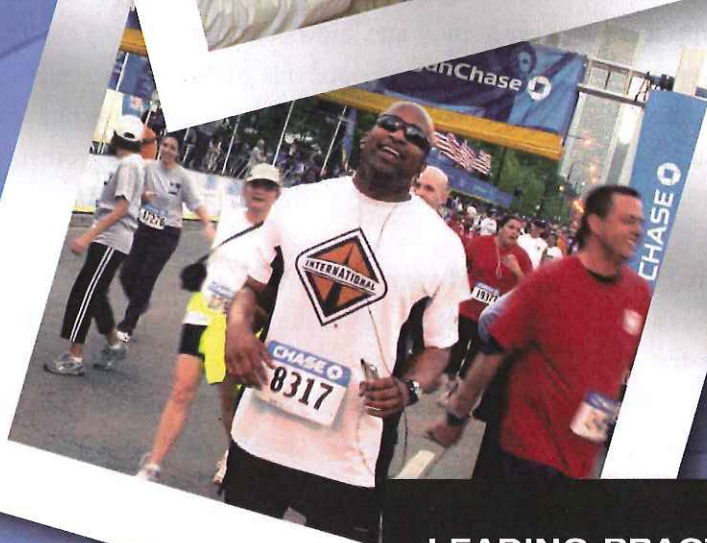
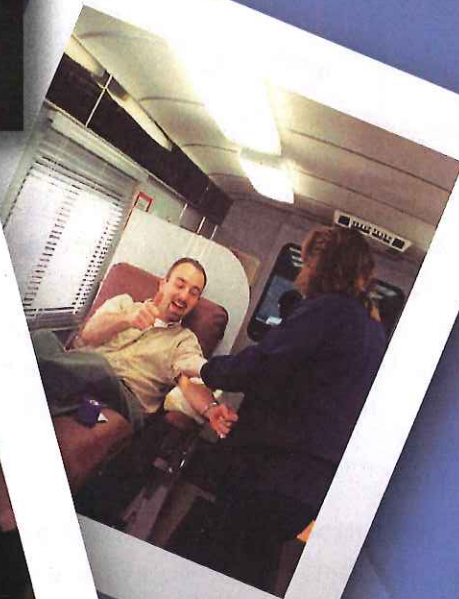


LEADING *by* EXAMPLE



LEADING PRACTICES
for **EMPLOYEE HEALTH MANAGEMENT**



U.S. CHAMBER OF COMMERCE



The confluence of rising health care costs and the worsening status of employee health are threatening corporate viability and making the health care system unsustainable. Providing coverage for 136 million Americans, the private sector offers the potential to exert transformative leadership. Business leaders are struggling to find solutions to contain ballooning health care costs—costs that encompass more than just the direct cost of employee health care coverage. Research has found that productivity losses associated with poor employee health hit the bottom line even harder than medical costs. An important pillar of strategies to successfully rein in health care costs and reverse productivity losses is *commitment from the corner office*.

A key tactic is to push health care investment upstream. Instead of spending money on medical treatment for employees and dependents after they have a disease, leading edge employers are investing to keep employees healthy and, when disease does occur, to keep it from progressing. These employers are protecting their investments in human capital in much the same way that they protect their capital equipment.

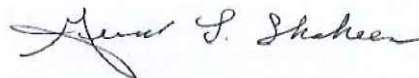
Through the *Leading by Example CEO Roundtable™* initiative, CEOs who have incorporated new, successful approaches to employee health and productivity share their experiences and knowledge with other CEOs. The U.S. Chamber of Commerce and Partnership for Prevention are proud to have developed this guide as a powerful tool for employers. Real examples and strategies from employers of every size demonstrate the business case for investing in employee health. By sharing promising approaches to managing employee health, businesses can learn from each other. The health care cost crisis is not an issue to be left to HR departments or middle managers to solve. It should be a top-level issue for every company.

The companies and CEOs featured in this publication have made a healthy workforce part of their core business strategies. They are solving the health care cost challenge, not just trying the latest temporary fix. We urge CEOs, owners, and other decision makers to adopt new strategies to contain health care costs and increase productivity. Challenge yourself and your firm to *Lead by Example*. Use the assessment on page 3, make the commitment, and start moving your company to the next level of performance. You hold the key to successfully meeting this challenge.


Sincerely,



Thomas J. Donohue
President and CEO
U.S. Chamber of Commerce



Gerald L. Shaheen
Group President, Caterpillar Inc.
Chairman, Board of Directors
U.S. Chamber of Commerce



John M. Clymer
President
Partnership for Prevention

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Leading by Example Commitment™

Leading by Example CEOs make a healthy, productive workforce a core part of their companies' business strategies. They personally lead their companies' efforts to protect and maximize the return-on-investment in human capital. Through the *Leading by Example CEO Roundtable™*, they urge their peers to maximize productivity and minimize health care costs by investing in workforce health. The CEOs featured in this publication have committed to their employee health management strategies by signing the *Leading by Example Commitment*.

Additionally, each of the featured companies has completed the *Health Management Initiative Assessment* found on page 3 of this publication to track the progress of their employee health management initiatives.

How does your organization measure up?

The assessment on page 3 will reveal what your organization is doing right and what more your management can do to integrate employee health into a cost-effective business strategy. For information and action steps related to each measure, refer to the page numbers indicated.

 Partnership for Prevention®
Shaping Policies • Improving Health

The Leading by Example Commitment

(Company name) believes a healthy, productive workforce is a core part of our business strategy and I am personally committed to lead our efforts to integrate employee health in our corporate culture by:

- Assuring that senior management is committed to health promotion as an important investment in our human capital.
- Aligning our health and productivity strategies with our business goals.
- Educating all levels of management about the link between employee health and productivity, and total economic value.

(Company name) has completed the Health Management Initiative Assessment included in *Leading by Example: Best Practices for Employee Health Management*. I understand Health Management Initiative Assessment data for individual firms will not be disclosed to third parties by Partnership for Prevention® ("Partnership") or the United States Chamber of Commerce ("U.S. Chamber") without written permission. Findings from the Mission portion of the Health Management Initiative Assessment will be used to verify senior management commitment to policies and practices that will improve employee health by increasing investments in prevention and health promotion. Aggregate Health Management Initiative Assessment data may be released by Partnership and/or the U.S. Chamber, at their discretion, to report the impact of the *Leading by Example* initiative. Employers will have the opportunity to review any aggregate report prior to release.

Signature
for (Company name)

Signature
Accepted by Partnership for Prevention

Partnership for Prevention® 1013 14th Street, NE Suite 200 Washington, DC 20002-4212
Telephone 202-455-0099 Fax 202-455-0113 www.prevent.org

Health Management Initiative Assessment

Please forward this assessment to your human capital and health managers.

Check the circle that applies closest to your organization.

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	See Page
MISSION	■ Our senior management is committed to health promotion as an important investment in our human capital.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14,15,18
	■ Our health and productivity strategies are aligned with our business goals.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	7,10,18
	■ All levels of management are educated regarding the link between employee health and productivity and total economic value.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	6,7,18
	■ Our employees are educated about the real cost and total value of personal health and its impact on business success.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	5,6,13,18
DATA MANAGEMENT	■ We have identified the leading physical and mental health conditions among our employees and know their related direct and indirect costs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	6,7,10
	■ We try to capture and link key medical costs with indirect costs such as disability, sick days, and workers' compensation claims.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	6,7,10
BENEFIT DESIGN	■ Our health benefits support prevention, risk reduction, and disease management, and are free of barriers to evidence-based interventions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	11,13,18,25
	■ Our incentives support employee responsibility and motivate employees to stay healthy, reduce high-risk behaviors, improve clinical measures, and/or adhere to disease management regimens.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	20,22
SUPPORTIVE ENVIRONMENT	■ To encourage employee fitness, we subsidize gym memberships and/or provide onsite fitness facilities, walking trails, and well-lit accessible stairwells.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	18,19
	■ We provide healthful food selections in our vending machines/cafeteria.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	18
	■ We provide a safe and clean work environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	21
	■ An employee leadership network supports our health management programs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	18,19,26
PROGRAMMING	■ We offer Health Risk Assessments (HRAs) to all employees at least every three years with appropriate follow-up and referral.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12,23,26
	■ We provide a variety of initiatives that support primary prevention (e.g., preventive health screenings, flu immunizations) and lifestyle management (e.g., physical activity, nutrition, stress management).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	8,9,11,22
	■ We provide education about medical consumerism and self-care.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	24
	■ We provide health risk reduction programs or resources (e.g., weight management, smoking cessation).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	23
	■ We provide disease management programs and/or resources targeted to conditions with high-cost productivity implications (e.g., asthma, diabetes).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	25
EVALUATION	■ We measure program effectiveness by stated health/productivity goals. For example: 70 percent of our workforce is categorized as low risk.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	7,10,23,26
	■ Eighty percent of our workforce has participated in at least two company-sponsored health promotion programs within the past three years, including a Health Risk Assessment (HRA) and a health improvement or risk reduction program.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12,22,23

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Does this assessment show gaps in your current approaches?
Refer to the pages indicated for information and action steps.



