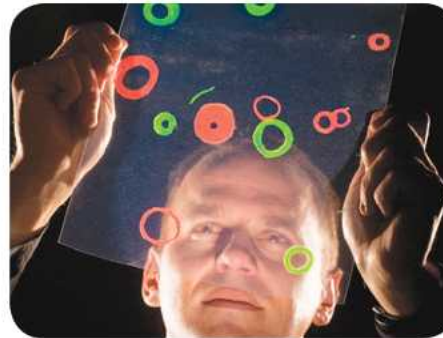


*Exceptional service in the national interest*



# Sandia's Healthcare Strategy

Rick Sauerman, M.D.

Site Occupational Medical Director

October 2013

# Overview

- About Sandia National Laboratories - Who we are
- The Healthcare Problem - Why offer onsite services
- Sandia's Solution - What strategies, services, & programs
- Outcomes & Results - How to make the business case
- On the horizon - Where we plan to go



# Our Business is National Security

## Core purpose

to help our nation secure a peaceful and free world through technology

## Highest goal

to become the laboratory that the United States turns to first for technology solutions to the most challenging problems that threaten peace and freedom for our nation and the globe



## Strategic Objectives

1. Deliver with excellence on our commitments to the unique nuclear weapons mission
2. Amplify our national security impact
3. Lead the Complex as a model 21st century government-owned contractor-operated national laboratory
4. Excel in the practice of engineering
5. Commit to a learning, inclusive, and engaging environment for our people



# Sandia's Sites

*Albuquerque, New Mexico*



*Livermore, California*



*Kauai, Hawaii*



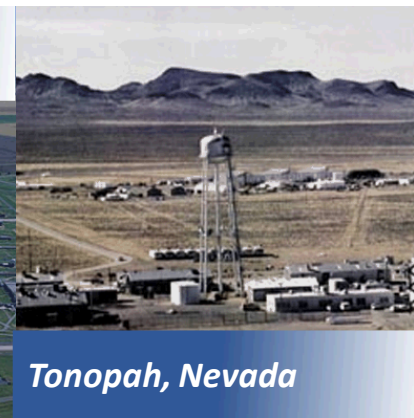
*Waste Isolation Pilot Plant,  
Carlsbad, New Mexico*



*Pantex Plant,  
Amarillo, Texas*



*Tonopah, Nevada*



# Our Workforce

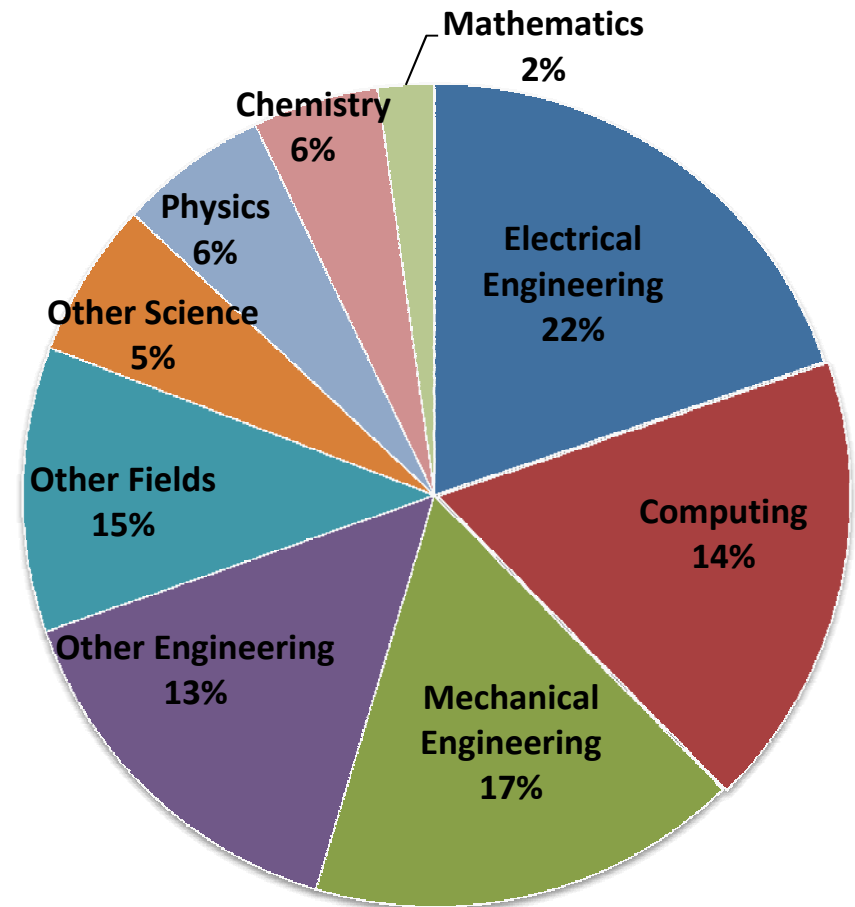
- On-site workforce: 11,711
- Regular employees: 9,494

