

Consumerism and Wellness — What Works?

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Presenters



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Presenters



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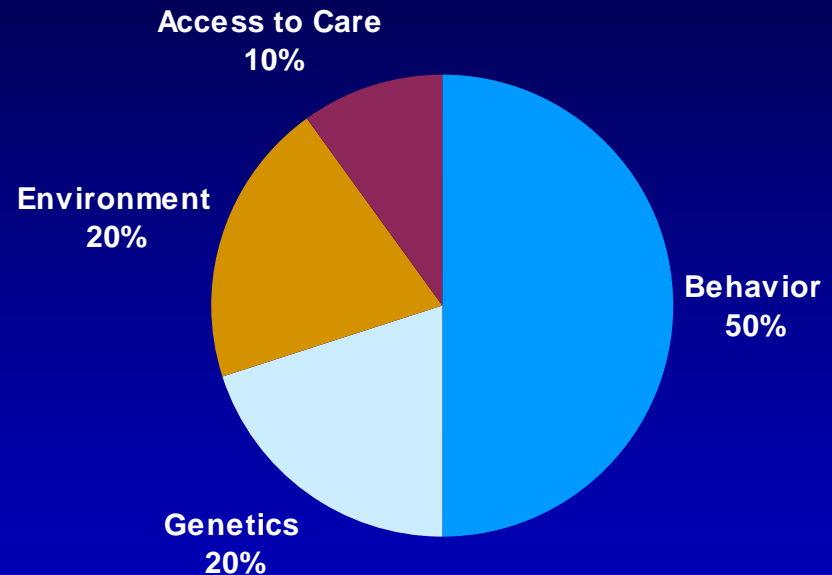
Today's discussion

- Context: Consumerism and wellness strategies
- The Duke Realty success story
- Results and keys to success
- Questions and answers

Why are employers considering consumerism and wellness in their benefit program designs and delivery?

- ...because 50% of the determinants of a person's health status are behavior-related
- Implementing programs that influence behavior can improve health, which in turn
 - reduces health care costs
 - reduces absenteeism
 - increases productivity
 - improves employee engagement

Determinants of Health



Source: IFTF, Centers for Disease Control and Prevention

What is consumerism?

It's all about the consumer

An effective health care consumer

- Pursues a healthy lifestyle
- Seeks health information
- Practices self-care and prevention
- Manages chronic conditions
- Understands the cost implications of health care decisions
- Makes appropriate plan and provider selections

Well-designed and well-implemented account-based health plans can support consumerism

The account-based health plan (ABHP) approach is

- One of the strategies intended to deliver on the promise of consumerism
- A health plan design incorporating long-term equity accumulation
- A plan design and funding model with supporting tools and technology that
 - encourage efficient use of services
 - support the maintenance of individual health and align stakeholders in the health care supply chain
 - provide economic incentives and constraints to encourage responsibility and accountability

Keys to ABHP success

Successful companies...

- Build a climate of trust and concern for employee well-being
- Make a serious commitment (83% of high performers say that the account-based approach is central to their health care strategy versus 48% of low performers)
- Have clear and robust objectives for the ABHP (including and beyond cost)
- Manage the program aggressively and consistently, adhering to best practices across the board
- Are progressive in their approach to benefits overall (early adopters and fast followers)

Source: *Account-Based Health Plans: What Works — and Why*, Towers Perrin, 2007

Keys to ABHP success (cont.)

Successful companies...

- Have a strong focus on change management and building a new mindset
- Demonstrate understanding of the difference between ABHPs and traditional plans
- Help participants understand and accept the risk characteristics of the plans by transparently communicating them and providing the tools to manage them effectively

Source: *Account-Based Health Plans: What Works — and Why*, Towers Perrin, 2007

What about wellness?

