

# Presenting Wellness to the CFO

Susan Kuruvilla, President  
General Lock and  
CLARK Security Products

March 16, 2011



COMMUNITY HEALTH  
IMPROVEMENT PARTNERS  
*making a difference together*



# Agenda

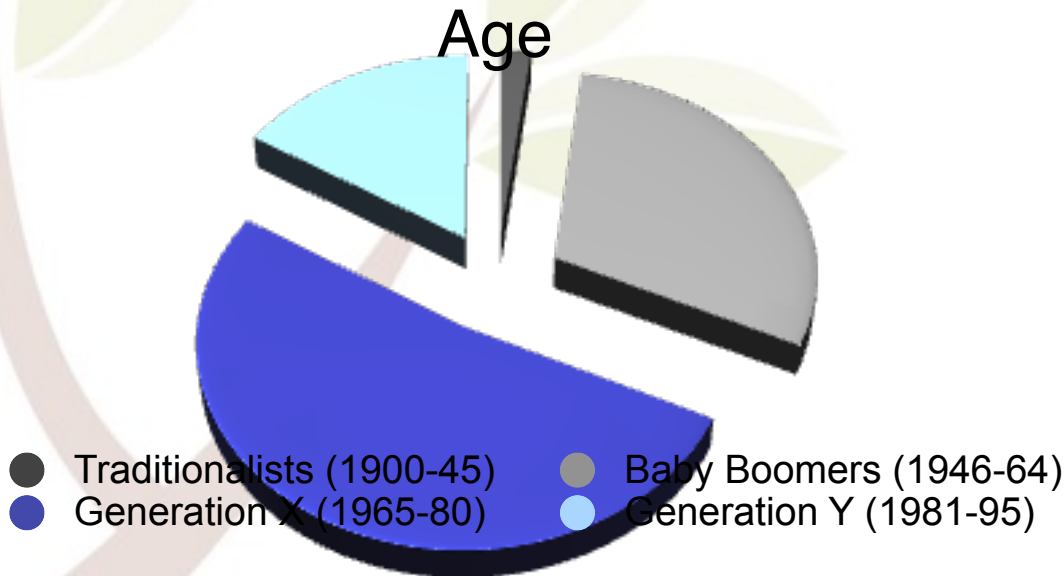
1. Company overview
2. Implementing our wellness program
3. Program successes
4. Return on investment
5. Value on investment
6. How to achieve program support
7. Questions



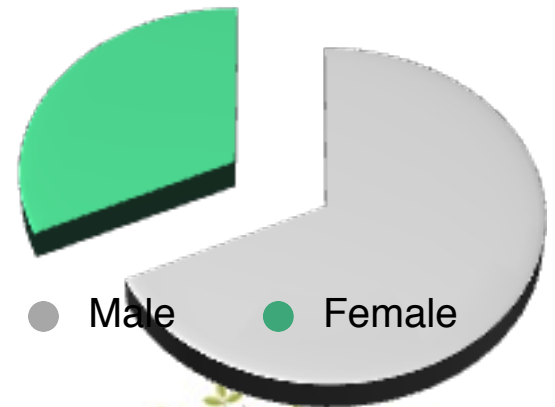
# Company Overview

- Nation's leading distributor of physical security products and services
- 15 distribution centers across the U.S. employing over 300 people

Age



Gender



● Male ● Female

**Flourish**



**Implementing our**



# Before We Implemented a Wellness Program

- Typical fully-insured plans.
  - National HMO and PPO
  - Local HMO
- Limited plan utilization data available.
- Continued annual cost increases despite benefit changes & raising employee contributions.
- Tired of double digit premium increases with no end in sight.
- Wellness program was limited:
  - Very little participation
  - Value was not clear



