

*Exceptional service in the national interest*



# Sandia's Healthcare Strategy

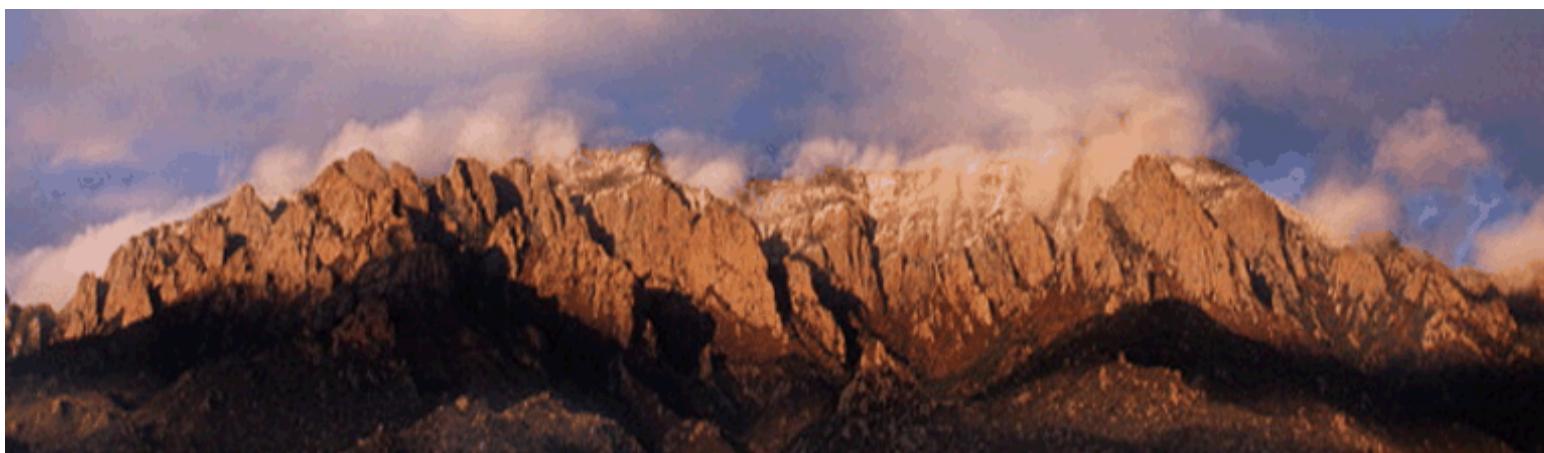
Rick Sauerman, M.D.