*Data as of April 12, 2013*

Average Age  
46



## R&D staff (4,799) by discipline



# Sandia's Health Plan

- **Self-Funded**

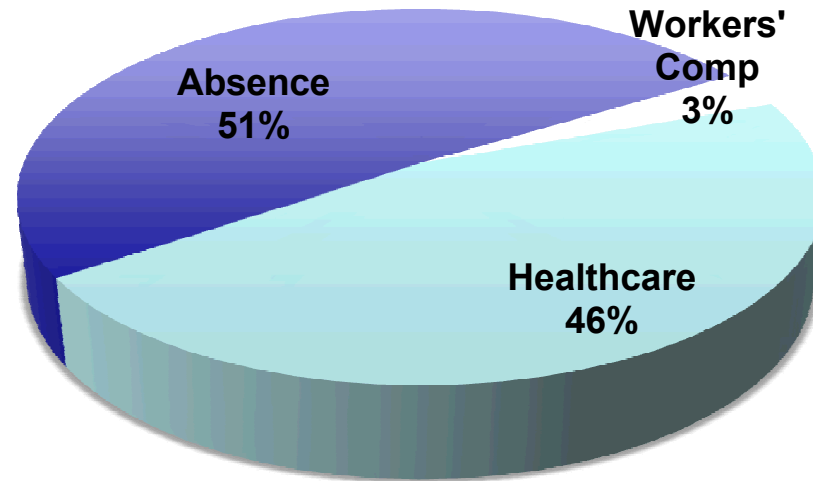
- **Consumer Driven Health Plan**

- Premium
- Deductible
- Co-Insurance
- Out-of-Pocket Maximum
- Health Reimbursement Account (HRA)  
Incentive Plan



Health Plan Enrollment	
Active employees	9,500
Active employee spouses & dependents	12,500
Pre-Medicare retirees & dependents	6,000
Medicare retirees & dependents	5,000
TOTAL Covered Lives	33,000

# Why Deliver Onsite Health Services at Sandia



- 51% of costs are for Absence
- 46% is for healthcare
- The real cost savings are in non-occupational cases



