe that supporting our people's health and wellness interests is a sound investment in our company and the most important asset of the company is the people.

Lincoln Industries has set itself apart from other manufacturing companies in a number of ways. Perhaps most importantly, it has been our commitment to our employee's wellness and our efforts to create a strong culture of caring. We firmly believe that a happy, healthier workforce creates a better end product, but others have recognized our efforts as well. We've been named one of the 25 Best Medium Companies to Work for in America by the Great Place to Work® Institute, and have made the list multiple years running. In November 2007, Lincoln Industries was chosen as a national Innovation in Prevention Award winner by the Department of Health and Human Services (HHS) for its efforts in promoting healthy lifestyles in its community. Other national recognitions include:

- C. Everett Koop National Health Award - 2008
- Great Place to Work® Institutes': "Respect" Award for Wellness Focus - 2007
- American Heart Association: Platinum Award for "Start! Fit-Friendly Workplace" - 2007
- Partners for Prevention: "Leading by Example" Company - 2007
- Center for Disease Control: Worksite Wellness "SWAT" Project 2005-2007

Upcoming Wellness Webinars

- Currently there are no webinars scheduled - for more information please call 402.475.3671 and ask for the wellness team.

Start your own workplace wellness program with our Wellness Webinar! For \$100, you will receive a copy of the presentation, materials and a wellness packet. We will cover:

- How to build a culture of wellness
- How to integrate wellness throughout your company
- Ideas on wellness programming
- How workplace wellness can save your company money

Lincoln Industries – Building a Culture of Wellness

■ **Belief Statement**

- Only belief statement to be added since inception:

“Wellness and Health Lifestyles are Important to our Success.”

■ **Performance Measurement**

- Each individual, production worker to executive, sets annual wellness goal
- Part of performance review throughout career at Lincoln Industries

■ **Leadership Development**

- All *senior executives* participate in monthly wellness outing
- Top level managers selected annually into Peak Performance Action Team, which chooses wellness goals to complete as a team for one year
- All *supervisors* measured using “3 for 3” model: 1. Initiate and manage change to deliver results; 2. Development of self and others; 3. *Wellness* of self and others
- Supervisory Greatness course focuses on leadership expectations and how to engage their people in wellness efforts

Lincoln Industries – Building a Culture of Wellness

- **Organizational & Job Integration:**

- **Actively Caring in Action:** Wellness and safety closely linked, with focus on concept that healthy employee is a safe employee.
- **Disease & Health Management:** Annual flu vaccination, hearing and vision screenings, blood profiles for employees and family at reduced cost.
- **Group Job Conditioning:** All employees take part in mandatory daily stretch program. At beginning of each shift, 10 minute stretch program, 14 flexibility exercises. Also production specific stretch programs

- **Tobacco Free Campus**

- **Community Support**

- Sponsor of WorkWell, local organization promoting workplace wellness
- Supports many other local wellness-related community initiatives

Lincoln Industries – go! Platinum Program

- **Program Components**

- Mandatory quarterly health screens and 1-on-1 coaching sessions
- Annual health assessment or executive physical
- Wellness activity participation, e.g., 10,000 step “Mark Your Miles”
- Tobacco cessation and weight management
- Safety record