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*



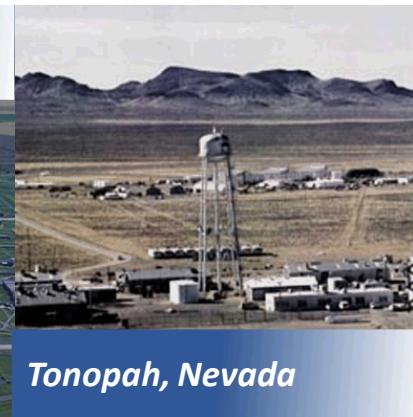
*Livermore, California*



*Kauai, Hawaii*



*Pantex Plant,  
Amarillo, Texas*



# Our Workforce

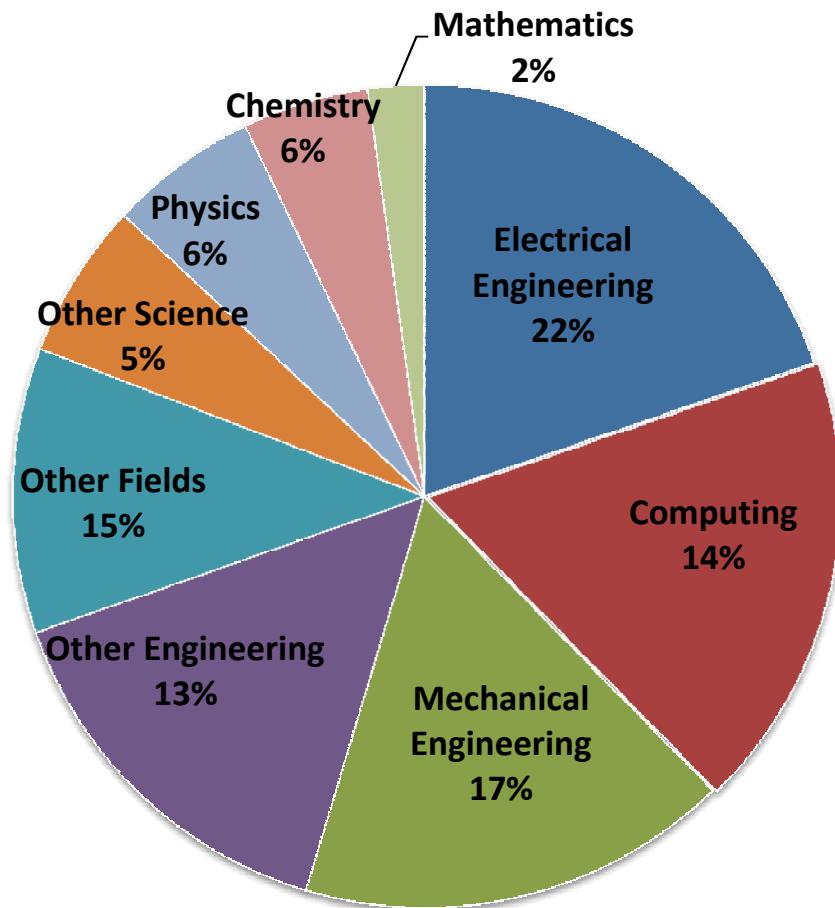