# Our Vision of Wellness

***“Changing from a culture of managing disease to managing health”***



***“Looking at health care as an investment not an expense”***



# A Unique Gold/Silver Plan Was Designed

Plan Features	Gold Plan	Silver Plan
	In-Network	In-Network
Deductible (Individual/Family)	\$250/\$750	\$750/\$2250
Coinsurance (Plan Pays)	90%	70%
Office Visit (Primary/Specialist)	\$25/\$40	\$30/\$50
Prescriptions (for Asthma, Diabetes & Hypertension)	\$10 Regardless of the RX tier	<b>\$10</b> Regardless of the RX tier
Prescriptions (All Others)	\$10 Generic \$30 Brand \$50 Non-formulary	\$10 Generic \$30 Brand \$50 Non-formulary
Contribution Tier		
Employee	\$45.00	\$57.00
Employee + Spouse	\$211.78	\$218.78
Employee + Child(ren)	\$166.72	\$173.72
Employee + Family	\$313.51	\$320.51

# What Is the Admission to the Gold Plan?

***Activity***

**NOT**

**Additional Contributions**

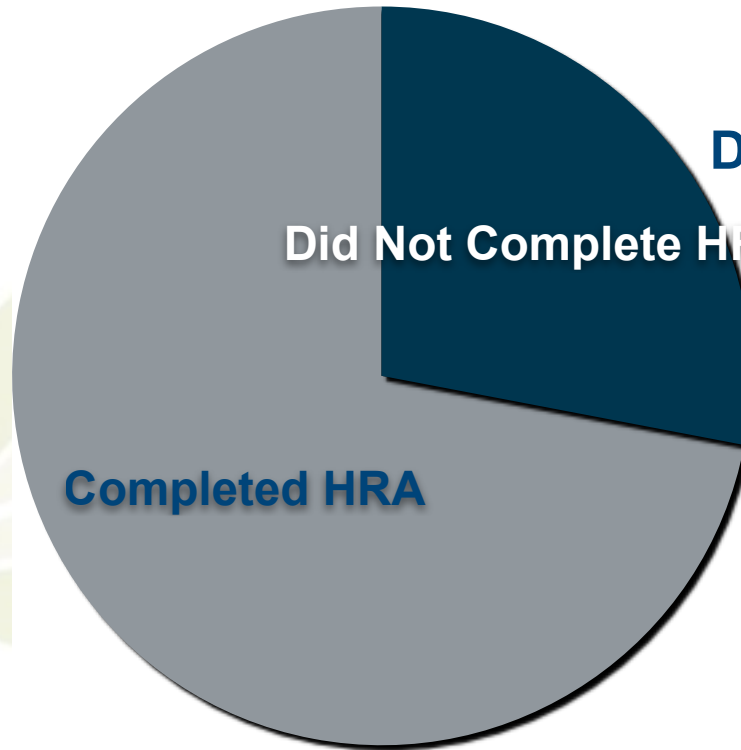
**Take Health Assessment (HA) – Must have Biometric Information**

- ✓ Blood Pressure
- ✓ Blood Cholesterol
- ✓ HDL Cholesterol
- ✓ LDL Cholesterol
- ✓ Blood Glucose
- ✓ Triglycerides
- ✓ Waist Girth
- ✓ Hip Girth
- ✓ Percent Body Fat