Steve Burd
Chairman, President, and CEO

Understanding the Health Care Landscape

Safeway Inc. *Healthy Incentives*

Company Overview

- Type of industry: Food and drug retailing
- Number of employees: 205,000

Program Components

- More individual involvement and responsibility in health care management
- Health Reimbursement Accounts (HRAs) and Flexible Spending Accounts (FSAs)
- Preventive care covered 100%
- Incentives for healthy behavior
- Free wellness programs
- Health Risk Assessment (HRA) and proactive care management programs

Program Highlights

- Strong preventive care program with 100% coverage of annual physicals, well baby/child care and other age appropriate screenings
- *Lifestyle Management Program* with incentives for tobacco cessation, weight loss, stress reduction, and positive healthy behaviors
- Employee health resources available with 24-hour health information hotline, chronic care management, health advisors and education materials for employees and price transparency tools
- Incentives for healthy behavior that include premium discounts for healthy decisions and higher (based) premiums for non-compliance

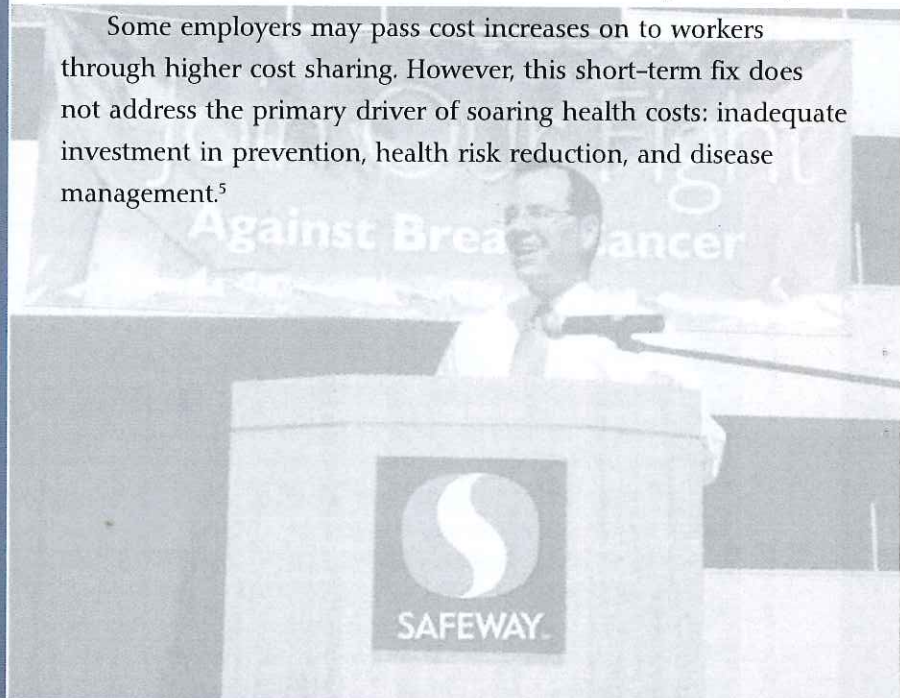
CEO Statement

"Too often companies look at wellness as just another benefit. We have fully integrated wellness into every aspect of our 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."

Health care costs pose a serious threat to the competitiveness of all U.S. businesses. Consider the following:

- Employee health benefits are the fastest growing cost component for employers; with overall costs projected to exceed profits by 2008 for an average Fortune 500 company.¹
- The number of businesses offering health benefits is decreasing—69 percent of companies provided health benefits in 2000, compared to 60 percent of companies in 2005.²
- Our nation's health spending is expected to increase at a faster rate than the Gross Domestic Product (GDP) sometime before 2014. The amount of GDP spent on health care is projected to increase from 15.3 percent in 2003 to 18.7 percent in 2014.³
- In one national survey, employers reported that they can absorb only a 9 percent health care cost increase, in contrast to the expected annual increase of 14 percent.⁴
- Employees continue to demand expensive, state-of-the-art treatments; hospital and pharmaceutical costs continue to rise.⁵
- Health risks and chronic illnesses associated with an aging workforce will increase total health care costs exponentially.⁶

Some employers may pass cost increases on to workers through higher cost sharing. However, this short-term fix does not address the primary driver of soaring health costs: inadequate investment in prevention, health risk reduction, and disease management.⁵



"Wellness has become a critical element of our success."

Creating Value Within Employee Health Benefits

Health benefit design typically serves as the foundation for employee health management initiatives that include health promotion. Benefit design defines the comprehensiveness of employee health offerings (e.g., preventive screenings, disease management), while also dictating the cost and accessibility of sponsored programs. As such, managers continually assess the relative value (e.g., health- and productivity-related outcomes) of their programs compared to the total costs expended.

Today, there is a growing movement known as value-based benefit design (VBBD) that views health benefits as an investment in an organization's human capital, rather than just a cost of doing business. Within this model, organizations are challenged to strategically invest in programs that have the greatest total value. By lowering health risks, managing disease, and helping employees be more engaged in their work, organizations are managing costs and helping employees remain healthy through reductions in absenteeism, disability, and presenteeism.⁷

A major component of VBBD is the reduction of barriers that hinder an employee/dependent's access to evidence-based programs and effective interventions. For example, high copays or coinsurance levels within a benefit plan may prevent employees and their dependents from accessing preventive services.^{7,8} Additionally, adherence to medications for managing a chronic health condition may decline. The end result is often poorer health outcomes and higher health- and productivity-related costs.^{8,9}

The Pitney Bowes Corporation realized that lower adherence to medications for asthma, diabetes, and hypertension predicted higher future medical costs.¹⁰ The company elected to place brand medications for these conditions on the same level as generics. The result? For asthma and diabetes, Pitney Bowes experienced lower rates of hospitalization and emergency department visits, lower overall pharmacy costs, and a net-savings of \$1 million in 2004.¹¹

The bottom line? An initial increase in spending for selective interventions can bring a greater total return per benefit dollar invested.^{7,8,10}

Christopher A. Viehbacher
President, U.S. Pharmaceuticals



GlaxoSmithKline

Do More, Feel Better, Live Longer

Company Overview

- Type of industry: Pharmaceutical
- Number of employees: 25,000 U.S. active

Program Components

- Health Risk Appraisal (HRA)
- Preventive screenings, physical exams, and generous health plan benefits covering medically necessary treatments by quality providers
- Onsite fitness centers and clinics
- Tobacco-free workplace and nutritious choices in cafeterias
- *Health Enhancement Assistance* program
- Medication compliance programs
- Health education, interactive toolkits, EAP, and *Lifeworks* for a healthy life-work balance
- Initiative to combat cancer through risk reduction, early diagnosis and access to quality care (www.cancergoldstandard.org)

Program Highlights

- Comprehensive preventive care program with 100% coverage
- Value-based health purchasing to maximize chronic disease outcomes

CEO Statement

"GSK health care strategy embodies three principles. The first is **prevention**—it's cheaper to keep people well. Second is the use of quality driven **interventions** to deliver quality outcomes, and third is **innovation** to provide new prevention tools and medical treatments."

"GSK's health care strategy embodies three key principles: Prevention, Intervention, and Innovation."



GlaxoSmithKline



Dan Ustian
President and CEO

International Truck and Engine Corporation

Vital Lives

Company Overview

Type of industry: Manufacturing

Number of employees: 17,000

Program Components

- Integrated Health Risk Appraisal (HRA) screening
- Financial incentives linking health promotion efforts to health care premiums
- Multifaceted health promotion offerings
- Onsite fitness centers and health club subsidy reimbursement program
- Onsite medical services

Program Highlights

- WELCOA Platinum Well Workplace designation
- Flat or reduced company health care costs since 2004
- 75% participation in HRA screening
- 68% of telephonic health coaching participants reported improvement or elimination of at least one health risk
- 54% of disease management participants have documented improvement in quality indicators
- 53% of eligible smokers enrolled in a smoking cessation program—85% have quit

CEO Statement

"Our goal is to help employees perform at the top of their game at work, at home, and into retirement."

The Hidden Costs of Poor Health

The total impact of poor employee health on a business's success is illuminated by research in health and productivity management. Research has documented that the **indirect costs** (e.g., absenteeism, presenteeism) of poor health can be two to three times the direct medical costs.¹²⁻¹⁵ (See chart below.)

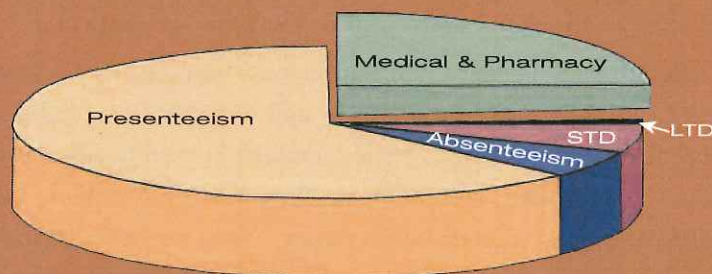
Research has linked poor health status to:¹⁶⁻²³

- Higher direct health care costs.
- Lower work output (e.g., presenteeism).
- Higher rates of disability.
- Higher rates of absenteeism.
- Higher rates of injury.
- More workers' compensation claims.

The conclusion of a June 2005 study in the *Journal of Occupational and Environmental Medicine* reported that for all chronic conditions studied, **the cost associated with performance-based work loss or presenteeism greatly exceeded the costs of absenteeism and medical treatment combined.**²⁴ Regardless of your company's size, it is important to be aware of how direct and indirect costs impact your organization's health and performance.

IS YOUR ORGANIZATION AWARE OF THE TOTAL COST BURDEN OF POOR EMPLOYEE HEALTH?

Relative Contribution of Direct and Indirect Costs Within a Large Financial Services Corporation



Indirect Costs

Direct Costs

Source: Edington DW, Burton WN. Health and productivity. In: McCunney, RJ: A Practical Approach to Occupational and Environmental Medicine. Philadelphia: Lippincott Williams & Wilkins. 3rd ed. 2003:140-152¹²

"Our goal is to help employees perform at the top of their game at work, at home, and into retirement."



Linking Health and Productivity

Health and Productivity Management (HPM) is defined by the Institute for Health and Productivity Management as the "integration of data and services related to all aspects of employee health that affect work performance; it includes measuring the impact of targeted interventions on both employee health and productivity."²⁵

An emerging metric within the field of HPM that is gaining more attention by decision makers is **presenteeism**. Presenteeism refers to diminished on-the-job performance due to impairment by health risk factors, health problems, or work/life issues. Unmanaged health issues, such as diabetes, migraine headaches, or asthma attacks, can impair productivity significantly when they are viewed cumulatively across an employee population.^{12-15,26} As illustrated on the previous page, presenteeism—when compared to other cost-drivers—is a significant liability for any organization, especially for smaller companies who rely on a concentrated workforce.

