

# Health Policy Institute of Ohio

## Strategy for Improving the Health of Your Employees and Families



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Are you having healthcare cost problems?

Can you afford the lifestyle of your employees?

Do you believe if you improve the health status of your employees and their families, you will reduce your health related costs?

If so, what are you doing about it or why haven't you done something about it?

Our discussion of healthcare will be:

- Understanding the problem and what created it
- Strategy to solve the problem
- WEYCO's approach to solving the problem
- Return on Investment??

# What is the Problem?

- Healthcare cost is frustrating employers and employees
  - It's eating the bottom line
  - It's eating paychecks
  - It's a major business issue
  - It's the Pacman Syndrome
- Everyone is blaming everyone else
- Where is the blame? Let's examine the cause



# Causes of the Problem

- Employers created the problem by giving employees an unrestricted medical credit card
- Created entitlement attitude
- Laws over-protect employees
- Employees are making unilateral lifestyle decisions that affect the bottom line and other employees' paychecks
- The healthy are subsidizing the unhealthy lifestyles and the non-compliant



# Why Aren't Current Plans Working?

- No real emphasis on prevention, personal health improvement and compliance
- There's no reward for healthy living
- Plans can enable people to live unhealthy
- Little or no employee involvement in the cost

# What's Currently Being Done?

## Short-term Strategy

- Shop the market
- Increase deductibles, co-pays
- Increase employee contributions
- In-network steerage
- Spousal access
- Plan limitations
- Plan exclusions (auto accidents, high-risk sports, etc.)

These are temporary fixes

Treating symptoms – not the cause

Focus on the future – not the past

# Solving the Problem

## WEYCO's Long Term Strategy:

### ● Benefit Strategy

- Align with health strategy
- Provide medical plans that will involve employees and their families in prevention, personal health improvement, treatment compliance and the cost
- Move all employees to qualified high- deductible plans with health savings accounts (HSA) by 2007

### ● Health Strategy

- Treat the cause
- Improve the health status of employees and their families
- Reduce the demand to reduce the cost

# Why Qualified High Deductible Medical / HSA plans?

- Will motivate employees and their families to be involved in:
  - Prevention and personal health improvement
    - Vital in the management of the risk
  - Treatment compliance
  - Purchasing and cost. Eliminates the credit card.
  - Rewards for healthy lifestyle
  - Pre-tax funding of the risk
  - Saving for future healthcare (retirement)

# Medical Plan 1500 w/ optional HSA

## \$1,500 / \$3,000 Deductible

**In-Network**

**100%**

Out-of-Pocket Limit:

Single: **\$1,500** Fam: **\$3,000**

**Paid 100% before deductible:**

- **Accident: \$300/accident**
- **Preventive: \$500 c.y.**
- **Cancer Screening**
- **Nutrition Counseling: \$500 c.y.**
- **Weight Mgmt: \$1,000 c.y.**
- **Diabetic Training: \$500 c.y.**

**Paid after deductible:**

- Office/Urgent Care Visit - \$15 per visit**
- Emergency Room - \$100 per visit**

**Out-of-Network**

**70%**

Out-of-Pocket Limit:

\$1,500	\$10,000	100%
100%	30%	

Single:  $\$1,500 + \$3,000 = \$4,500$

Fam:  $\$3,000 + \$6,000 = \$9,000$

**Prescription Drugs are paid after deductible as follows:**

**Generic, Claritin and Prilosec OTC - \$0 Co-pay/Rx**

**Retail brand - \$40 Co-pay/Rx**

**Mail brand - \$80 Co-pay/Rx**

# Medical Plan 2000 w/ optional HSA

## \$2,000 / \$4,000 Deductible

**In-Network**

**100%**

**Out-of-Pocket Limit:**

**Single: \$2,000 Fam: \$4,000**

**Paid 100% before deductible:**

- **Accident: \$300/accident**
- **Preventive: \$500 c.y.**
- **Cancer Screening**
- **Nutrition Counseling: \$500 c.y.**
- **Weight Mgmt: \$1,000 c.y.**
- **Diabetic Training: \$500 c.y.**

**Paid after deductible:**

- Office/Urgent Care Visit - \$15 per visit**
- Emergency Room - \$100 per visit**