# HA Completion vs. Non-Completion

**Completed HA**  
217 Employees



**Did Not Complete HRA**

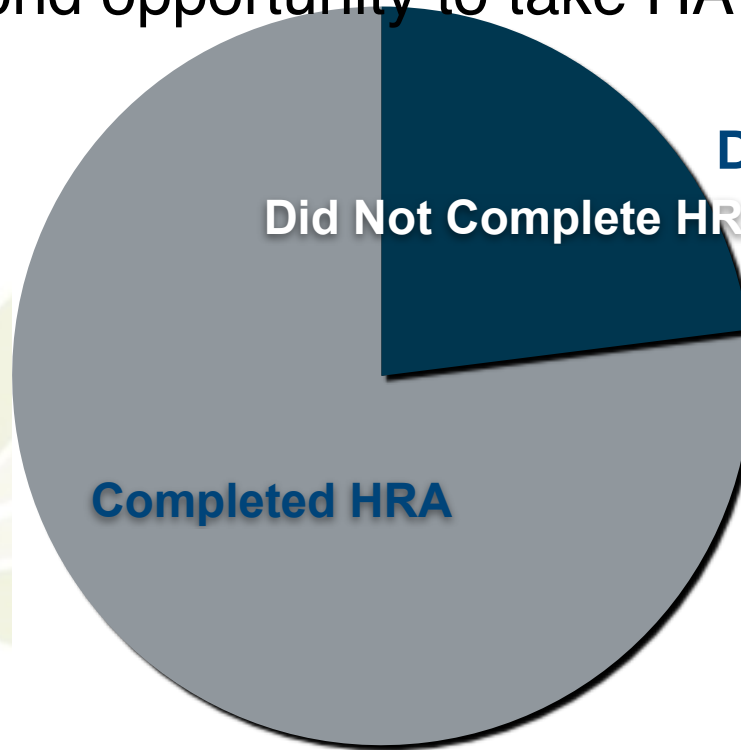
**Did Not Complete HA**  
83 Employees



# Life Is About Second Chances...

Second opportunity to take HA

**Completed HA**  
231 Employees



Did Not Complete HRA

**Did Not Complete HA**  
69 Employees



# The Investment



# The Investment

Health Assessment



\$7.56/Participant



# The Investment

Health Assessment → \$7.56/Participant

Dr's. Visit & Biometrics → \$30/Participant



# The Investment

Health Assessment → \$7.56/Participant

Dr's. Visit & Biometrics → \$30/Participant

Time Human Resources  
and Senior Management → *Worth every penny*  
Team has spent designing  
the Wellness Program



# Partners in Savings

Partner	Yea	Saving	Savin
Medical Carrier	200	6%	\$100k
(Trend Neutralizer Program)	201	7%	\$100k
	201	7%	\$120k
Disability Carrier	201	--	\$2k
Broker	201	--	\$5k





# **Program successes**



# Program Success Highlights

- Had less than a 2.9% increase in year-over-year costs for wellness and benefits programs by quantifying reductions in absenteeism, excess health claims, and lost productivity.
- Enjoyed a transformation of company culture from top down and bottom up.
- Wellness Program ROI exceeded 4 to 1.
- Annual renewal increases fell from an average of greater than 17% prior to 2008 to under 10% through 2011.
- One of five case studies presented to the White House illustrating what employers are doing to bend the health care trend.
- Winner of San Diego's Healthiest Employers 2010 award in the mid-sized category.



A large, stylized illustration of a tree branch with several light green leaves, positioned on the left side of the slide. The branch is a light brown color and curves upwards and to the right.

# Return on investment



# Total Cost Year-Over-Year

	TOTAL BENEFITS COST*	CLARK'S SHARE \$	CLARK'S SHARE %	INCREASE B/(W)	EMPLOYEE'S SHARE \$	EMPLOYEE'S SHARE %
2007	\$1.90M	\$1.27M	66.6%	7.9%	\$0.64M	33.4%
2008	\$2.14M	\$1.46M	68.2%	1.6%	\$0.68M	31.8%
2009	\$2.67M	\$2.08M	77.6%	9.4%	\$0.69M	25.8%
2010	\$2.77M	\$2.02M	72.9%	(3.2%)	\$0.75M	27.1%