# Unsustainable Health Care Cost Increases Are a Universal Concern

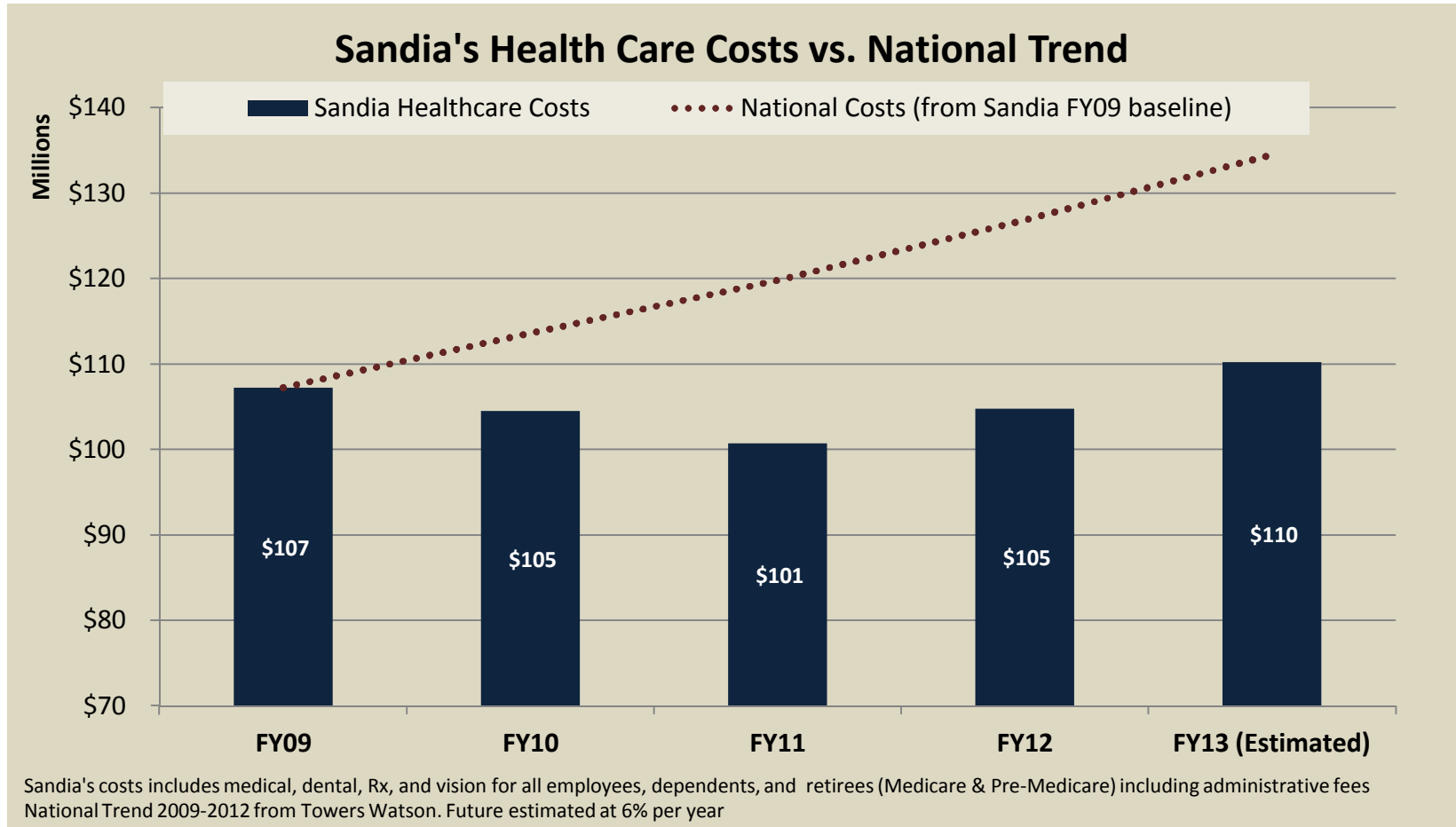
	Since 2006	Today 2012
Employer	<b>40%</b> increase	<b>\$8,000</b> average spent per employee
Employee	<b>82%</b> increase of out-of-pocket and payroll contributions	<b>\$5,000</b> average spent per year
Total Cost	<b>52%</b> increase	Nearly <b>\$13,000</b> per employee annually

Experts estimate that health care costs will continue to rise at **8-9% per year**



# Bending the Trend in Overall Costs

- Nationally, costs up **25%** from 2009 to 2013 (~6% per year)
- At Sandia, costs are up only **3%** from 2009 to 2013