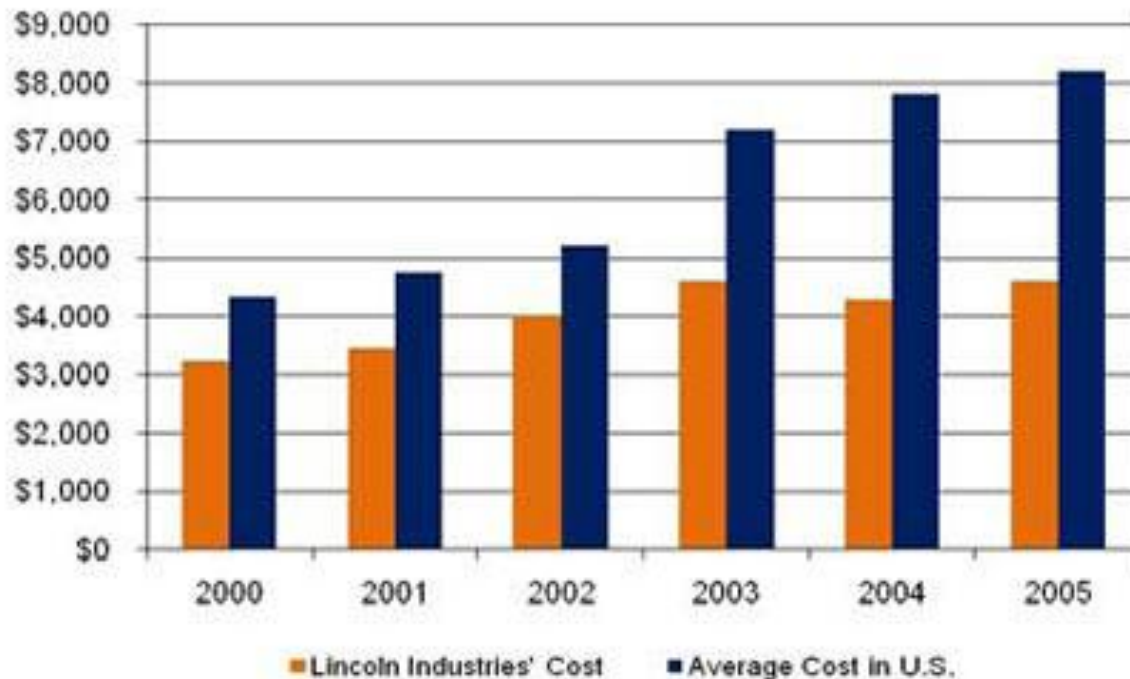
- **Three full-time wellness staff**

- **Incentive Point System**

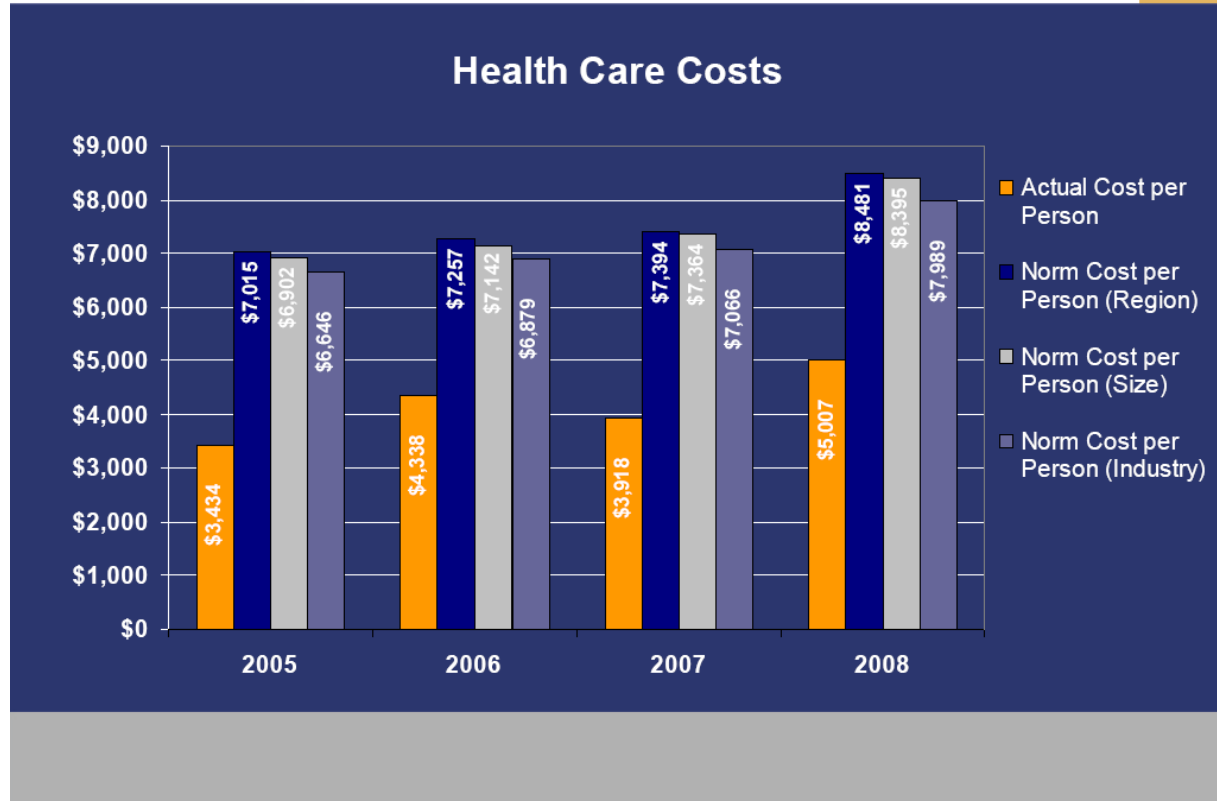
- 1,000 points across 9 categories (200 tobacco; others up to 100)
 - Outcomes (BP, flexibility, body comp) and meaningful activities
- Goal setting in Development section of performance review (5-10%)
- Multiple award levels
 - Platinum (950+ points) – 14K mountain climb with senior executives
 - Gold, Silver & Bronze Levels
- Category completion now also tied to funding HRA in health plan