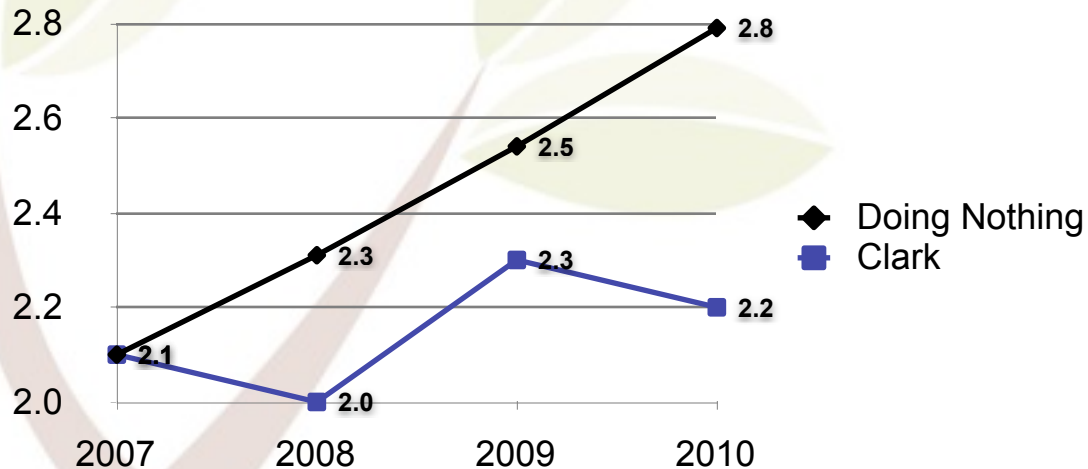
- Role of Trend Neutralizers from Insurance Companies



# Risk Factors

Health risks are defined by an individual's personal and environmental health practices. These risk categories include:

- Cardiovascular
- Cancer
- Accidents
- Diabetes
- Cirrhosis of Liver
- Suicide
- Disease States
- Lifestyle Risks
- Lung Disease



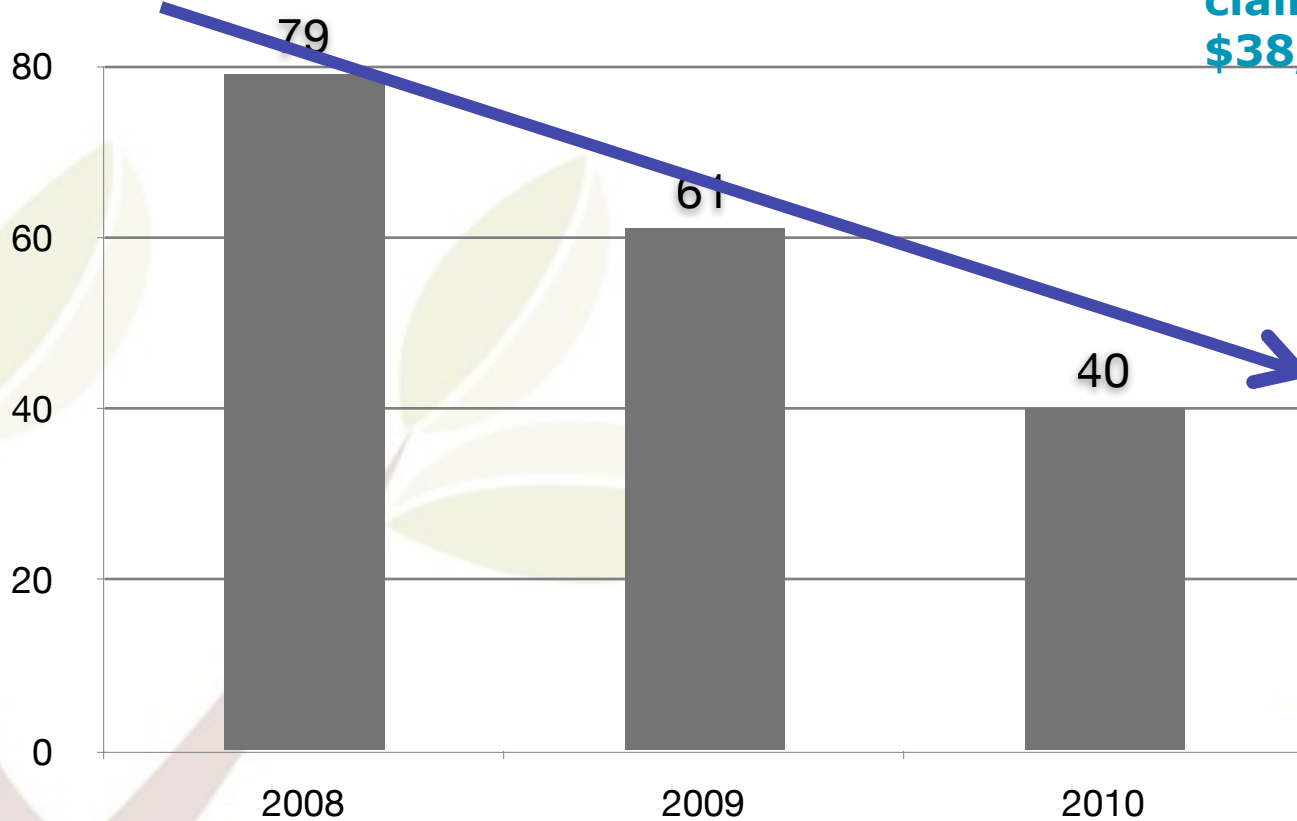
**Savings per risk avoided through Clark's integrated program totals \$103,968**