- On-site workforce: 11,711
- Regular employees: 9,494

*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

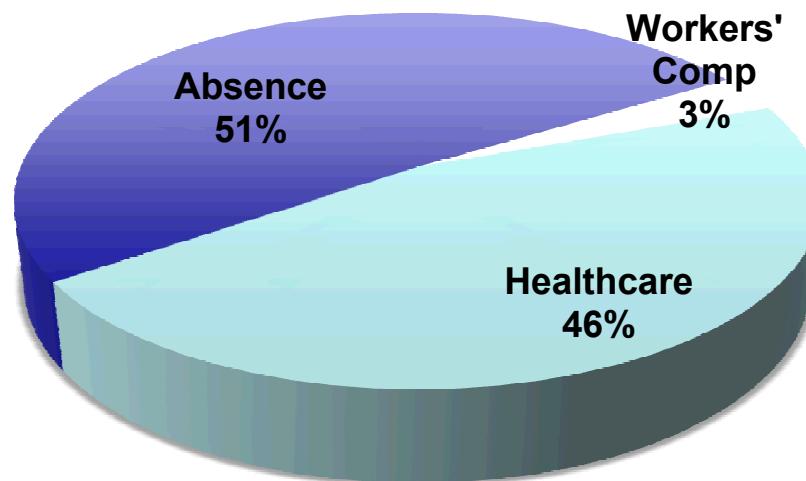
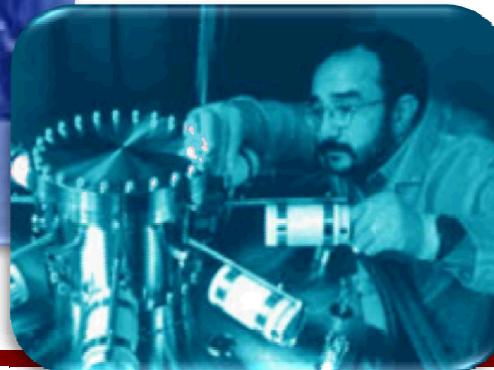
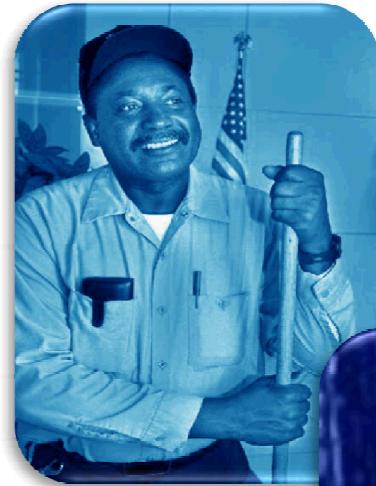