Lincoln Industries – ROI & Health Care Cost Trends

- **Koop award documentation**
 - 100% of employees participate in the program
 - 5.30:1 ROI including health care and productivity-related savings
 - 9.7% *reduction in health care costs* from 2006 to 2007
- ***Favorable health care cost trend* – Lincoln corporate website:**



Lincoln Industries – Recent Health Care Cost Trends



Source: Presentation by Lincoln Industries at 2009 HERO Forum

A large, solid orange circle is positioned on the left side of the slide, partially overlapping the text.

Case Study: Affinia

Affinia – Company Overview

- **Founded December 1, 2004; spinoff from Dana Corporation**
- **Headquartered in Ann Arbor; locations in 19 countries**
- **About 10,000 employees**
- **Revenues \$2B in 2010**
- **Leader in design, manufacture, marketing and distribution of automotive replacement parts and services including filtration, braking systems and chassis components**
- **Established full-replacement consumer-driven health plan supported by:**
 - Health/lifestyle management
 - Disease management
 - Integrated incentive strategy

Affinia – Organizational Commitment

- From www.affiniagroup.com
 - Affinia means “a community of shared interests”
 - Purpose-driven company that “champions the highest possible ethical standards in every relationship ... including employees.”
- **One of nine core values is: “*We take pride in managing our own health and well-being.*”**
- **CEO committed to personal health and the health of employees**
- **Program name “Partners in Health” emphasizes value of *shared responsibility***
 - Goal 1: To promote our own personal health and well-being
 - Goal 2: To make smart use health care dollars
- **Goals embodied in the *Partners in Health Covenant***

Affinia – Partners in Health Program

1 Consumer-Driven Health Plan

Health Coverage Paid 100% by Affinia
Up to \$5,000,000 Maximum

20% co-insurance paid by member	Health Coverage 80/20 When in Network
	80% co-insurance paid by Affinia

Member's Responsibility
Begins AFTER HRA is Exhausted
(See Chart Below)

Health Reimbursement Account Paid by Affinia
Pays BEFORE Member Responsibility Begins
Includes Medical and Drug (See Chart Below)

Prevention and Dental not charged to the HRA

	HRA	Member Responsibility	Co-Insurance Maximum
Single	\$1,000	\$1,000	\$1,000
Single +1	\$1,500	\$1,500	\$1,500
Family	\$2,000	\$2,000	\$2,000

2

Manage Chronic Conditions

- Monitor Symptoms:
(Diabetes, Asthma, Coronary Heart Disease)
- Follow Treatment Guidelines
- Cooperate with Health Coach to Manage Chronic Conditions