Measuring presenteeism

Different variables are used to define and measure presenteeism within different job classifications. For example:

- Data entry output may be measurably slowed when a keyboard operator suffers from untreated carpal tunnel syndrome.
- Telephone on-hold times may be excessive when a customer service representative suffers from unrecognized, untreated clinical depression.

When a job presents no measurable productivity variables, as in the case of most white-collar or knowledge workers, self-reported survey instruments can provide useful, reliable data for informed decision making, according to Ronald C. Kessler, PhD, professor of health care policy at Harvard Medical School.^{26,27} For example, the World Health Organization's Health and Work Performance Questionnaire (HPQ) is one of many such tools available for tracking the effects of health problems on work performance.^{13-15,28,29}



Marc LeBaron
Chairman and CEO

Lincoln Plating

Go Platinum

Company Overview

- Type of industry: Manufacturing
- Number of employees: 450

Program Components

- Mandatory quarterly health screenings and individual coaching
- All employees set wellness objectives tied to overall performance and pay
- Health Reimbursement Account (HRA) with credits for being tobacco free
- Tobacco-free campus
- Free onsite/on-the-clock tobacco cessation and weight management programs for employees and family members

Program Highlights

- The statement, "Wellness and healthy lifestyles are important to our success," has been in company belief statement since 2004
- *Go Platinum* received top national wellness program award in 2003 and 2006
- Health care costs 50% below national average
- Workers' compensation costs average less than 1% of payroll

CEO Statement

"Too often companies look at wellness as just another benefit. We have fully integrated wellness into every aspect of our 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."

"At Lincoln Plating, we have fully integrated wellness into every aspect of our company's culture."



Managing the Health of Your Entire Population

Organizations benefit by providing health promotion programs to their entire population, including dependents. Why? Because the **risk status** of their population **is not static**. It is important for organizations to understand that a low-risk individual today can become high-risk tomorrow. There are two crucial steps in acquiring a clear view of the total risk picture: first, **establish baseline benchmarks** defining risk distribution, then **observe the migration** (churn) between risk groups. As illustrated below, a company's entire population at any one time is distributed across the workforce health continuum.³⁰ The **majority** of the popu-

THE WORKFORCE HEALTH

LOW RISK/HEALTHY

Depending on the needs of a given population, **maintaining employees at low risk** may be at least as cost-effective as addressing high-risk employees. The potential savings from average risk reduction is \$153 per person per year, compared to a savings of \$350 for keeping low-risk employees at low risk.^{14,15}

Common Program Elements

- Employee health insurance
- General health education/communications related to primary prevention and risk avoidance
- Periodic preventive screenings
- Health Risk Assessment (HRA)
- Immunizations
- Supportive work environment that encourages healthful eating choices (e.g., vending/cafeterias), regular physical activity (e.g., walking paths, company fitness centers), and stress management (e.g., quiet rooms)
- Occupational health and safety
- Incentive programs for encouraging primary prevention (e.g., 10,000 steps programs, benefit credits for participating in a Health Risk Assessment [HRA])
- Health fairs

AT RISK

Risk is not static. 2 percent to 4 percent of an employee population is likely to migrate from low-risk status to higher risk within one year in the absence of preventive programs to help low-risk individuals maintain their low-risk status.¹⁶

Common Program Elements

- General health education/communications on risk reduction through print, podcasts, and web-based applications
- Health screenings (e.g., blood pressure, cholesterol, blood glucose)
- Health Risk Assessment (HRA)
- Disease-specific risk assessments (e.g., Cardiovascular Disease [CVD], diabetes, depression, migraine)
- Targeted communications based on need (e.g., weight management, physical activity, smoking cessation, blood pressure)
- Health coaching (e.g., face-to-face, telephonic, and/or Internet)

It is important for organizations to understand that the risk status of their population is not static.

lation is **low-risk** and generally healthy. Other groups are medium- to high-risk because of such factors as family history, biometric measures (e.g., obesity, blood pressure, cholesterol) and lifestyle (e.g., poor eating habits, tobacco use, low levels of physical activity). **High-risk** individuals are more likely to have chronic disease (e.g., diabetes) and generate **higher** direct and indirect health-related costs.^{19,20}

Below are common population health management approaches for **increasing** the proportion of low-risk employees and **reducing** the movement or “churn” of employees to a higher risk status.

CARE CONTINUUM

HEALTH PROBLEM

Most health programs are in place to address health problems that require action—when an individual: ignores a problem; seeks self-care; accesses the emergency room; makes a doctor’s appointment; or is hospitalized.

Common Program Elements

- Health benefit education
- Medical self-care education through print and online resources
- Telephonic nurseline through health plan or third-party vendor
- Communications and workshops on patient/physician communication
- Communications and workshops on medical decision making
- CPR and first aid training

TREATMENT OPTIONS

Many chronic diseases (e.g., cardiovascular disease, diabetes) are associated with lifestyle-related risks such as obesity and tobacco use. An estimated 85 percent of **disease management involves self-management practices.**

Common Program Elements

- General communications on medical decision making
- Disease management programs for chronic health conditions (e.g., diabetes)
- Lifestyle management
- Communications and resources for appropriate adherence to treatment guidelines
- Incentives for successful adherence to treatment guidelines
- Awareness regarding community resources that are disease specific (e.g., American Cancer Society, American Diabetes Association, American Heart Association, American Lung Association)

OUTCOME AND EVALUATION

Assessing the effectiveness (value) of specific interventions is usually based on process and cost measures instead of quality of life, morbidities, and mortality. Most experts agree that there needs to be more **focus on these outcomes.**

Common Program Elements

- Measurement of process outcomes such as preventive screenings, medical follow-up
- Clinical measures (e.g., A1c for diabetes, cholesterol panel)
- Patient satisfaction
- Quality of life measures
- Direct medical health care costs (e.g., inpatient, outpatient, pharmacy)
- Indirect health costs (e.g., sick-days, disability, workers’ compensation, presenteeism)
- Morbidity/mortality data

Source: Adapted from Pfeiffer, G.J. Stages of the Continuum of Care. *Worksite Health*. 2000; 7(2).²⁰



Neal Patterson
Chairman and CEO

The Value of Data

Cerner Corporation

Healthe America

Company Overview

Type of industry: Health care

Number of employees: 7,400

Program Components

- Strategic focus on giving people more choices, convenience, and control over their care
- Health model focused on the whole person
- *Healthe Clinic* on-campus clinic featuring innovative approaches to improving health care
- Integrated financial and health-plan card

Program Highlights

- Clinic has a generic prescription drug usage rate of 63%, about 10% higher than many retail pharmacies
- More than 70% participation among U.S. associates in Health Reimbursement Accounts (HRAs). Will add Health Savings Accounts (HSAs) in 2007
- *Healthe Mid-America*—the nation's first employer-driven personal health bank. Providers can use aggregated medical records, lab results, and pharmaceutical information to make better informed care decisions

CEO Statement

"Employers must proactively engage with health care providers to improve the system. In Kansas City, 20 major employers formed an employer-sponsored network dedicated to providing a secure, portable, personal health record to each of our employees and their family members. We expect to substantially eliminate medical errors and waste from redundant medical testing."

"You can't manage what you can't measure," says Ron Z. Goetzel, PhD, Director, Institute for Health and Productivity Studies, Cornell University Institute for Policy Research, and Vice President, Consulting and Applied Research, Medstat, Washington, DC. Goetzel notes that by using a good data management system, an employer can.³¹

- Truly **understand the total indirect and direct costs** of poor health to the organization.
- Effectively **identify and manage high-risk/high-cost conditions** while proactively keeping low-risk workers at low risk.
- **Measure program results against benchmarks** to evaluate the impact on health and productivity.

Integrated Data Management

Many large organizations are moving toward integrated data management systems. The most basic of these systems rely on analytical software to link a series of separate, health-related databases in order to establish meaningful correlations.

For example, the medical cost data for an employee with diabetes may appear in one database, while absenteeism records and pharmaceutical expenses are kept in separate databases. Integrating the data creates a more realistic analysis of the cost of diabetes than would be found by viewing each one separately.

Data integration can provide answers to questions such as:

- Does chronic disease contribute to the number of sick days?
- How does treatment noncompliance affect absenteeism?
- What is the total cost experience of employees on disability compared to those not on disability?

Although integrated data is ideal, it is not a prerequisite for understanding an organization's cost burden. Major health- and productivity-related loss areas still can be targeted effectively. For example, a company's health plan can provide the average annual claims costs per employee that can be compared (benchmarked) to those of other employers.

"Employers must proactively engage with health care providers to make fundamental improvements to the system."

The Value of Prevention

“An ounce of prevention is worth a pound of cure” should not be an empty motto when organizations consider the facts regarding the value of preventive services to their bottom line.

In a landmark study, Partnership for Prevention assessed the health impact and cost effectiveness of 25 preventive health services recommended by the U.S. Preventive Services Task Force and the Advisory Committee on Immunization Practices.³² Based on this assessment, preventive services were ranked on a scale from 2 to 10 (with 10 indicating the highest impact, highest value, most cost effective services).³²

The highest-ranked clinical preventive services were:

Aspirin Chemoprophylaxis	10
Childhood Immunization Series	10
Tobacco Use Screening/Brief Intervention	10
Colorectal Cancer Screening	8
Hypertension Screening	8
Influenza Immunization	8
Pneumococcal Immunization	8
Problem Drinking Screening/Brief Counseling	8
Vision Screening Adults	8
Cervical Cancer Screening	7
Cholesterol Screening	7

When implementing value-based clinical preventive services, organizations are encouraged to:³²

- Invest in high-value clinical preventive services; first, by examining existing services, and second, if gaps exist, adding the highest priority preventive services.
- Evaluate barriers to use of high-value preventive services.
- Reduce out-of-pocket costs for preventive services.
- Educate employees on the appropriate use of preventive services and the resources offered by their medical plan.
- Explore ways to reduce access and time barriers to preventive services (e.g., offering periodic onsite screenings).
- Work as a partner with their health insurer, beginning the process by evaluating the potential barriers outlined above.