# Emergency Room Use

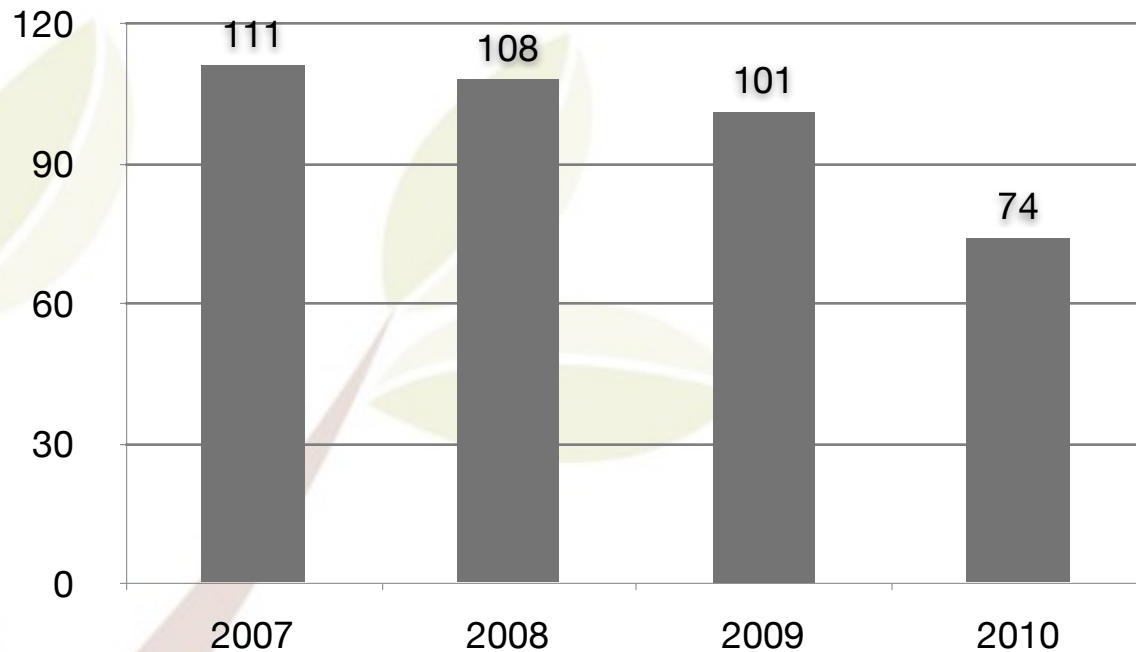
- Number of ER Claims by Year

**Decrease in ER claims equates to \$38,900 savings**



# Workers Compensation

## Experience Modification History



**Culture is a major cost driver for Workers Compensation claims**

Source: 2011 Modwatch™



A large, stylized illustration of a tree branch with several light green leaves, positioned on the left side of the slide. The branch is a light brown color and curves upwards and to the right.

# Value on investment



# It Is Good Business to Take Care of Your Employees

- Achieved a progressive three-year reduction in the number of individuals who reported having trouble performing work/life tasks due to mental health issues.
- One employee's caloric intake dropped more than half.
- Another, considered a walking heart attack by his doctor, dramatically decreased his blood pressure from a dangerous level to one that was well within normal range.
- And another was diagnosed with stage-one thyroid cancer. Early detection allowed for effective treatment without a prolong absence.
- Received many notes from employees who experienced a significant life change as a result of program.
- Fewer sick days.