# Sandia's Healthcare Strategy Framework

## Best Price and Services

Improved pharmacy management

High performance / “efficient” networks

Clinical and operational audit

Collective purchasing

Best Price and  
Services

## Promote a Healthy Workforce

Comprehensive health and  
productivity management  
approach

Health risk appraisals

Self-care assistance

Lifestyle interventions/ wellness

Health risk management

Maintain  
Health

Focus on  
High-cost  
Areas

Promote  
Consumerism and  
Accountability

## Consumer Accountability

Raise cost awareness/education

Consumerist plan design/cost sharing

Access and incentives to use tools

CDHP and HRA plans

## High Cost Populations

Best in class disease  
management

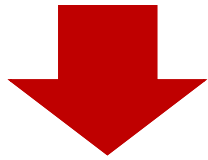
Best in class case  
management

Chronic self care

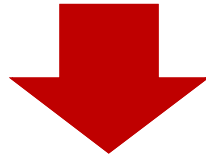


# The 3 Most Important Numbers in Healthcare Today...

**8 Risks**

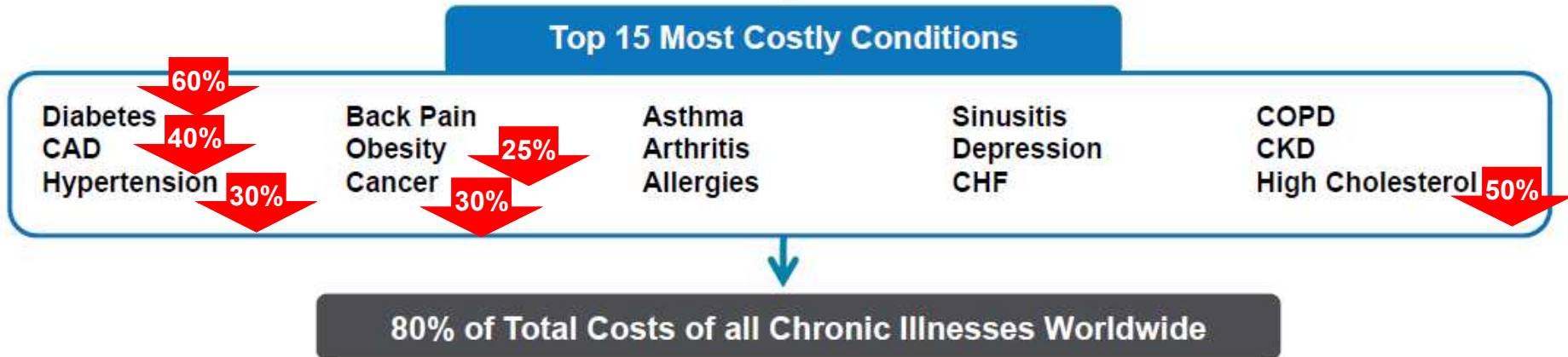


**15 Chronic Conditions**



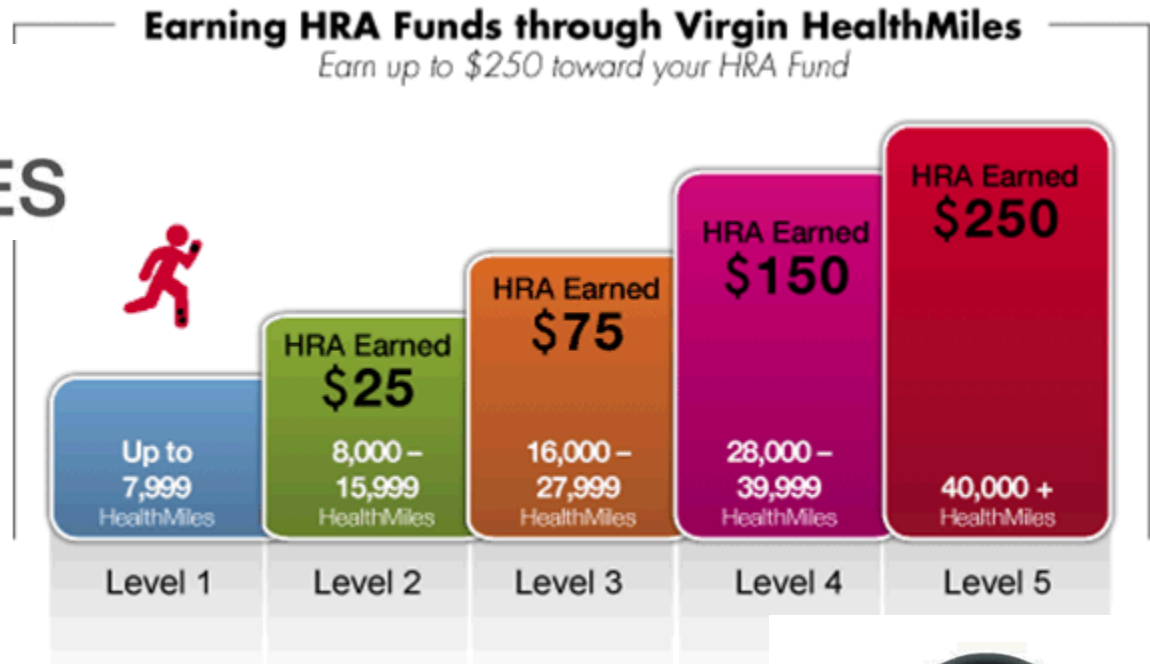
**80% of healthcare**

8 15 80



# Incentive Program – Get Moving

 **HEALTHMILES**



- 7,323 (75%) of employees