**Out-of-Network**

**70%**

**Out-of-Pocket Limit:**

\$1,500	\$10,000	100%
100%	30%	

**Single: \$2,000 + \$3,000 = \$5,000**

**Fam: \$4,000 + \$6,000 = \$10,000**

**Prescription Drugs are paid after deductible as follows:**

**Generic, Claritin and Prilosec OTC - \$0 Co-pay/Rx**

**Retail brand - \$40 Co-pay/Rx**

**Mail brand - \$80 Co-pay/Rx**

# Our health plans pay the following expenses at 100% for prevention and personal health improvement:

- Medical, dental, vision exams
- Diabetic training
- Nutrition counseling
- Weight management
- Flu shots
- Cancer screenings
  - Mammogram
  - Prostate
  - Colonoscopy
  - CAT Scan
- Tobacco cessation
  - Dependent only

# Health Strategy

- Strategy emphasizes prevention, personal health improvement, and treatment compliance
- Carrot or stick approach? Rewards and Consequences (Financial Penalties)
- The strategy must be driven by:
  - CEO establishing expectations (top down)
  - Complete buy-in by management team
  - Employee buy-in is vital, will take longer
  - Peer pressure (bottom up)
  - Inform job applicants and new hires
  - Establish and maintain a healthy work environment
  - Health coach to coordinate programs

# Health Strategy

- Discuss the problem and the strategy for solving it with employees
  - Cannot afford unhealthy lifestyles
  - Unhealthy lifestyles create:
    - Pain and suffering
    - Expensive for employees and employer
    - Absenteeism
    - Presenteeism
  - We have to help ourselves to solve the problem – individual and team effort
  - Health should be important to employees – it is important when they lose it. Health is wealth.

# Health Strategy

- Strategy Goals
  - Personal health improvement
  - Reduce demand to reduce costs
- Give health improvement the same attention as customer service, quality and safety
- If you improve the health status of your employees and their families you will reduce the costs
- Major culture change. Employees will resist because health improvement has never been addressed.

# Culture Change

- Overcoming employee resistance:
  - “My health isn’t your business”
  - “I don’t care”
  - “I don’t want to question providers”
  - “Healthcare costs are not my problem”
  - “Don’t look at me, I’m healthy”
- Changing the culture is a major task - our challenge for the future
- Start fast. Go slow. Be patient.

# Health Improvement Plan

- Why have a plan?
- **Purpose:** Improve health status of employees and families by reducing or eliminating risk factors
- Eliminate the unhealthy habits that create risk factors
  - Illegal drugs and tobacco
  - Excess use of alcohol
  - Unhealthy eating
  - Physical inactivity

# Health Improvement Plan

## Our “E” challenges:

- Eliminate illegal drugs
- Eliminate tobacco
- Ease alcohol
- Eating Healthy
- Exercise
- Emotional support
  - Therapy Benefit
  - Employee Assistance Program
  - Stress management
- Education

## “E” Coaches

## WEYCO Wheel of Health



# Tobacco-Free Program

**Purpose:** Eliminate the risk factors created by tobacco

- Step 1—Stop employing tobacco users
- Step 2—Ban the use of tobacco from the property
- Step 3—Tobacco assessment and voluntary testing
- Step 4—Company sponsored cessation programs
- Step 5—Mandatory testing
- Step 6—Random testing for all employees
- Step 7—Extend program to spouses

We don't want to pay for the results of tobacco use

# Health Improvement Plan

- Worksite programs to assist health improvement with emphasis on:
  - Cardio
  - Strength
  - Flexibility
  - Weight Management (Eating and Exercise)
  - Stress Management
- Coaches to coordinate programs

# Worksite Programs

- Health Club Fees
- Event Fees (Run, Walk and Bike)
- Physical Evaluations
- Pilates
- Yoga
- Walking
- Circuit Training
- Boot Camp
- Blood Pressure
- Bone Density
- Baby Steps
- Classes for:
  - Eating
  - Nutrition
  - Weight Management
  - Stress Management
- Financial Rewards

# Getting Employees & Spouses Involved in Personal Health Improvement

- Medical/Rx contributions are “grossed up” and credits are provided to reduce the contribution for the following required programs:
  - Preventive Exam (Employee & Spouse)
  - Personal Evaluation (Employee & Spouse)
  - Physical Evaluation (Employee only)
  - Tobacco Free (Spouse only)
- Pay if you choose not to participate – financial penalty for noncompliance

# Health Participation Credits

	<u>Annual</u>	
<u>Preventive Exam</u>		
Employee	\$480.00	
Spouse	\$480.00	
<u>Personal Evaluation</u>		
Employee	\$480.00	
Spouse	\$480.00	
<u>Physical Evaluation</u>		
Employee	\$300.00	
<u>Tobacco Free Spouse</u>	\$960.00	Children in 2007
<u>Care Management</u>	\$480.00	

Health Participation Credits will be used to reduce employee contributions to the Medical/Rx plan selected.