- Wellness strategies support consumer engagement and behavior change
- Elements of a wellness strategy include
 - health screens (data collection)
 - health risk assessments and biometric screenings
 - health improvement programs
 - assess data and strategically improve health risks of targeted individuals
 - incentive programs to build a “buzz” and increase participation
 - create an environment and incentive structure that promote high participation in a positive manner
 - measurement
 - varied methods (individual, aggregate, ROI and custom) provide accurate and transparent insights for assessing and modifying the program as necessary

Keys to wellness success

- Several factors are consistently found in successful wellness programs
 - senior leadership commitment
 - effective communication
 - high-quality vendors
 - effective incentives — and disincentives — to obtain employee buy-in
 - thorough and meaningful outcomes measurement

Duke Realty Corporation: A midsize employer that has made great progress on consumerism and wellness

About Duke Realty

- Founded in 1972 in Indianapolis
- Largest publicly traded office and industrial property owner in the country
- One of the most vertically integrated real estate companies
- Approximately 1,300 associates

Duke Realty's HDHP with health savings account (HSA)

- In 2005, we realized we needed to take a more proactive, innovative approach to our health plan (we had average cost increases of over 12% per year over the prior three years)
- Our new health plan was not about shifting cost (which is what we had been doing for the prior 3+ years)
 - it was about changing the way we think about and act on our health and wellness
- The Duke HDHP with HSA was implemented on January 1, 2007

Duke Realty's HDHP with health savings account (HSA) (cont.)

Goals

- Maintain associates' current level of maximum liability
- Lower the rate of increase in health care costs the company could expect in the future

Ultimately, it's about ensuring a healthy life for our associates and a healthy balance sheet for the company

How we made it work: Our plan of action

- Hired Towers Perrin to assist with plan design, selecting an administrator and our initial communication plans
- Established an Advisory Committee and conducted associate focus groups
- Involved the Benefits Committee and kept the local HR contacts and Executive Committee informed
- Provided ongoing and early communication about the new plan to our associates throughout the development process
 - written — highlights brochure, detail brochure, survey, e-mails
 - meetings — educational/informational (associate and spouse) and annual enrollment

How we made it work: Our timeline

2006

2007

March

Established Advisory Committee, modeled alternative plan designs

April

Met with Advisory Committee for input on proposed design, conducted associate focus groups

May

Shared focus group results with Advisory Committee, finalized plan design, announced change on all-associate conference call and distributed memo regarding the change, provided executives and key associates with a tip sheet about the new plan to help with associate questions/concerns

July

Selected third-party administrator, started implementation activities, reviewed plan with HR contacts, mailed highlights brochure to associates' homes, conducted meetings for associates and spouses, distributed detail brochure in meetings

August

Continued conducting meetings for associates and spouses, conducted e-mail surveys to solicit feedback from associates, provided additional info on all-associate conference call

**September/
October**

Continued communications

November

Enrollment period began, conducted enrollment meetings

Conducted health plan refresher courses in selected cities throughout the year

November

Enrollment period began, conducted enrollment meetings

Our HDHP with health savings account (HSA): *Pre-implementation results*

Highlights from our informational/educational meeting survey

- 76% understood why Duke was making changes to the health plan
- 81% understood how Duke's new HDHP/HSA plan would work
- 80% believed Duke had done an effective job communicating the new HSA plan

Our HDHP with health savings account (HSA): *Pre-implementation results (cont.)*

Highlights from our informational/educational meeting survey

- 77% believed the information provided in the print brochures was valuable and helped them better understand the HSA plan
- 84% believed the information provided in the employee meetings was valuable and helped them better understand the HSA plan

How we made it work: Simplified plan design

	In-Network Benefits	Out-of-Network Benefits
Deductible		
Associate Only		\$2,200
Associate Plus One		\$3,300
Family		\$4,400
Out-of-Pocket Maximum (including deductible)		
Associate Only	\$2,200	\$4,500
Associate Plus One	\$3,300	\$6,250
Family	\$4,400	\$8,000
Coverage Levels		
Wellness/Preventive	100% (no deductible; \$500 per year maximum)	
Preventive Prescriptions	50% before deductible 100% after deductible	Not covered
Non-Preventive Prescriptions	100% after deductible	Not covered
Other Covered Medical Services	100% after deductible	60% after deductible

How we made it work: Overcoming concerns

A concern that the new plan would be seen as a reduction in benefits that would cost associates more, which in turn could negatively impact hiring and retention of associates

Overall Comparison	2007	2006	2005
Percent of total cost paid by associates	30.70%	28.52%	27.81%
Average dollar increase paid per associate (from prior year)	\$141	\$155	\$215
Average dollars paid per associate	\$3,376	\$3,234	\$3,080
Turnover	10.93%	11.37%	13.80%

How we made it work: Overcoming concerns (cont.)