For more detailed information, go to www.prevent.org/ncpp



Paul S. Otellini
President and CEO

Intel Corporation

Health for Life

Company Overview

Type of industry: Semiconductor

Number of employees: 92,000 worldwide

Program Components

- Onsite health and wellness centers feature biometric testing and personal coaching
- Incentive program offers gift cards for participation
- Wellness program includes onsite fitness centers, fitness challenges, weight management, flu prevention, mammography vans, nutrition seminars, and healthy choice meals in cafeterias
- Health Risk Assessment (HRA) available to all employees and their families
- Senior management support

Program Highlights

- First four months of onsite biometrics and coaching yielded more than 10,000 participants
- Employee satisfaction ranks above 90%
- 43% of employees utilize Intel's online health resources through HRA vendor

CEO Statement

“At Intel, prevention and wellness are a priority. Intel saves on health care costs, and our employees and their families get engaged in managing their health for the rest of their lives. We hear from employees every day how much they appreciate this approach. By working together, we’re making a difference in both employee health and the health of Intel.”

“At Intel, prevention and wellness are a priority.”





Chris MacAllister
President and CEO

MacAllister Machinery, Inc.

HealthTrack

Company Overview

- Type of industry: Caterpillar dealership, sales and service
- Number of employees: 625

Program Components

- Unwavering leadership commitment towards employee wellness
- Incentive program offering both cash and premium discounts
- Full time champion dedicated to program management and analysis
- Onsite and telephonic coaching
- Educational opportunities that target key risk factors
- Reimbursement policies for smoking cessation and health club memberships

Program Highlights

- Significant reduction in employee risk factors over a two-year period
- Health care claims costs stabilizing
- High participation among employees and spouses in screening/Health Risk Assessment (HRA) program

CEO Statement

"Our strategy is to improve lifestyles and instill a savvy consumer mentality in our health care plan participants. Education, incentives, behavior change, personal responsibility, and quantifiable measures are our tactics."

The Value of Health Risk Assessments (HRAs)

A Health Risk Assessment, or Health Risk Appraisal (HRA), typically serves as a **core measurement** and **intervention tool** when combined with **appropriate follow-up and referral**.

HRAs range from self-scoring questionnaires to sophisticated online applications. The primary goals of an HRA are to:

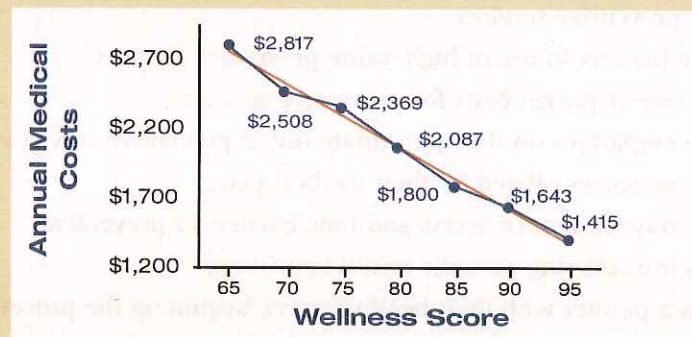
- Raise employee awareness about the association between health practices/measures and future health problems.
- Motivate employees to seek appropriate interventions and reinforce progress through follow-up assessments.
- Identify the distribution of risk (e.g., percentage of low-risk and high-risk employees) across the population.
- Serve as a benchmarking, planning, and evaluation tool.

Employee participation in an HRA also has been linked to health care cost control.^{19,20,33}

Many HRA programs are combined with health screenings, providing personalized "wellness scores" and health reports that recommend action steps for risk reduction. Emerging evidence shows that to be most effective, HRAs should include health coaching (face-to-face, telephonic, and/or Internet) to reinforce healthful behavior change.^{19,20,33,34,35}

MEDICAL COSTS AND WELLNESS SCORE

Research conducted at General Motors by the University of Michigan has demonstrated the inverse relationship between an HRA's "wellness score" and annual medical expenditures. As the "wellness score" increased, health care costs decreased.³⁶



Source: Yen L, McDonald T, Hirschland D, Edington, DW. Association between wellness score from a health risk appraisal and prospective medical claim costs. *J Occup Environ Med.* 2003;45(10):1049-1057.³⁶

"Our strategy is to improve lifestyles and instill a savvy consumer mentality in our health care plan participants."

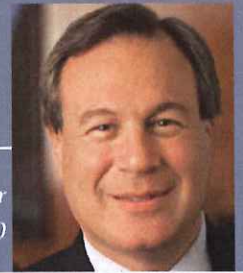
The Value of Adherence

The World Health Organization (WHO) defines adherence as "the extent to which a person's behavior—taking medication, following a diet, and/or executing lifestyle changes, corresponds with agreed recommendations from a health care provider."⁹ In addition, the WHO reports that, on average, people adhere to recommended health practices only 50 percent of the time.⁹ Many experts believe that low adherence and its association with poor health outcomes is a primary contributor to today's escalating health care costs.⁷⁻⁹ These same experts believe that the need to develop programs that help employees/dependents better adhere to recommended lifestyle and treatment guidelines will be a growing priority in the near future.⁷⁻⁹ It will be especially important as the American workforce ages and the incidence of chronic health conditions such as heart disease, diabetes, and hypertension increase.

In one large study, higher levels of adherence to medications were associated with lower disease-related medical costs for diabetes and hypercholesterolemia. The study found that, in the case of diabetes, a 20 percent increase in medication adherence saved an average of \$1,074 per patient. On the other hand, a 20 percent decrease in adherence resulted in an increase of disease-related medical costs.⁸

The factors that contribute to low adherence are complex and include such variables as: lower socioeconomic status; severity of condition and complexity of therapy; knowledge and engagement of the health care team; and intentional and unintentional patient factors such as cost barriers and forgetfulness.^{7,9}

Organizations can benefit by working with their health plans and employees to implement strategies that support and reinforce appropriate adherence practices. These practices include addressing cost and access barriers to effective interventions, providing incentives for meeting program goals, and emphasizing personal accountability from an employee perspective.



Jeffrey B. Kindler
Chairman of the Board and CEO

Pfizer Inc

Healthy Pfizer

Company Overview

Type of industry: Pharmaceutical

Number of employees: 100,000 worldwide

Program Components

- Confidential health Web site and online HRA for U.S. and Puerto Rico employees and dependents
- Annual health screenings and national program—customized by local site health teams
- One-on-one health coaching to reduce health risk factors and manage chronic conditions
- Incentive-based and fully integrated with Pfizer's medical benefits including 100% coverage for preventive care and prescription medicines

Program Highlights

- 85% of U.S. employees and 52% of dependents completed the HRA in year one
- 21% enrollment in health coaching
- 80% of employees in Puerto Rico completed the HRA and health screenings
- National walking program enrolled 13,000 employees in first six weeks
- Year one data showing cost saving and a reduction in ER and hospitalization utilization

CEO Statement

"As a leader in the health care industry, Pfizer believes it is essential to provide our employees and their families with the tools and support to live healthy lives. This program embodies our health care principles: the power of prevention, the importance of an early diagnosis, and the necessity of the timely treatment of illness."

"As a leader in the health care industry, Pfizer believes it is essential to provide our employees and their families with the tools and support to live healthy lives."





John C. Erickson
Chairman and CEO

Erickson Retirement Communities

Health Matters

Company Overview

- Type of industry: Retirement housing and health care
- Number of employees: 8,770

Program Components

- Online self-service for medical claims, provider directories, and health information
- Personal health coach
- *FutureFootsteps* pregnancy program
- Onsite fitness centers
- Well care and checkups paid at 100%
- Health Savings Account (HSA) medical plan
- Free smoking cessation resources
- Health and wellness assessments
- Onsite employee health care
- *Wellness Fund* (to pay for health-related items such as fitness equipment, gym memberships, weight loss programs, etc.)

Program Highlights

- Workplace wellness and employee health are a top priority for 2006 and beyond
- Recognition by the Society for Human Resource Management (SHRM) Board Chair as "setting a standard of excellence that other U.S. companies should follow"

CEO Statement

"At Erickson Retirement Communities, we firmly believe that health matters—not only the health of our residents, but of our employees as well."

What Is Health Promotion?

Health promotion is a multidisciplinary field that relies on education and targeted interventions to help change behaviors and environments in ways that are conducive to health.

The main goals of health promotion are to reduce health risks and **optimize health and productivity while lowering total health-related costs**. At its best, worksite health promotion creates a culture that fosters vitality, motivation, and overall effectiveness of human capital. In this way, health promotion can have a positive impact on policies and practices that support profitability for the organization and employability of the individual.³⁷

Common Program Elements

Effective worksite health promotion programs begin with **benchmarking** and incorporate an **evaluation system** that measures process and outcome variables. Additional program elements include:³⁴

- 1. Health education.** Programs that focus on skill development and **lifestyle behavior change**.
- 2. Supportive environments** in which organizational values, norms, policies, and initiatives reinforce and support a **healthy work culture**.
- 3. Integration.** **Health promotion programs that are embedded** effectively within the organizational structure.
- 4. Linkage.** Linking health promotion **cross-functionally** to **other employee support services** (e.g., benefits, Employee Assistance Program [EAP], work/life) to optimize reach and effectiveness.
- 5. Health screening.** Programs that help employees **assess health risks**. These programs are ideally linked to the health benefit plan to provide **appropriate medical follow-up and treatment**.

"We firmly believe that health matters—not only the health of our residents, but of our employees as well."

Health Promotion Works

"Shifting your health management strategy from an illness model to a productivity model is grounded by a wealth of research that demonstrates the efficacy of worksite health promotion," says Steven G. Aldana, PhD, Professor of Lifestyle Medicine, College of Health and Human Performance, Brigham Young University.

Research supports the benefits of worksite health promotion programs as summarized below. In the remainder of this report:

- Review key employer- and employee-oriented concepts and strategies that address worksite health and productivity.
- Accept the challenge to champion health promotion efforts.
- Begin to lay out a worksite health promotion strategy.