- 2,249 (47%) of spouses

**37% shifted** to the  
Active and High Active  
Categories



Total steps taken by all members:

**8,580,946,743**



# Division Health Report Cards

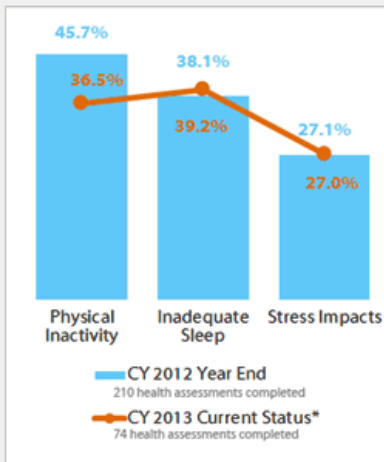
## Health Assessment Data

### Health Report Card

Roll over each division to view their top risk factors contributing to their overall wellness score.

DIVISION	CY 2012 YEAR END		CY 2013 CURRENT STATUS *	
			(as of June 30, 2013)	
1000	B+	89.9	B+	89.4
2000	B+	88.5	B+	88.6
3000	B+	87.9	B+	87.0
4000	B	86.8	B	86.6
5000	B+	89.2	B+	88.7
6000	B+	89.0	B+	89.9
8000	A-	90.1	B+	89.0
9000	B+	87.9	B+	88.5
10000	B+	88.1	B+	87.3
11000	B+	88.9	To date, not enough data available.	
ESD	B+	88.2	A-	90.1
SANDIA AVERAGE	B+	88.8	B+	88.5
HMRC Benchmark	B	84.4	B	84.8

#### Division 3000 Top Health Risks



71%

Do not engage in an optimal level of regular exercise

43%

Do not get adequate rest

63%

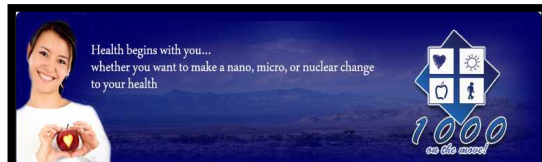
Either overweight or obese

34%

Stress, anxiety or depression negatively impacts work

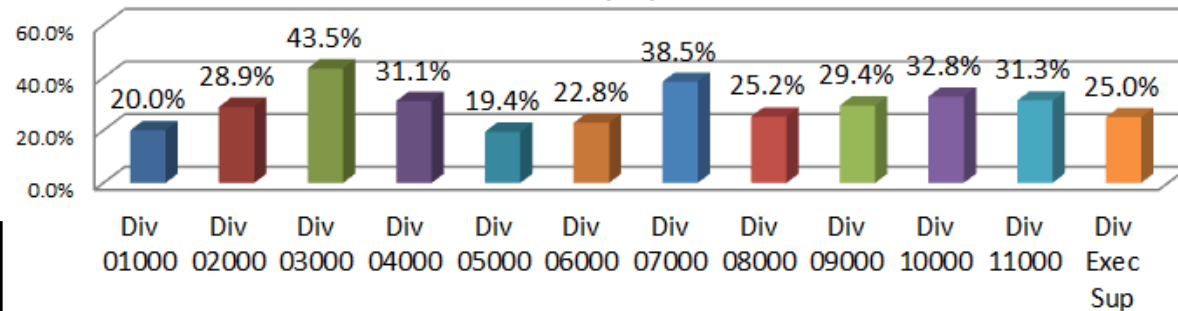
Employees & Spouses receive an additional **\$250** per year to complete an on-line Health Assessment