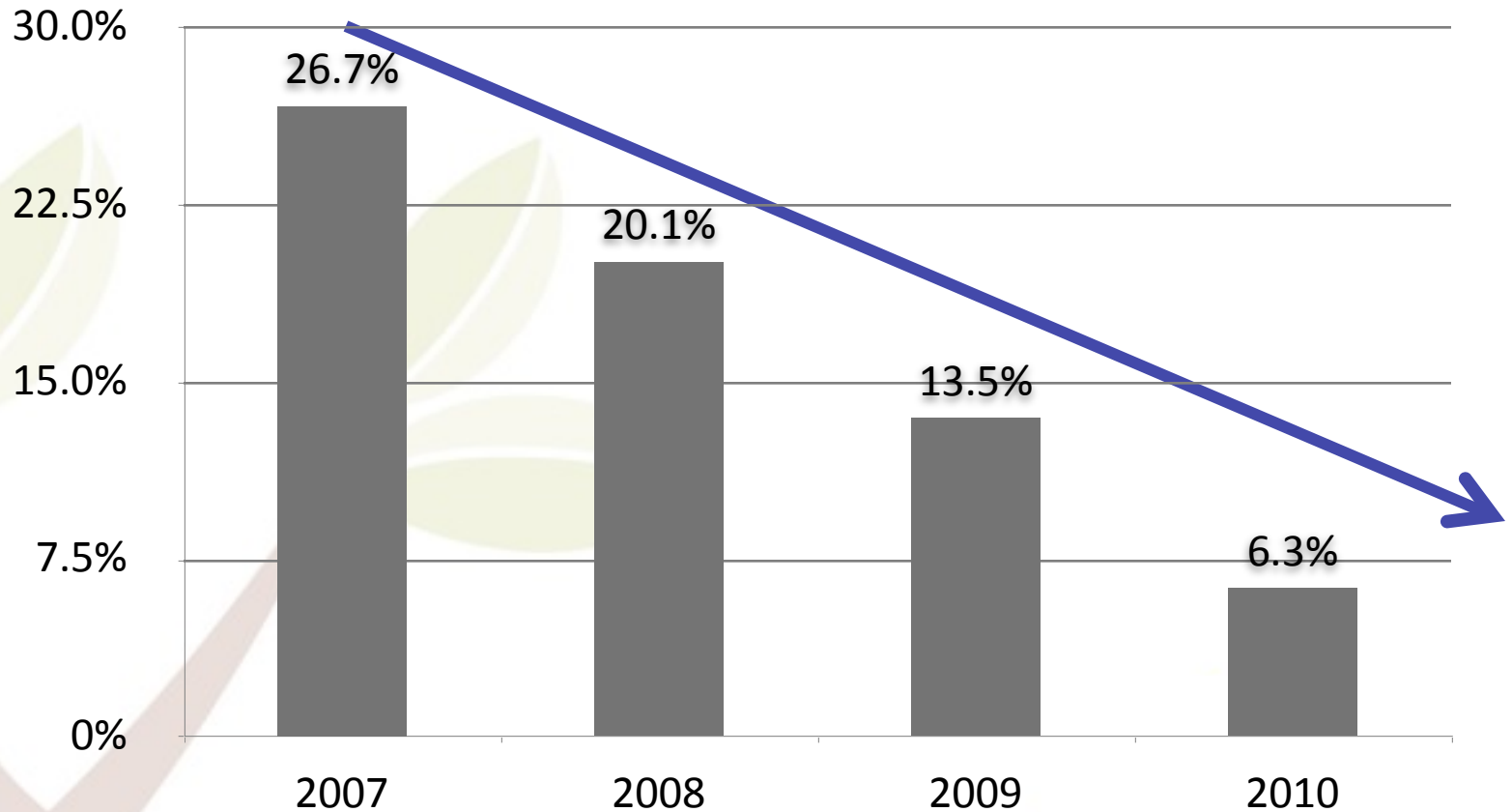
# Value-Based Rx Usage

	2007	2008	2009	2010
Percentage of Rx Dollars Spent on Value Based	N/A	20%	20%	18%
(National Average 15%)				



# Exercise Program

Percentage of individuals who have **NO** exercise program established.