SAVINGS PER DOLLAR INVESTED IN WORKSITE HEALTH PROMOTION PROGRAMS

From a review of 73 published studies of worksite health promotion programs³⁸

- Average \$3.50-to-\$1 savings-to-cost ratio in reduced absenteeism and health care costs

From a meta-review of 56 published studies of worksite health promotion programs³⁹

- Average 27 percent reduction in sick leave absenteeism
- Average 26 percent reduction in health costs
- Average 32 percent reduction in workers' compensation and disability management claims costs
- Average \$5.81-to-\$1 savings-to-cost ratio

In a critical review of 12 new studies published between 2000 and 2004, all studies reported "favorable clinical and/or cost outcomes."⁴⁰

PNM Resources, Inc.

PNM Resources LIFE Steps Program

Company Overview

- Type of industry: Energy/Utilities
- Number of employees: 3,441

Program Components

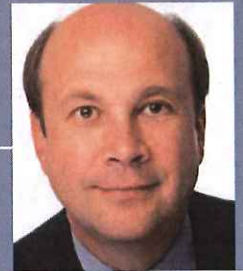
- Multitude of seminars, services, and facilities
- Incentives to encourage healthy behaviors
- Free Health Risk Assessments (HRAs)
- HRAs coordinated with medical vendors and tied to employee enrollment (more than 80%) in disease management programs

Program Highlights

- Wellness program in place for 20 years
- *Summer Meltdown*: 8-week weight loss contest—450 employees lost 3,000+ pounds
- Self-insurance allows medical benefits design based on both employee and company needs, while partnering with vendors to improve benefits and control costs
- All Preferred Provider Organization (PPO) plan selections provide up to \$600 per covered life per year of 100% plan-paid preventive benefits
- Since 2004, annual increase in medical costs has been less than 5%

CEO Statement

"We've been successful keeping medical cost increases to an average of 3% over the last four years because we view the wellness of our employees as a partnership. By participating in wellness programs and preventive care, our employees and their families are seeing only very modest increases in premiums and, most importantly, enjoying a better lifestyle."



Jeff Sterba
Chairman, President, and CEO

"We've successfully kept medical cost increases modest because we view the wellness of our employees as a partnership."



Consumer-Directed Health Plans

UNDERSTANDING

The cost of employer sponsored health care coverage continues to rise. As a result, many small and mid-size businesses are finding it increasingly difficult to offer health care benefits. Some companies have had to eliminate benefits altogether. To control costs, other companies are restructuring their benefit plans through greater cost-sharing.

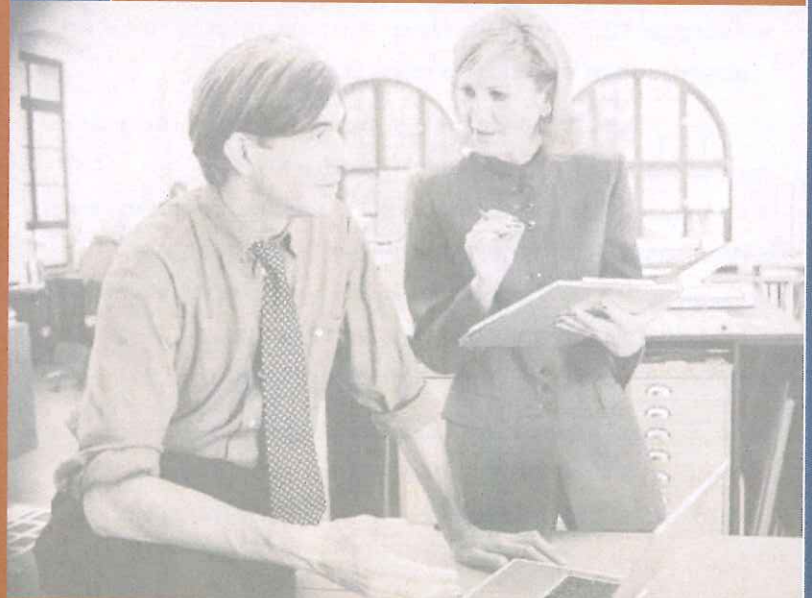
A new type of Consumer-Directed Health Plan (CDHP) is becoming increasingly popular among employers and consumers for several reasons: By pairing a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA), health care coverage can be provided at a lower premium and both employers and individuals can put pre-tax dollars into an account owned by the individual.

For an HDHP to be HSA compatible in 2007, the HDHP must have a minimum deductible of \$1,100 for an individual and \$2,200 for a family. The maximum annual out-of-pocket limit for such HDHPs is \$5,500 for an individual and \$11,000 for a family. HDHPs, in the more traditional sense of insurance, are intended to provide coverage for serious illnesses or injury, but may offer first dollar coverage for preventive care.

As an alternative to the HSA, individuals may choose a Health Reimbursement Arrangement (HRA) or Flexible Spending Account (FSA). There are benefits and drawbacks to each of these options. There are specific restrictions governing the coordination of an HSA with a "limited use" FSA and an individual with an HSA cannot have an HRA.

Health Savings Accounts

Health Savings Accounts (HSAs) work much like individual retirement accounts. The employer or employee may contribute tax-exempt funds to these accounts and then use them to pay for qualifying out-of-pocket medical expenses. Expenses that qualify under an HSA are listed in Section 213d of the Internal Revenue code and include physician visits, surgery, and prescription drugs. Funds in the account can accumulate year to year and belong to the employee. The employee takes the account and the funds in it with him/her when he/she changes jobs. Federal law requires HSAs to be paired with a High Deductible Health Plan (HDHP) but so long as an individual is covered by an HSA compatible HDHP, he/she is eligible for an HSA. No receipt needs to be submitted for an individual to be reimbursed for out-of-pocket expenses.



Access to affordable health care coverage is an important foundation for preventive care.

NEW HEALTH CARE OPTIONS

Health Reimbursement Arrangement

Health Reimbursement Arrangements (HRAs) or Health Reimbursement Accounts (HRAs) consist of funds set aside by employers to reimburse employees for qualified medical expenses, just as an insurance plan will reimburse covered individuals for the cost of services incurred. An HRA provides "first-dollar" medical coverage until funds are exhausted. For example, if an employee has a \$500 qualifying medical expense, then the full amount will be covered by the HRA if the funds are available in the account. Under an HRA, the employer provides the funds, not the employee. All unused funds are rolled over at the end of the year. At the employer's discretion, former employees, including retirees may have continued access to unused reimbursement amounts. HRAs remain with the originating employer and do not follow an employee to new employment. Currently, employees enrolled in a Health Savings Account (HSA) cannot use money from an HRA. Because the employer (not employee) holds the HRA, the employee may not have access to the funds if he or she changes jobs or retires.

Flexible Spending Accounts

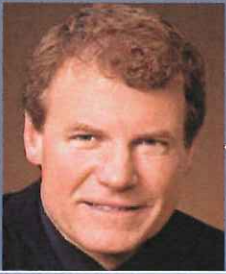
Flexible Spending Accounts (FSAs) are also tax-favored accounts offered by employers that allow employees to put money aside on a pre-tax basis to pay for eligible out-of-pocket health care expenses. The money in an FSA can be used to pay for qualified medical expenses not covered by an insurance plan (prescription drugs, deductibles, over-the-counter medications). Enrollment and the corresponding elected contributions can only be accessed for one plan year. An employer will automatically deduct on a pre-tax basis the contribution amount from the employee's payroll in installments (called allotments). When an eligible health care expense is incurred, an enrolled employee may submit a claim for reimbursement. Appropriate documentation (receipts, etc.) must be submitted with the claim and, provided there are funds in the account, the FSA will reimburse the employee for the incurred cost of the eligible expense.

If the funds in the FSA are not used during the plan year, the money reverts back to the employer. Funds do not rollover to the next plan year. Funds cannot be accumulated for future health expenses in the coming years.

For Your Information

- The logic behind the HDHP/HSA option is simple: If employees are aware of their health care costs and own the funds that pay for them, they will take a more active role in making their health care decisions.
- Consumer-Directed High Deductible Health Plans are often paired with consumer-centric tools such as: Health Risk Assessments (HRAs), medical self-care, disease management, and specific information about the type and quality of treatment offered by providers or hospitals.
- Employees may appreciate Consumer-Directed High Deductible Health Plans' lower out-of-pocket costs and the opportunity to accumulate tax-free funds for future health care needs.
- Studies show that higher deductibles often cause people to seek fewer unnecessary medical services; however, higher deductibles also may have the effect of causing patients to seek fewer necessary medical services.

High Deductible Health Plans (HDHPs) offer employers new options for providing coverage while managing the bottom line.