BlueCross BlueShield  
of New Mexico



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

# 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

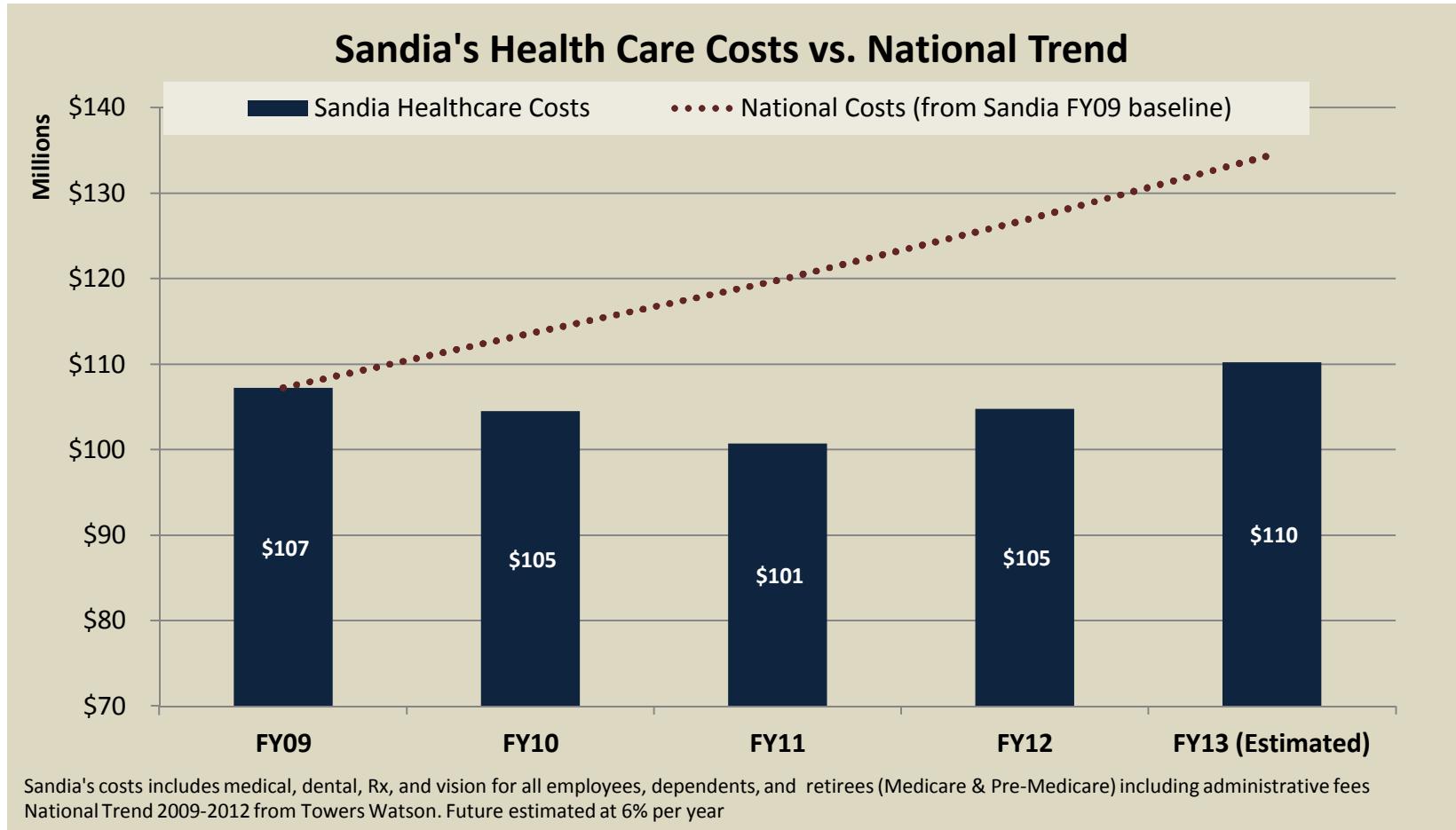
Today 2012

Employer	<b>40%</b> increase	\$8,000 average spent per employee
Employee	<b>82%</b> increase of out-of-pocket and payroll contributions	\$5,000 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