# Current Wellness Culture

- Increased employee engagement, with 4 consecutive years of 87% of employees “satisfied” or “very satisfied” employees.
- 69% of employees have been inspired to lead a healthier lifestyle through wellness offerings and wellness culture.
- 72% of respondents have participated in one of the quarterly challenges or exercise promotions offered.
- 77% are more aware of their personal health as a result of the online Health Assessment.
- Increased employee awareness of own health (perception vs. actual)
- Increased readiness to change 2007 62.5% 2008 66.7% 2009 70.7% 2010 75%
- Increased Employee Assistant Program usage  
2006 5.4% 2007 8.1% 2008 9.6%  
2009 11.4% 2010 14.2%



# How to Achieve Program Support and ROI

- Understand population's needs through data (e.g., assessment results, utilization reports, or attendance records).
- Reduce the barriers to access care and encourage prescribed compliance.
- Motivate population to make healthy and informed choices.
- Commitment starts at the top.

*“You don’t have to spend a lot of money to drive a change in behavior. It starts at the top. All of our executives are motivated, healthy, and active. We believe in living healthy lifestyles.”*



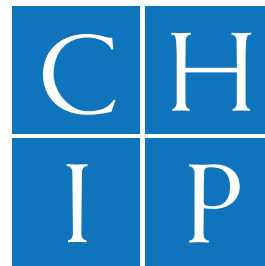
A stylized illustration of a branch with four light green leaves, positioned on the left side of the slide. The branch is a light brown color and curves upwards and to the right.

**Questions?**





THANK YOU!



COMMUNITY HEALTH  
IMPROVEMENT PARTNERS

*making a difference together*

[www.icanatwork.org](http://www.icanatwork.org)

[www.sdchip.org](http://www.sdchip.org)

For questions or for more information please contact Tyler Wagner  
at [twagner@sdchip.org](mailto:twagner@sdchip.org) or 858.609.7972



### WELCOME TO ICANATWORK, SAN DIEGO COUNTY'S WORKSITE WELLNESS COALITION

ICANATWORK is a free coalition of local business leaders, CEOs, human resource directors and wellness experts designed to help businesses of all sizes adopt effective wellness strategies.

Investing in health and wellness in the workplace can help you boost morale, build teamwork, increase productivity and curb rising healthcare costs. In order to achieve a healthier San Diego County, it is our mission to help employers understand health and wellness as an investment rather than as a line-item expense.

This means helping you use your dollars wisely by empowering your health purchasing and budget decisions based on data, outcomes and best practices.

In order to achieve this vision, we will be working to:

- Foster a culture of worksite wellness in San Diego County;
- Help businesses develop strategies to curb rising health care costs;
- Serve as a forum for resource sharing among businesses and wellness professionals.

While you're here be sure to:

- [Join ICANATWORK](#). It's completely free, and we'll send you our monthly eNewsletter and invitations to upcoming meetings.
- [Join the conversation](#). Join our LinkedIn group to get tied into weekly online discussion and connect with other local people working on worksite wellness programs.



### LATEST NEWS

- Check out the new ICANATWORK Blog for wellness related posts. [More](#)
- Upcoming coalition meetings now posted online. [More](#)
- New resources added. [More](#)
- Missed a meeting? [View our archives](#).
- Welcome new members! [More](#).

**What's your biggest worksite wellness obstacle?**

This poll is stopped and not accepting responses. If you created this poll, [start the poll](#), then refresh this page.

**Poll Everywhere**  
was used to create this poll.

Visit us online for more information:  
[www.icanatwork.org](http://www.icanatwork.org)