Danny Wegman
CEO

Creating a Culture of Health

Wegmans Food Markets

eat well. live well. Living Healthier, Better Lives

Company Overview

- Type of industry: Retail
- Number of employees: 34,845

Program Components

- “eat well. live well.” challenge
- Health screenings
- Health Risk Appraisal (HRA) in 2007

Program Highlights

- The “eat well. live well.” challenge, now in its fourth year, has become a part of a larger “eat well. live well.” culture
- In 2006, over an eight week period 9,547 employees walked over 2.1 million miles (an average of 12,688 steps per day)
- Participants ate 341 tons of fruit and vegetables (4.2 cups per person per day)
- Employees shared stories of positive changes in blood pressure, blood glucose, and cholesterol levels and improved eating habits

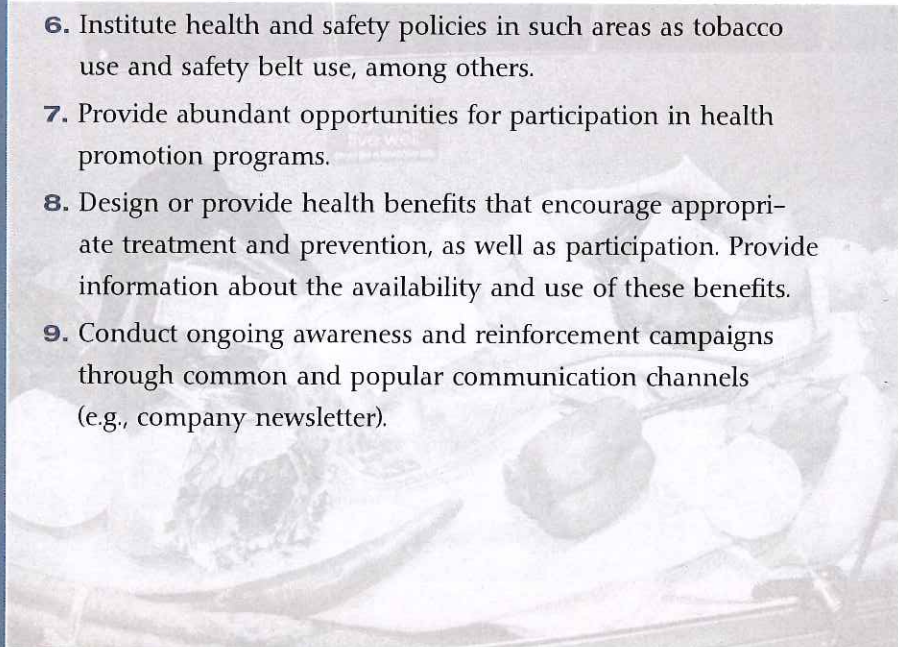
CEO Statement

“It’s not a promotion. “eat well. live well.” is a lifestyle. It is simple and fun. Top management and coordinator support plus free pedometers make it work. In 2006, through the Rochester Business Alliance, in a key community collaboration, Wegmans shared the challenge with Eastman Kodak Company, Rochester Institute of Technology, and Xerox Corporation. They have achieved similar results.”

Regardless of a company’s size, creating a **true culture of health** can increase participation rates in health promotion programs dramatically, and establish the organization as an “employer of choice.” In this instance, employees see health promotion as the acceptable norm, and good-health values are reinforced in all day-to-day interactions.⁴¹

To build a supportive environment:

1. Proclaim visibly that health is an important value and objective for the organization, while also explaining the steps necessary to address the risks of poor health. This is a critical first step that should be made by top management.
2. Hold managers at all levels accountable and reward them for facilitating a healthy work setting for employees.
3. Ensure that supervisors know it is their responsibility to avoid creating a high-stress, toxic work environment. Make sure they receive training in leadership and stress management.
4. Create employee peer support teams.
5. Create a health- and fitness-friendly environment by offering exercise options through fitness facilities, walking paths, showers, healthy cafeteria/vending selections, and “quiet rooms.”
6. Institute health and safety policies in such areas as tobacco use and safety belt use, among others.
7. Provide abundant opportunities for participation in health promotion programs.
8. Design or provide health benefits that encourage appropriate treatment and prevention, as well as participation. Provide information about the availability and use of these benefits.
9. Conduct ongoing awareness and reinforcement campaigns through common and popular communication channels (e.g., company newsletter).



“It’s not a promotion. “eat well. live well.” is a lifestyle.”

Leveraging Resources

Beginning with volunteers or a dedicated staff and teaming up with internal and external resources, organizations can develop **effective health management programs that will produce a positive return-on-investment (ROI).**

Internal resources

Small and mid-sized companies can organize volunteer committees to help plan and coordinate worksite activities such as:

- Health Risk Assessments (HRAs)
- Health screenings
- "Lunch and learn" lectures
- Collaboration with third-party organizations to help deliver health promotion activities (see *External resources* below)

For larger organizations, an interdepartmental human capital team can include members who represent:

- Health promotion
- Human resources (e.g., personnel, training/development, benefits)
- Employee Assistance Programs (EAPs)
- Occupational health and safety
- Work/life initiatives
- Workers' compensation/disability management
- Medical and health services

External resources

Health plans and other outside organizations already may offer data management, HRAs, and targeted interventions. Third-party organizations include:

- EAPs and work/life consultants
- Physicians, hospitals, and managed care organizations
- Pharmaceutical representatives
- Health promotion/disease management vendors
- Colleges and universities
- Not-for-profit organizations, such as the American Diabetes Association or American Heart Association
- Business health coalitions
- Governmental agencies, such as the Centers for Disease Control and Prevention (CDC)



Harold L. Jackson
President and CEO

Buffalo Supply, Inc.

New Health Care Choice Merged with Prevention

Company Overview

- Type of industry: Medical equipment and supplies
- Number of employees: 21

Program Components

- BSI pays the total premium for employees and their families for a high deductible policy with a Health Savings Account (HSA)
- 100% coverage and no copay for all drugs or services once the deductible is met
- Employees receive rates negotiated by the insurance company when paying the deductible
- Preventive care is covered at 100% and is exempt from the deductible
- BSI pays for flu shots administered onsite by a nurse
- Monetary incentives are paid to employees who stop smoking

Program Highlights

- Realized 21% premium reduction for identical coverage as a result of obtaining professional employer origination from insurance provider and being placed in a larger risk pool

CEO Statement

"Preventive health care is very important to reduce future health care costs and improve productivity. It is very difficult to attract and keep highly qualified employees without excellent medical coverage."

"Preventive health care is very important to reduce future health care costs and improve productivity."





Robert W. Lane
Chairman and CEO

Reinforcing Personal Responsibility

Deere & Company

Healthy Directions

Company Overview

Type of industry: Manufacturing

Number of employees: 47,000

Program Components

- Responsibility for health shared between employees and the company
- Consumer-Directed Health Plans (CDHPs) with Health Savings Accounts (HSAs)
- Programs that support healthy lifestyles
- Health plans focused on prevention, disease management, and health care consumerism

Program Highlights

- Company HSA contributions with optional employee contribution
- Resources available to employees and family members, including the *Healthy Directions* newsletter and Web site, tobacco cessation and weight management programs, fitness center discounts, and an Employee Assistance Program (EAP)
- Onsite health and wellness coordinators
- Plans to continue building company and local resources and programs

CEO Statement

"At John Deere, we are sharing responsibility for health between employees and the company. That means encouraging, supporting, and rewarding healthy activities and lifestyles. Investment in employee health benefits us all, helping build a prosperous future for John Deere...while protecting, supporting, and enhancing our most distinctive advantage: our people."

Health is a **shared responsibility**. Although the employer bears the primary responsibility for transforming an unhealthy organization, much of the investment in health and productivity management will go to waste if employees themselves do not understand and assume personal responsibility.

Personal responsibility is the **cornerstone** of:

- **Primary prevention:** stay physically active, eat healthfully, manage stress, and follow recommendations for preventive screenings.
- **Risk management:** reduce lifestyle-related risk factors such as obesity or tobacco use.
- **Medical consumerism:** comply with cholesterol- or blood pressure-lowering medications or other prescribed treatments, shop for appropriate health care, partner with physicians, and use health resources appropriately.

New Tools, New Responsibilities

Based on a recent survey by Hewitt Associates, employees are ready to assume responsibility but have not yet received clear, targeted messages from their employers that encourage them to act.⁴² Of 39,000 workers surveyed, 93 percent said they were comfortable taking on more responsibility for their health care decisions. Yet:

- More than 80 percent did not estimate their health care expenses each year.
- Nearly 80 percent did not believe they could take action personally to help control these costs.
- More than half (57 percent) have never researched provider costs or quality of care.
- 24 percent had never inquired about their prescription drug options.

Providing employees with appropriate levels of information and support improves personal behaviors and ultimately influences health care utilization and productivity.

"Investment in employee health benefits helps build prosperity for John Deere and protects, supports, and enhances our people."

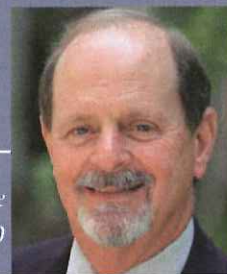


Reinforcing Safety on the Job

Regardless of size, safety at work is crucial for maintaining a healthy and productive workforce. For example, the indirect costs of injuries (e.g., accident investigation, low morale, production delays, repairs) may be 20 times the direct costs.⁴³ In a study of large employers, workers' compensation costs accounted for three percent of total health- and productivity-related costs.⁴⁴ To a small or mid-sized company, employee disability due to an injury can be devastating to the fulfillment of business obligations and schedules, in addition to increasing insurance costs. Injury prevention and proactive return-to-work initiatives are key elements of an integrated approach to health and productivity management.

Five essential components of a workplace safety program:

- 1. Management commitment.** An organization cannot create a culture of safety without true commitment from senior management. Management must actively investigate and address safety problems and provide support and follow-up.
- 2. Active participation by workers.** Employees not only are responsible for adhering to safety rules, but also should get involved in developing the safety program so they gain ownership. Seek input and suggestions about existing work hazards. Be sensitive to "safety literacy" issues that may arise from reading and language barriers.
- 3. Effective incentives.** Recognize individuals and teams who demonstrate safe behaviors (instead of rewarding a lack of lost-time injuries). This helps to improve safety performance and reinforces the organization's emphasis on safety.
- 4. Equipped employees.** Ensure that all workers have appropriate personal protective equipment; the right tools; necessary training and education for the job; clearly documented safety procedures and work rules; methods for assessing safety performance or knowledge; and opportunities for offering input.
- 5. Safety analysis.** Assess the root causes of any incidents. In addition, apply job hazard analysis to identify potential accidents, institute necessary controls, and evaluate program effectiveness.



Jack Donahue
President and CEO

DonahueFavret Contractors, Inc.