# Current Activity – Health Action Plans



Health Action Plan Percent Participation by Division Enrollment

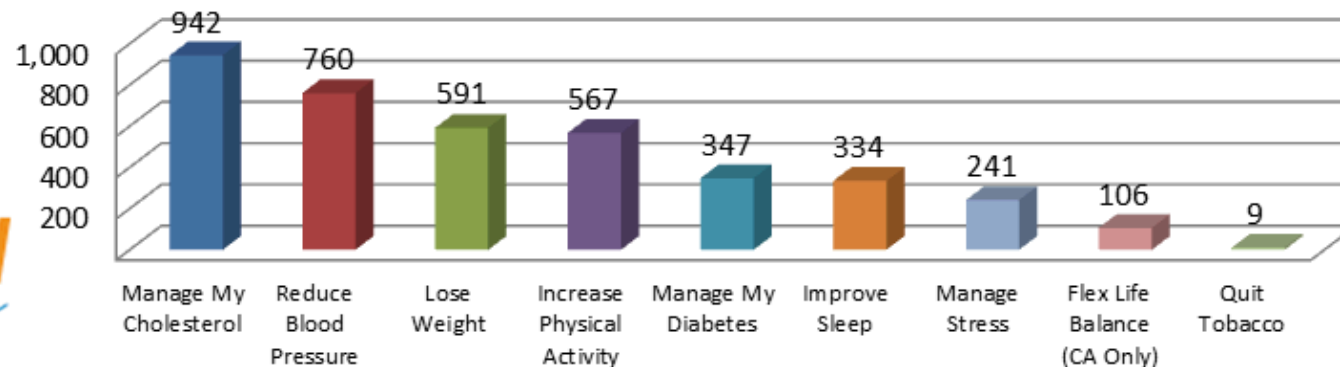
As of 8/31/13



Total Participation: 26%

Health Action Plan Participation

As of 8/31/13



# Health, Benefits, Compensation, & Employee Services

## Health Services *onsite*

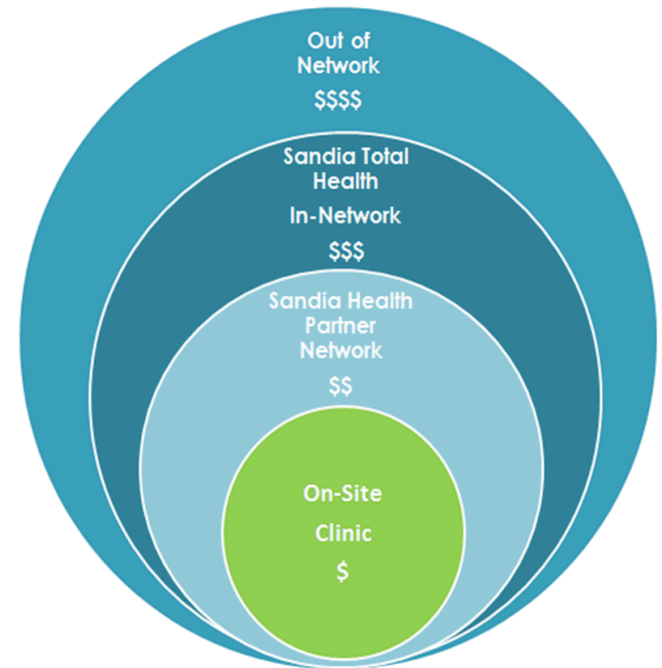
Urgent Care Clinic  
Disease Management Clinic  
Emergency Medical Services  
Diagnostic X-ray  
Clinical Lab  
Physical Therapy  
Preventive Health  
Virgin HealthMiles  
Allergy Clinic  
Behavioral Health  
International Travel Clinic  
Occupational Medicine  
Drug Testing

## Benefits & Compensation

Benefits When You Retire  
Compensation  
Day Care FSA  
Dental  
Healthcare Consumer Tool Kit  
Health Care Reform  
Health Care FSA (if waived Medical)  
HPN/Blue Cross Blue Shield of New Mexico  
Kaiser Permanente  
Life and Accident Insurance  
Other Benefits  
Pension and Savings Plans  
Steps to Retire  
Time Away from Work  
UnitedHealthcare  
Vision