Personal Care Support

3

Manage Health



- Preventive Screening
- Identify Health Risk
- Take Action to Reduce Health Risk

Screening and Health Promotion

4

Walgreens Generic Drug Card

When you use this card, your prescription is totally paid for by Affinia except for your \$5.00 co-pay. Nothing is charged to your HRA.

 	
www.staywell.com AFFINIA PRESCRIPTION DRUG PROGRAM	
RxBIN	603286
RxPCN	01410000
RxGrp	300000X
Issuer	(82840)
Name	JOHN G SAMPLE
ID	123456789 01
02 MARY	03 LAURA
05 JERRY	06 ANTHONY
	04 TOM
	07 ANGELA

Affinia – Partners in Health Covenant

Partners in Health (PIH)
Helping you get Better!

2011 Quick Reference Guide

UNITED Behavioral Health LifeSolutions

Support for Serious Illness

- Specialized care support for people who have major health conditions.
- Cooperate with a Care Advocate for support and guidance.

HRA REWARDS

Colonoscopy	\$200
Healthy Eating	\$50
Prenatal Agreement	\$200
Weight Watchers	up to \$200
Gym or Fitness Club	up to \$200

HRA Rewards for Healthy Outcomes (RFHO)

- \$100 for tobacco free
- \$100 if blood pressure at/below 120/80
- \$200 if BMI >18 but <26, or also \$100 if BMI is >26

UnitedHealthcare
Healing health care. Together.

Health Coverage Paid 100% by Affinia

Health Coverage 80/20 When in Network*

20% co-insurance paid by member	80% co-insurance paid by Affinia
---------------------------------	----------------------------------

* Out-of-network expenses above the HRA amount are paid at 50% with NO co-insurance maximum or out-of-pocket maximum.

Member's Responsibility Begins AFTER HRA is Exhausted (See Chart Below)

Health Reimbursement Account Paid by Affinia Pays BEFORE Member Responsibility Begins (Includes Medical and Drug) (See Chart Below)

Prevention When in Network not charged to the HRA

Manage Chronic Conditions

- Monitor Symptoms: (Diabetes, Asthma, Coronary Heart Disease)
- Follow Treatment Guidelines

NurseLineSM Health Coaches
1-800-638-0532
24 hours a day 7 days a week

Walgreens Generic Drug Card
When you use this card, your prescription is totally paid for by Affinia except for your \$5.00 co-pay. Nothing is charged to your HRA.
ph 800-207-2568

	HRA	Member Responsibility	Co-Insurance Maximum
Single	\$1,000	\$1,200	\$1,200
Single +1	\$1,500	\$1,800	\$1,800
Family	\$2,000	\$2,400	\$2,400

To find out if your doctor or hospital is in-network, log on to www.nyabc.com
StayWell is a registered trademark of StayWell Health Management, a division of The StayWell Company. All rights reserved.

Partners in Health COVENANT

By signing this covenant, my Spouse and I agree to support these goals:

1. Promote our own health and well-being.
2. Make smart use of health care dollars.

In addition, we agree to:

1. Take part in a Preventive Screening, Risk Assessment, and Follow-up Program.
2. Participate, where indicated, in a program to manage Pregnancy or Serious Health Conditions and support voluntary programs relating to healthy eating, weight loss, etc.