A concern that some associates may forgo needed care in an effort to save money

Medical Comparison	2007	2006	2005
Office Visits: Average number of visits per member per year (PMPY)	3.7	3.75	N/A
Average preventive \$ paid (PMPY)	\$118.71	\$113.88	N/A
Prescription Comparison			
Average number of Rx per member per month (PMPM)	0.76	0.74	0.61
Generic Rx utilization	57.9%	50.6%	38.5%
Average cost per Rx (generic and brand name combined)	\$45.23	\$84.29	\$97.08

Our HDHP with health savings account (HSA): Plan-year results

- In 2007 there was a reduction in the overall cost of the health plan, totaling an estimated \$1.5 million in savings over cost projections had we kept our prior plan in 2007
 - ended year 5.57% below prior year PEPY cost
- We expect approximately \$600,000 in savings for 2008 over old plan projections (this number is lower than the 2007 savings, mostly due to additional wellness programs and higher contributions to HSAs)
- Health plan survey taken in early October 2007 (after nine months on the new plan)
 - the majority (63%) of our associates indicated they were neutral or satisfied with the current health plan

Our HDHP with health savings account (HSA): Plan-year results (cont.)

- Conducted the same survey in June 2008
 - 73% of our associates indicated they were neutral or satisfied with the current health plan
- Over three-quarters (77%) of associates make voluntary contributions to the HSA

Duke Realty's wellness program

■ Wellness goals

1. Wellness that goes beyond standard

- disease management
- nurse line

2. Wellness program that will be beneficial for the health plan's performance, our associates and the company's bottom line

■ The Duke wellness program (Living Our Best) began with incentives to complete health risk evaluations (HRE) during annual enrollment in late 2006

- strategy was to have limited wellness opportunities in 2007 and to roll out a more robust wellness program in 2008

■ To gear up for 2008, we formed a Wellness Council in third quarter 2007 and conducted a wellness survey

Our current wellness program has two main components

- The first component launched in 2007 and is available only to individuals covered under the Duke health plan
 - it includes online programs through our TPA and incentives for selected preventive services
 - the online programs cover a wide range of topics, including
 - cancer
 - diabetes
 - heart health
 - aging
 - exercise
 - diet and nutrition
 - weight loss
 - stress

Our current wellness program has two main components (cont.)

- The second component launched in 2008 and incorporates programs offered through Duke's Corporate Wellness Council
 - participants do not have to be insured under the Duke health plan to participate in the wellness activities or programs offered by the Wellness Council
 - Wellness Council's companywide 2008 programs include
 - Duke Health Fair (with health screenings)
 - companywide walking program (second quarter 2008)
 - weight-loss challenge program (third quarter 2008)
 - quarterly wellness newsletter

Wellness initiatives: Positive response yields results

- High uptake of wellness effort at initial HDHP launch
 - in 2006, 72% of Duke associates and 40% of spouses completed online health risk evaluations during enrollment
- Positive attitude change evident in survey results over time
 - “The Duke health plan encourages my family and me to work towards adopting a healthier lifestyle”
 - 18% agreed/strongly agreed in 2007
 - 46% agreed/strongly agreed in 2008
 - 44% of associates say wellness programs have increased their satisfaction with the Duke health plan

Wellness initiatives: Positive response yields results (cont.)

- Strong positive response to incentives
 - as of June 1, incentive payouts indicate that 63% of associates have participated in some form of wellness activity this year

In conclusion

- A consumerism and wellness strategy works...and it's not just for large employers
- *The* critical success factor is to make the strategy a full commitment for your organization
 - beyond enrollment and disseminating information...
 - build a new culture around supporting employee well-being and engage senior leadership in making it real
 - build employee trust, engagement, confidence and action
 - focus on the *how* of benefit change and implementation, not just the *what*

Questions and Answers

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