## Employee Services

Service and Retirement Awards  
Cafeteria and Vending  
Recreational Services  
Work-Life Options  
Blood Donation



# Urgent Care Clinic

## ■ Top Diagnosis

- Low Back Pain
- Asthma
- Acute Upper Respirator Infections
- Allergic Rhinitis
- Joint Pain

## ■ Cycle Time



## ■ Transactions

- 20,000
  - 7000 unique

Arrived to  
Roomed



Roomed to  
Provider-Ready



Provider-Ready to  
Provider



Provider to  
Departed



Arrived to  
Provider



# Making the Business Case for an On-site Clinic - Saved Work Time

Onsite Urgent Care Clinic Visits

20,000 visits/year

Average Standard Labor Rate (with loads)

\$80/hour

If you assume 1 hour of  
saved time, away from work, per onsite visit,  
total savings to Sandia would be

**\$1.6 Million**



# HBE's Diabetes Clinic Outcome Impact

Pre/Post A1c Levels

A1c Level	Pre A1c N (% Pop)	Post A1c N (% Pop)	% Percent Change
<7.0%	109 (57%)	121 (63%)	10% Increase
7.0-9.0%	50 (26%)	58 (30%)	14% Increase
>9.0%	32 (17%)	12 (6%)	63% Decrease

Diabetes Standards	DMC	United	National
Annual A1C	86%	87%	87%
Poor Control >9.0%	6%	41%	31%
Annual LDL	85%	91%	92%
Good Control LDL <130	92%	62%	68%
Optimal Control LDL <100	67%	41%	44%
Annual Eye Exam	35%	49%	55%
Annual Kidney Screen	57%	54%	55%