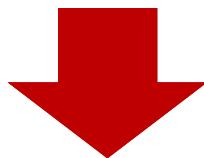


# Sandia's Healthcare Strategy Framework

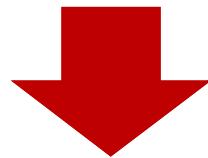


# The 3 Most Important Numbers in Healthcare Today...

**8 Risks**



**15 Chronic Conditions**



**80% of healthcare**

8 15 80

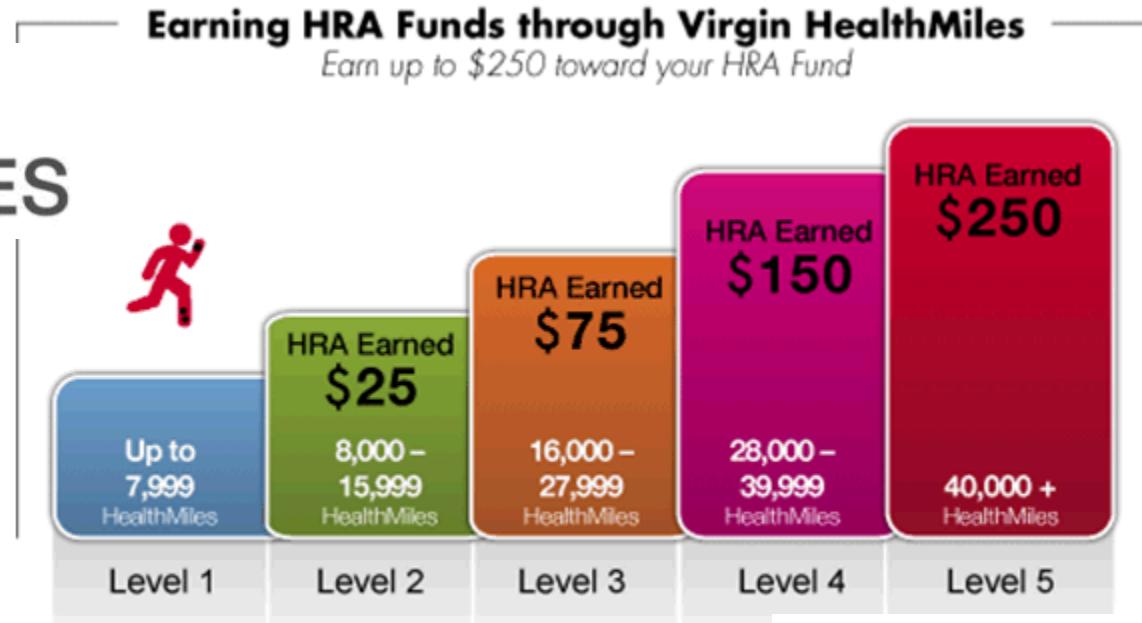

**Top 15 Most Costly Conditions**


80% of Total Costs of all Chronic Illnesses Worldwide

Source: 2010 World Economic Forum

Source: EBRI Policy Forum, Stephanie J. Pronk, December 15, 2011, AON Hewitt

# Incentive Program – Get Moving



- 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**

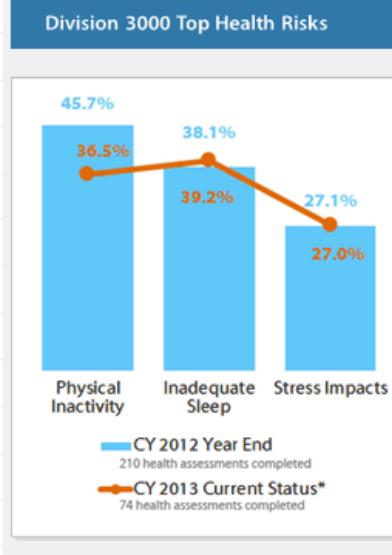
# Division Health Report Cards

## 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
<b>3000</b>	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



\* This number is not considered representative of Sandia's population health status until >50% of Sandia's population completes the health assessment. Currently 22.3% of the Sandia population has completed the health assessment.

71%

**Do not engage in an optimal level of regular exercise**

43%

**Do not get adequate rest**

63%

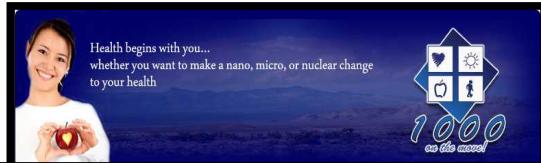
**Either overweight or obese**

34%

**Stress, anxiety or depression negatively impacts work**

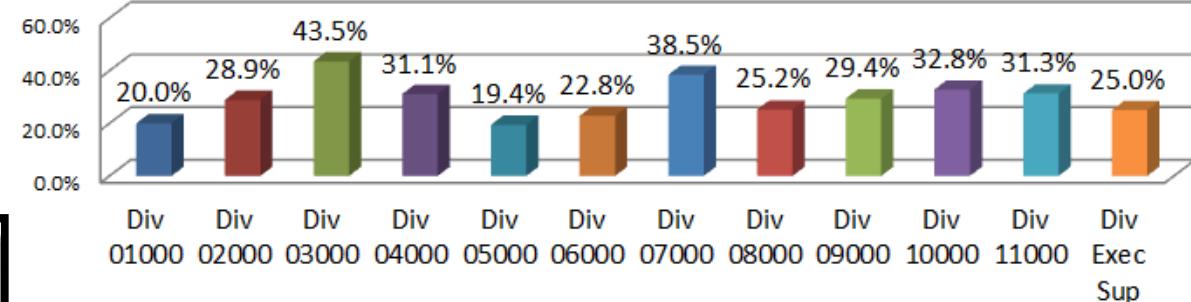
Employees & Spouses receive an additional **\$250** per year to complete an on-line Health Assessment