Built to Last

Company Overview

- Type of industry: General contracting
- Number of employees: 55

Program Components

- Health Savings Account (HSA) 100% of premium for high-deductible plan compared to 75% for Point Of Service (POS) plan
- Healthy lunch on Mondays, usually cooked by the CEO
- Smoking cessation paid by company with time off to attend
- Annual Health Risk Assessments (HRAs) and lifestyle screenings
- Additional time off earned for participation in wellness programs
- *Walk for Fitness* program
- Quarterly presentations and health fairs in partnership with pharmaceutical companies
- Monetary rewards for employees with safe work record
- Annual CPR and first aid training for all employees
- Ergonomic "realignment" of all workspaces

Program Highlights

- A 75% decrease in utilization during 2005-06 resulting in no premium increases in 2006-07
- No reportable accidents

CEO Statement

"Our first priority is the health and well-being of our employees. That in turn leads to a happier and more productive staff."

"Our first priority is the health and well-being of our employees."





Surya N. Mohapatra, PhD
Chairman and CEO

Quest Diagnostics Incorporated

HealthyQuest

Company Overview

- Type of industry: Health services
- Number of employees: 42,000

Program Components

- Wellness integrated with company goals
- Formation of teams of volunteer employee leaders in health promotion
- Premium incentives for participation in laboratory-based Health Risk Assessment (HRA), *Blueprint For Wellness™*

Program Highlights

- 700 employees volunteered to be leaders in nutrition, weight management, exercise, tobacco cessation, and stress management
- With increased promotion, Health Risk Assessment (HRA) participation increased in one year from 11,000 employees to more than 29,000 employees and dependents
- In the first year, an estimated 15% of the tobacco user population enrolled to quit
- The *HealthyQuest* initiative has led directly to lower health premium increases for both 2006 and 2007

CEO Statement

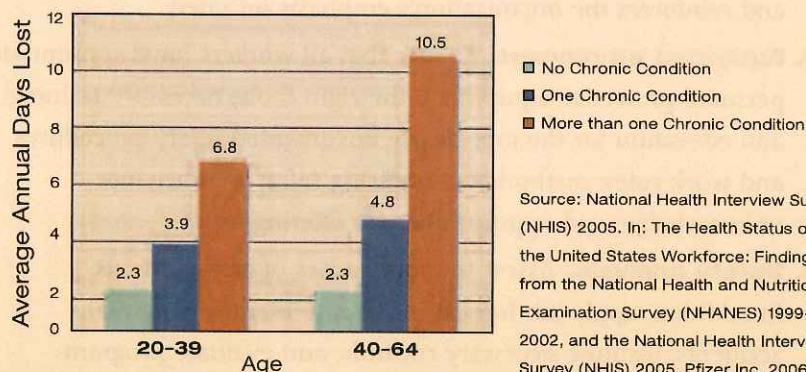
"Too often we wait until we are sick to take the steps necessary to maintain or improve our health. *HealthyQuest* is helping all of us become better health care consumers and really focus on *health* care instead of *sick* care."

Keeping Employees at Low Risk

To achieve an effective health promotion program that maintains both high participation rates and a low-risk population, **an organization needs to provide support across all levels**—from the top down, as well as from the bottom up. To help employees accomplish these goals, Dee W. Edington, PhD, director of the University of Michigan Health Management Research Center, advises employers to:

- Create accountability through the use of clear performance objectives. Management at all levels must acknowledge the importance of employee health, promote a supportive environment, and encourage participation in health-enhancing activities.
- Help workers recognize health issues that drain their vitality and work performance. Employers can do this by providing a Health Risk Assessment (HRA) combined with coaching to each member of the organization.
- Recognize employees who act as role models for better health.
- Use an advocate or periodic communications to teach employees how to access benefit programs and other resources.
- Provide incentives for participation in health promotion programs. For example, offer a \$200 benefit credit or other rewards (e.g., lottery for vacation package, gift certificates, drawings for prizes) for participating in an HRA, meeting with a counselor to discuss its results, and getting involved in additional health promotion activities during the year.⁴⁵

Average Days Lost in the U.S. Workforce by Age and Health Status



"Too often we wait until we are sick to take the steps necessary to maintain or improve our health."

Addressing At-Risk Populations

The more high-risk behaviors an individual has, the higher his or her health care costs and the greater the probability of future health problems.^{19,20,22,23} To succeed in moving 70 percent of employees to low-risk status, Dee W. Edington, PhD, advises aiming to **have 80 percent of the population participate in a Health Risk Assessment (HRA) and coaching—or other health promotion intervention—at least once every three years**, and to have 60 percent and 40 percent participate at least two and three times, respectively, over a three- to five-year period.²⁰ Participation may involve:

- Preventive screenings, such as cholesterol, body fat, blood glucose, or blood pressure checks. If not offered onsite, provide the flexibility necessary for employees to attend a community health fair.
- Targeted risk reduction (e.g., weight management, smoking cessation, prenatal care, stress management, physical activity programs).
- Medical self-care workshops coordinated with seasonal ailments (e.g., cold/flu, allergies, insect bites).
- One-on-one health coaching: personal, telephonic, or online.
- Health and safety programs and flyers.
- Disease management programs (see page 25) targeting chronic illness such as diabetes, asthma, and high blood pressure.⁴⁷

It is important to bolster participation with general awareness strategies (e.g., newsletters, bulletin boards, e-mail), and other efforts that support healthful culture change.

Each of these proven strategies and interventions contributes to a total picture of employees who are more informed about their health risks and motivated to be proactive in managing them.

Results from a study at The Dow Chemical Company, using a prospective Return-On-Investment (ROI) model showed that even small reductions in health risks for Dow employees would yield large savings in health care costs for the company. The “break-even” point, in which savings exactly equal investment dollars, occurs when each health risk is reduced by 0.17% points annually over a period of 10 years.⁴⁸

“Ultimately, a healthy workforce is good for our Associates, communities, customers, and business.”



H. Lee Scott, Jr.
President and CEO

Wal-Mart Stores, Inc.

Wal-Mart Health & Wellness

Company Overview

- Type of industry: Retail
- Number of employees: 1.3 million

Program Components

- Health and wellness information and tools available at in-store events, online, and by telephone
- Discounts on fresh fruits and vegetables, selected diet plans, gym memberships, and other health and wellness services
- Future availability of personal, private, and portable electronic health records for all employees and family members

Program Highlights

- Internal Web site with informative articles, interactive health tools, and benefits information
- In-store events dedicated to cholesterol screenings, heart health, diabetes, and vision available to both customers and Associates
- Access to counseling services, including a smoking cessation program
- Toll-free nutrition hotline (24/7, via e-mail or phone) from the American Institute for Cancer Research
- Dedicated team of health/fitness professionals providing nutrition, fitness, and health information to Associates across the country

CEO Statement

“We’re committed to engaging our Associates in making healthy choices for themselves and their families, with the goal of maintaining their health and well-being. Ultimately, a healthy workforce is good for our Associates, communities, customers, and business.”

WAL★MART



Jim Owens
Chairman and CEO

Supporting Medical Consumerism

Caterpillar Inc.

Healthy Balance

Company Overview

- Type of industry: Manufacturing
- Number of employees: More than 90,000

Program Components

- Online health assessments
- Personalized feedback to participants
- Free programs for tobacco cessation, disease management, and metabolic screening
- Medical self-care resources for all U.S. employees and retirees

Program Highlights

- Tobacco cessation program has more than 950 participants and a 35% quit rate
- More than 600 participants in disease management for those at high risk for diabetes and heart disease
- Preventive benefits added to health care plan including well-woman, well-baby, well-adult, mammograms, and colon cancer screening

CEO Statement

"Several years ago, Caterpillar recognized the impact that health care costs could have on our business and took action to design a long-term, sustainable health care plan for our employees and their families. Our new health care plan design encourages consumerism and the responsible use of health care, while putting primary focus on prevention. We will continue to take a proactive approach when it comes to employee health while still serving the needs of our business."

Medical consumerism empowers individuals to improve their decision-making skills in the appropriate use of medical services and to understand the importance of self-management practices. In such programs, employees learn how to select a physician, partner and communicate with medical care providers, and manage medications. In addition, they understand the importance of complying with recommended schedules for preventive examinations and assessing treatment options based on relative benefits, risks, and costs.

Medical self-care is one strategic component of programs that promote medical consumerism. It provides decision-support tools for determining the appropriate and necessary use of emergency and outpatient services. A typical medical self-care program includes a self-care reference book or online option combined with training and awareness campaigns. In addition, a 24-hour nurseline also may be included.

Regardless of an organization's size, a modest investment in a medical self-care program is perhaps the most cost-effective education program a company can sponsor. Self-care is especially valuable to employers who do not provide health benefits, because it helps employees lower out-of-pocket expenses by avoiding inappropriate medical visits.

Medical self-care programs have been shown to provide a significant return-on-investment (ROI)—averaging double or triple the savings for each dollar invested—within a time span of 12 months.^{49,50} In addition, these programs create a foundation for developing the complex decision-making skills employees need when faced with major health events.

"Our new health care plan design encourages consumerism and the responsible use of health care, while putting primary focus on prevention."

Managing Disease

With the aging of the workforce, both the prevalence and associated costs of chronic health conditions will continue to rise. In partnership with their health care plans, employers are addressing these major cost drivers through targeted disease management programs.

Disease management has been defined as “a system of coordinated health care interventions and communications for populations with conditions in which patient self-care efforts are significant.”⁵¹ Disease management programs typically address chronic illnesses, such as high blood pressure, asthma, or diabetes, and emphasize evidence-based practice guidelines, primary prevention, patient empowerment, and outcome evaluation.

In the case of small and mid-sized companies, employers should work with their health plans to promote available services. Additionally, employers can contact not-for-profit groups such as the American Cancer Society, American Diabetes Association, American

Heart Association, and American Lung Association for available resources, support groups, and other programs to manage chronic illnesses.

Assessing Barriers to Effective Care

By re-examining their health benefit plan design, self-insured employers may identify access and cost barriers to effective treatments for illnesses that have high cost and impaired productivity implications, such as asthma, depression, and diabetes. For example, the City of Asheville realized significant total medical and productivity savings when they waived copayments for diabetes and asthma medications, even though pharmacy costs increased. See below.