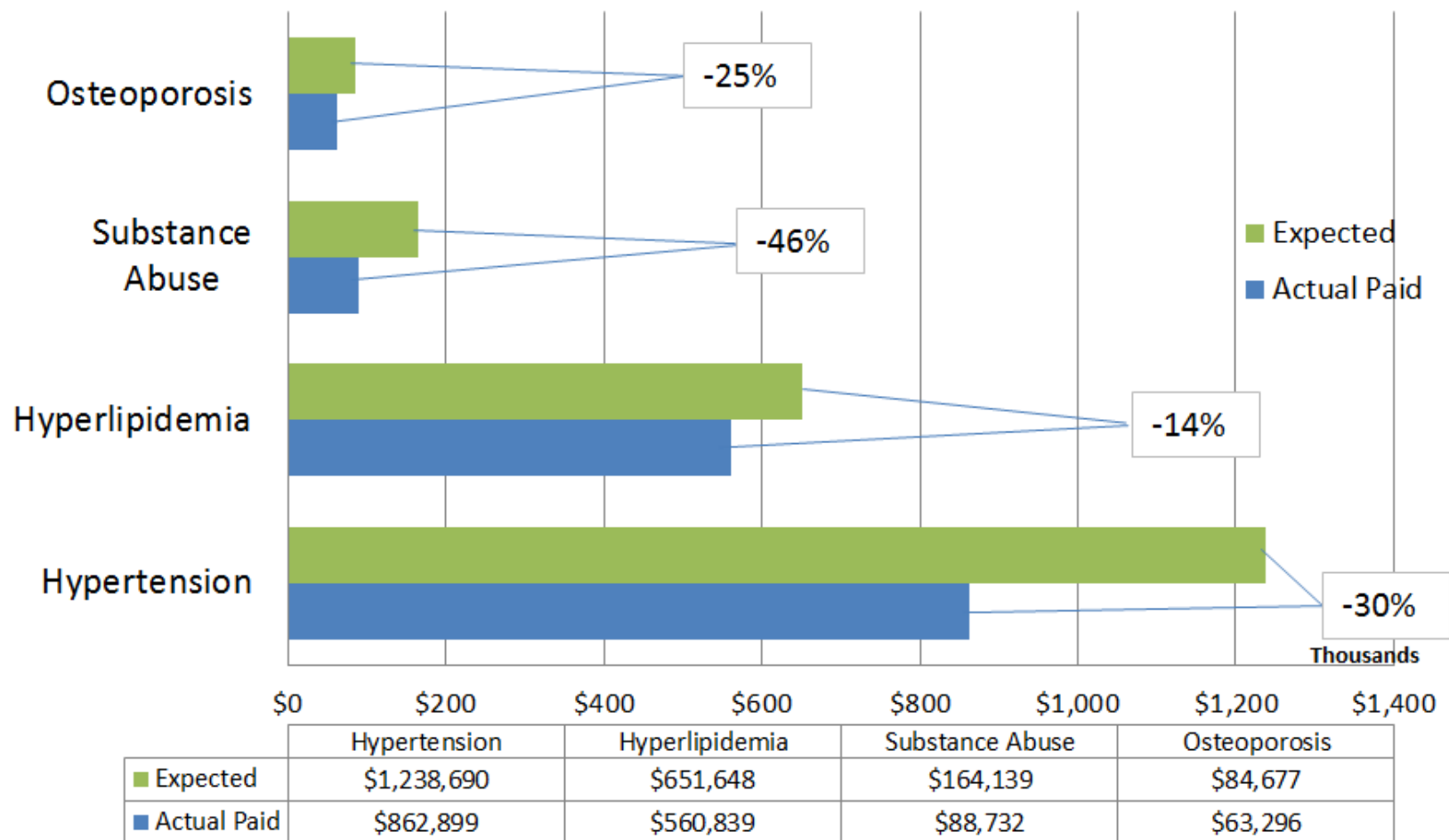
HEDIS Standards

# Quality Measures – Meaningful Use

Meaningful Use Measure	Sandia Onsite Clinic Scores	Meaningful Use Target
Problem List Updated	100%	80%
Allergy List Updated	93%	80%
Vitals Recorded	74%	50%
Electronic Rx	81%	40%
BP Measurement	99%	50%
Hypertension Management <140/90	75%	65%
Weight Management Age 18-64	25%	50%
Weight Management Age 65+	55%	50%
Smoking Status	55%	50%
Demographics	100%	50%

# How Intervention is Making a Difference

Top Intervenable Conditions



# Consumer Education Initiative

- Sandia launched a Consumerism Engagement Plan to:

- **Educate**

- Consumerism Quiz
- Website Tool Kit



- **Equip**

- Cost Estimating Tools
- On-site customer advocates

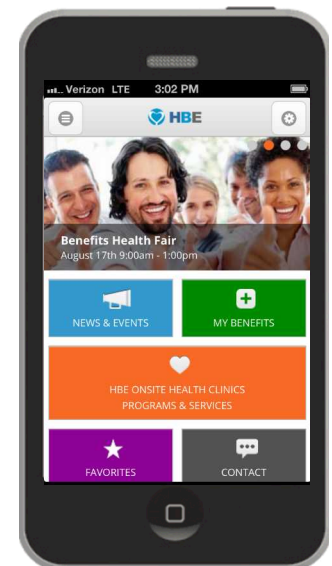
Procedure. Price. Provider. Place.



- **Engage**

- Summer Health Fair
- Ask Alex – interactive Benefits Counselor
- HBE Mobile Application (iPhone, Android, BlackBerry)

**KNOWLEDGE**  
You and Sandia  **Total Health**  
**POWER**



# Vision for the Future

Year 1

- **Awareness**
  - Gain Attention Broadly
  - Health Risk Assessment

Year 2

- **Action**
  - Reward Participation
  - Virgin Health Miles

Year 3

- **Improvement**
  - Reward measurable outcomes
  - Maintain or improve Blood Pressure

Year 4

- **Habit**
  - Reinforce Habits and Good outcomes
  - Preventive Screenings and Well Checks



# Review

- Who we are
  - A company with 33,000 covered lives on our health plans
- Why offer onsite services
  - At Sandia – Mandatory surveillance programs are already in place PLUS most costs are from non-occupational healthcare.
  - In industry – 8 \* 15 \* 80 PLUS 52% increase in healthcare costs since 2006.
- What strategies, services, & programs
  - HBE – onsite health services integrated with benefits plan design
- How to make the business case
  - Showing ROI through saved work time and outcome metrics
- Where we plan to go
  - Using Health Assessment data to target programs and track risk reduction
  - Culture shift – the Healthy Habit