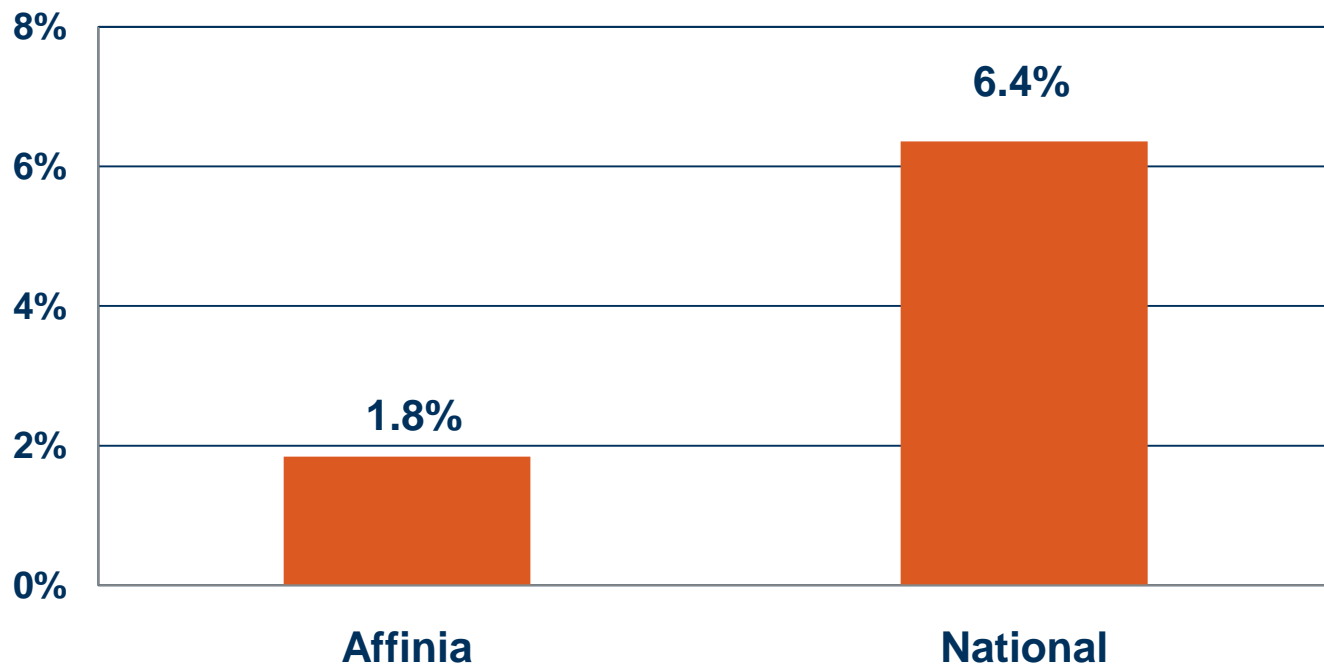
Participation in our preventive screening and wellness program in 2011 provides a premium difference in 2012.

Plus: HRA contributions tied to program completion

Affinia – Health Risk & Health Care Cost Trends

- 98%+ annual participation – about 1/3rd enroll annually in lifestyle management
- High risk down from 32% to 7% and low risk up from 11% to 28% of employees (03-08)

Annual Growth in Health Benefit Cost Per Employee 2003-2010*



* Wellness program began in 2003. Reported statistic is compound annual growth rate (CAGR).
Source of National data is annual Mercer National Survey of Employer-Sponsored Health Plans.

A large, solid orange circle is positioned on the left side of the slide, partially overlapping the text.

Impact of Health Care Reform

Impact of Health Care Reform on Wellness

- **Patient Protection and Affordable Care Act (PPACA)**
 - Enacted into law March 23, 2010
- **Shifts focus from diagnosis/treatment to prevention/wellness**
 - Accountable care organizations (ACOs)
 - National Health Promotion Council
 - Free preventive service mandate for qualified health plans
 - Small-employer wellness grants
- **Wellness incentive rules for “group health plans”**
 - Enacted HIPAA regulations into law
 - Increased incentive cap from 20% to 30% effective 1/1/14
 - Provisions for 50% cap if research supports effectiveness



Thinking Differently About Health

New Ways of Thinking About Health

From old thinking:

Absence of disease

Individual participation

Individuals trying to change in a sick culture and environment

Cost of health care

\$50 PEPY program cost

To new thinking:

Optimal wellness

Population engagement

Healthy high-performance culture and work environment

Value of health & performance

\$500+ PEPY investment



Thank You! Questions?

Intellectual Property Notice

All StayWell information, content, marks and other intellectual property incorporated within this presentation are the sole and exclusive property of StayWell or its licensors and are protected by copyright, trademark and other intellectual property laws.