Finally, there is emerging evidence that a range of pharmaceutical approaches reduce productivity losses for such conditions as asthma, respiratory illnesses, diabetes, depression, and dysmenorrhea.⁵²

THE EFFECTIVENESS OF DISEASE MANAGEMENT

Pitney Bowes—asthma management program⁵³

- Moved all asthma medications into the 10% tier. Annual cost of care decreased by 15% between 2001 and 2003. Average overall pharmacy costs decreased by 19%. Asthma population had fewer and shorter hospital admissions.

Maine employers—HMO-based depression management program⁵⁴

- 63% of patients reduced their depression scores by an average of 50%. Average productivity savings of \$2,599 per treated patient.

The City of Asheville—diabetes management program⁵⁵

- Improved control of A1c levels. Reduced direct medical costs and sick time. \$18,000 aggregate annual savings in productivity.

The City of Asheville—asthma management program⁵⁶

- Emergency department visits decreased from 9.9% to 1.3%. Reduced direct and indirect medical costs. Patients had fewer missed/nonproductive workdays.

Disease management programs have shown positive returns in reducing productivity losses.

Programming Matrix

This chart outlines the seven elements of a comprehensive worksite health promotion program as defined by *Healthy Workforce 2010*, based on the *Healthy People 2010* national health objectives.⁵⁷ It also explains how small, mid-sized, and large companies can take steps to achieve these objectives and incorporate the seven elements into their own programs. Each suggestion builds upon the previous one to create a comprehensive strategy for worksite health promotion.

Program Elements	Minimum Steps	+	Moderate Steps	+	Comprehensive Steps
HEALTH EDUCATION <ul style="list-style-type: none"> • Tobacco use • Alcohol/drug abuse • Physical inactivity • Overweight/obesity 	<ul style="list-style-type: none"> • Health Risk Assessments (HRAs) every 12-36 months • Information and resources for healthy lifestyle changes • Medical self-care resources 		<ul style="list-style-type: none"> • Targeted risk interventions based on "readiness to change" • Workshops on medical consumerism 		<ul style="list-style-type: none"> • Health coaching (e.g., person-to-person, telephonic, Internet) • Onsite wellness manager • Telephonic nurseline
SUPPORTIVE SOCIAL AND PHYSICAL ENVIRONMENTS	<ul style="list-style-type: none"> • Open conference rooms for after-hours exercise classes • Negotiate health club discounts • Create smoke-free campuses 		<ul style="list-style-type: none"> • Provide showers, subsidized gym memberships, walking trails, well-lit stairwells • Healthy selections in vending machines, cafeterias, and company functions 		<ul style="list-style-type: none"> • In-house health management center in large locations • Volunteer health teams and discretionary program budget in all company locations
INTEGRATION OF THE WORKSITE PROGRAM	<ul style="list-style-type: none"> • Involve a diverse group of employees in a broad planning effort to create ownership in the program 		<ul style="list-style-type: none"> • Match the goals of the worksite program with the mission statement of your organization 		<ul style="list-style-type: none"> • With senior management support, develop and use a health scorecard that is integrated with business goals
LINKAGE TO RELATED PROGRAMS <ul style="list-style-type: none"> • Work-related injury/death • Health insurance • Preventive services 	<ul style="list-style-type: none"> • Provide easy-to-access information about related programs and opportunities • Integrate lifestyle messages (e.g., obesity, back care) into safety meetings 		<ul style="list-style-type: none"> • Provide custom publications pertaining to benefits, job safety, and preventive services 		<ul style="list-style-type: none"> • Cross-functional team (e.g., wellness, benefits, Employee Assistance Program [EAP]) for strategic health promotion planning
SCREENING PROGRAMS	<ul style="list-style-type: none"> • Communicate the importance of preventive screening through flyers and/or company communications 		<ul style="list-style-type: none"> • Sponsor or team up with other businesses to offer health fairs with screenings 		<ul style="list-style-type: none"> • Through benefit plan, reduce cost and access barriers to preventive screenings
FOLLOW-UP INTERVENTIONS	<ul style="list-style-type: none"> • Locate and promote appropriate resources and support related to at-risk practices. (Be sensitive to privacy issues) 		<ul style="list-style-type: none"> • Create incentive-based programs to encourage maintenance of positive health changes (e.g., physical activity) 		<ul style="list-style-type: none"> • Benchmark health data to set short- and long-term objectives for reducing at-risk behavior
EVALUATION AND IMPROVEMENT PROCESS	<ul style="list-style-type: none"> • Conduct periodic surveys regarding employee health promotion needs/interests • Measure employee participation rates • Use post-program surveys to measure satisfaction 		<ul style="list-style-type: none"> • Identify leading medical claims by prevalence and costs • Identify leading indirect costs related to disability, workers' compensation, and sick days 		<ul style="list-style-type: none"> • Evaluate Return-On-Investment (ROI) on selected interventions • Integrated data warehouse • Measure presenteeism for selective health conditions (e.g., arthritis, diabetes)

Starting a health promotion program in your organization can be equal in cost to one premium coffee per month/per employee.

Putting It All Together

As this report reveals, organizations large and small have implemented health management initiatives that not only have protected their bottom lines, but also have improved the health of their most important assets—their people. To assess and support your organization's efforts to manage employee health, consider how the following components fit into your total health management strategy:

■ Create and support a culture of health

- ☐ Protect employee safety through appropriate education and compliance to safety regulations.
- ☐ Reinforce and support the importance of personal responsibility in practices of health and safety.
- ☐ Support physical activity and healthful eating through onsite and offsite exercise options and healthful food selections in vending machines, cafeterias, and at company functions.

■ Use health data to guide health management decisions

- ☐ Understand the true cost burden of employee health.
- ☐ Benchmark against best practices and measure program value.
- ☐ Use health and other data sources for identifying program needs and targeting resources to these areas more effectively.

■ Provide health benefits as the base for preventive care

- ☐ Make an effort to provide access to affordable health care.
- ☐ Design health benefits that remove cost and access barriers to preventive screenings, health maintenance, and evidence-based treatments.

■ Provide health education and risk reduction programs

- ☐ Produce general communications that raise awareness, teach skills, and provide motivation for primary prevention.
- ☐ Provide access to confidential Health Risk Assessment (HRA) and follow-up risk reduction programs.
- ☐ Provide access to preventive screenings.
- ☐ Implement medical self-care resources and education.
- ☐ Supply access to resources and support for managing chronic health conditions.

"Our top two priorities are prevention and quality and effectiveness of health care."

Andrew N. Liveris
Chairman and CEO



The Dow Chemical Company

Good Health for the Whole Self

Company Overview

Type of industry: Manufacturing

Number of employees: 43,000

Program Components

- Company Health Strategy
- Comprehensive health metrics
- Health assessment and counseling
- Web-based information and programs
- Group programs and immunizations
- Preventive emphasis in benefit plan
- Relevant workplace health policy
- Fitness programs and facilities
- Healthy culture efforts

Program Highlights

- Health risks are improving especially for our top three risk targets: tobacco use, physical activity, and obesity
- Over 85% of North American employees voluntarily participate in health assessments
- About 75% of employees participate in one or more health services each year

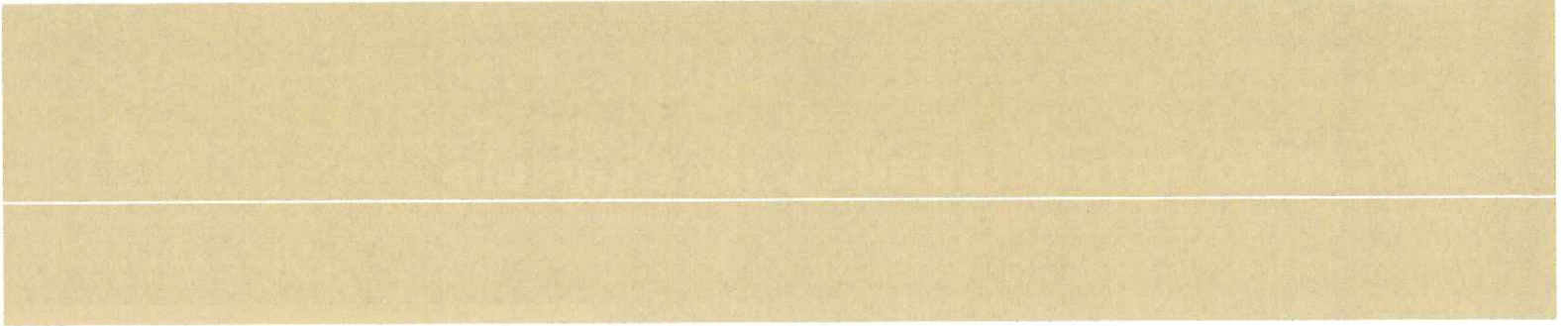
CEO Statement

"In 2004, we launched a simple yet dynamic *Dow Health Strategy* that took our business case for health investment to the next level. This strategy is sharply focused on improving Dow's financial position by promoting better health, and features tough goals and clear metrics to ensure forward progress. Our top two priorities are prevention and quality and effectiveness of health care."




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A Call to Action: Leading by Example

Leading Practices for Employee Health Management

Successful health management programs improve bottom lines through effective cost management, which provides benefits to organizations by enhancing the productivity of their human capital. This effort requires a cultural shift that positions employee health as a vital component of organizational success.

This call to action challenges public and private leaders to:

- Be a motivating example. As lead employee, good health practices begin with you.
- Shift employee health benefits from a cost-containment strategy to a performance strategy.
- Define and articulate the value of employee health and its connection to the health of your organization. Reinforce these values regularly, company-wide.
- Implement formal recognition of inspiring employees and peer leaders who take responsibility for their health and the health of their co-workers.
- Hold all levels of management accountable for supporting company-sponsored initiatives.
- Recognize managers for supporting employee health practices.
- Integrate health and productivity measures into your organization's "performance dashboard."
- Manage employee health with cross-functional planning, implementation, and evaluation.
- Lead your industry by example.

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Caterpillar Inc.

Jim Owens, Chairman and CEO

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