# Employee Contributions and Health Credits Plan 1500

EMPLOYEE CONTRIBUTIONS - 2006										
WEYCO, INC.										
HDP 1500	Annual	Bi-Weekly	Annual	Bi-Weekly	Annual	Bi-Weekly	Annual	Bi-Weekly	Annual	Bi-Weekly
	Employee Only		Employee & Child		Employee & Spouse		Employee & Children		Family w/Spouse	
<b>Contribution</b>	\$780.00	\$30.00	\$1,030.00	\$39.62	\$2,410.00	\$92.69	\$1,530.00	\$58.85	\$2,910.00	\$111.92
<b>Health Credits:</b>										
<b>Preventive Exam</b>	-	-	-	-	-	-	-	-	-	-
<b>Personal Evaluation</b>	-\$480.00	-\$18.46	-\$480.00	-\$18.46	-\$960.00	-\$36.92	-\$480.00	-\$18.46	-\$960.00	-\$36.92
<b>Physical Evaluation</b>	-\$300.00	-\$11.54	-\$300.00	-\$11.54	-\$300.00	-\$11.54	-\$300.00	-\$11.54	-\$300.00	-\$11.54
<b>Non-Tobacco Spouse</b>	-	-	-	-	-\$900.00	-\$34.62	-	-	-\$900.00	-\$34.62
	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$250.00</b>	<b>\$9.62</b>	<b>\$250.00</b>	<b>\$9.62</b>	<b>\$750.00</b>	<b>\$28.85</b>	<b>\$750.00</b>	<b>\$28.85</b>

# Employees Who Waive Coverage

If employee waives Medical/Rx coverage, WEYCO will provide \$1560.00 in an HRA if employee provides proof of other medical coverage.

## HRA Reduction for Non-Participation

Preventive Exams	-\$480.00
Personal Evaluation	-\$480.00
Physical Evaluation	<u>-\$300.00</u>
	\$300.00

Spouse Personal Evaluation in 2007

# Preventive Exams

- WEYCO requires employees and spouses to have the following examinations completed annually:
  1. Physical Examination
  2. Dental Examination
  3. Vision Examination
- WEYCO will pay 100% of the cost of these examinations
- Health Credit will be provided if the examinations are completed and verified by December 31 of each year

# Personal Evaluation Program

- The Personal Evaluation Program is a required program administered by Health IQ.
- Conducted annually for employees and spouses.
- The Program will consist of two parts:
  1. Health Risk Appraisal
  2. Biometric Evaluation
- Part 1: The **Health Risk Appraisal** is a confidential questionnaire asking the employee and spouse about their health status. The appraisal can be done online or in written form.

- Part 2: **Biometric Evaluation** consists of blood pressure, body mass index and blood analysis.
- Health IQ will provide the employee with a comprehensive report with a health risk score:
  - 86-100 Minimal Risk
  - 71-85 Moderate Risk
  - 61-70 Medium Risk
  - 51-60 High Risk
  - 50 or below Extreme Risk
- Evaluation results can be forwarded to the primary care physician if requested.
- Health Credits will be provided for improving score or maintaining a minimal risk score each year.

# Personal Evaluation Program

- Purpose of the program is to identify health risk factors and provide the employee and spouse with valuable health information and suggestions for making positive lifestyle changes.
- WEYCO is provided with an aggregate report on the health risks of our population that will assist us in developing personal health improvement programs.
- Group and Individual meetings to discuss the evaluation – how can we improve individual and team score?

# Physical Evaluation

- The Physical Evaluation is a required program for Employees only, conducted onsite by our Lifestyle Coordinator.
- The Evaluation is done once every six (6) months.
- The purpose of the program is to measure:
  - Cardiovascular fitness
  - Muscular strength
  - Muscular endurance
  - Flexibility

# Care Management Program

- Care Management is a required program administered by Harris Health Trends.
- The purpose of the program is to provide health coaching for employees and family members with multiple risk factors or a chronic illness.
- Encourage and assist in treatment compliance
- Employee or dependent will be identified as a candidate by Harris Health Trends via personal evaluation results and claim data.
- Harris Health Trends will communicate with the identified candidate by letter and phone.
- Credit for participation?

# Health Education

- Web based Health Resources
  - Mayo Clinic
  - WebMD
  - Health A to Z

# Why We're Passionate about our Strategy

- Healthy, Happy, Productive Employees
- Leadership position
  - We're in business to help other companies with ideas for personal health improvement and to reduce health costs
  - Developing a model for other employers

Questions?



**WEYCO, INC.**<sup>®</sup>

WEYCO's Healthcare Strategy