# Current Activity – Health Action Plans



## Health Action Plan Percent Participation by Division Enrollment

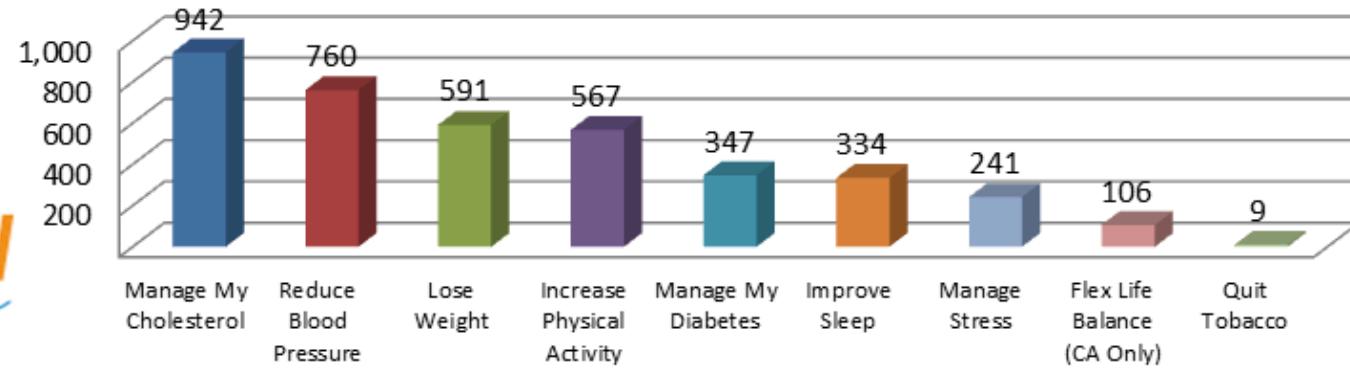
As of 8/31/13



Total Participation: 26%

## Health Action Plan Participation

As of 8/31/13



# Health, Benefits, Compensation, & Employee Services

## Health Services *onsite*

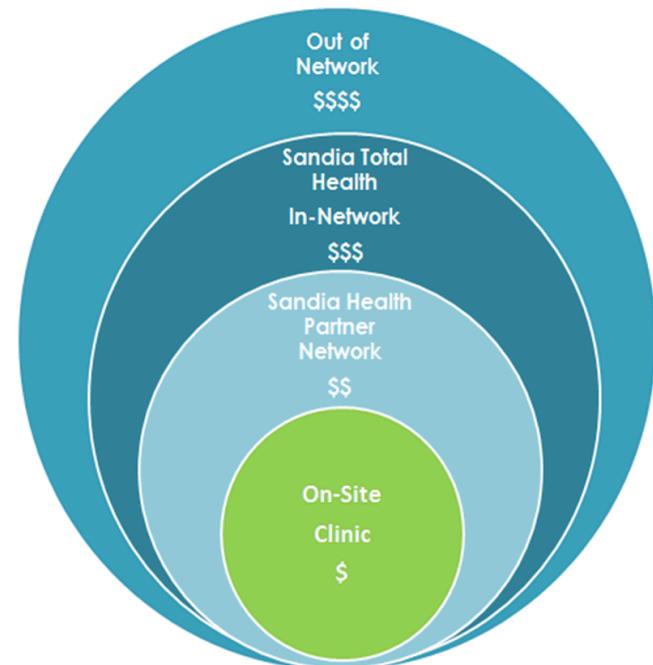
- Urgent Care Clinic
- Disease Management Clinic
- Emergency Medical Services
- Diagnostic X-ray
- Clinical Lab
- Physical Therapy
- Preventive Health
- Virgin HealthMiles
- Allergy Clinic
- Behavioral Health
- International Travel Clinic
- Occupational Medicine
- Drug Testing

## Benefits & Compensation

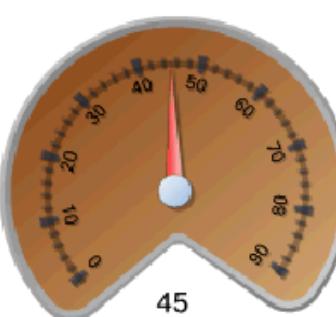
- Benefits When You Retire
- Compensation
- Day Care FSA
- Dental
- Healthcare Consumer Tool Kit
- Health Care Reform
- Health Care FSA (if waived Medical)
- HPN/Blue Cross Blue Shield of New Mexico
- Kaiser Permanente
- Life and Accident Insurance
- Other Benefits
- Pension and Savings Plans
- Steps 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 Respiratory Infections
  - Allergic Rhinitis
  - Joint Pain
- Cycle Time
  - Arrived to Departed
- Transactions
  - 20,000
  - 7000 unique



# 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%

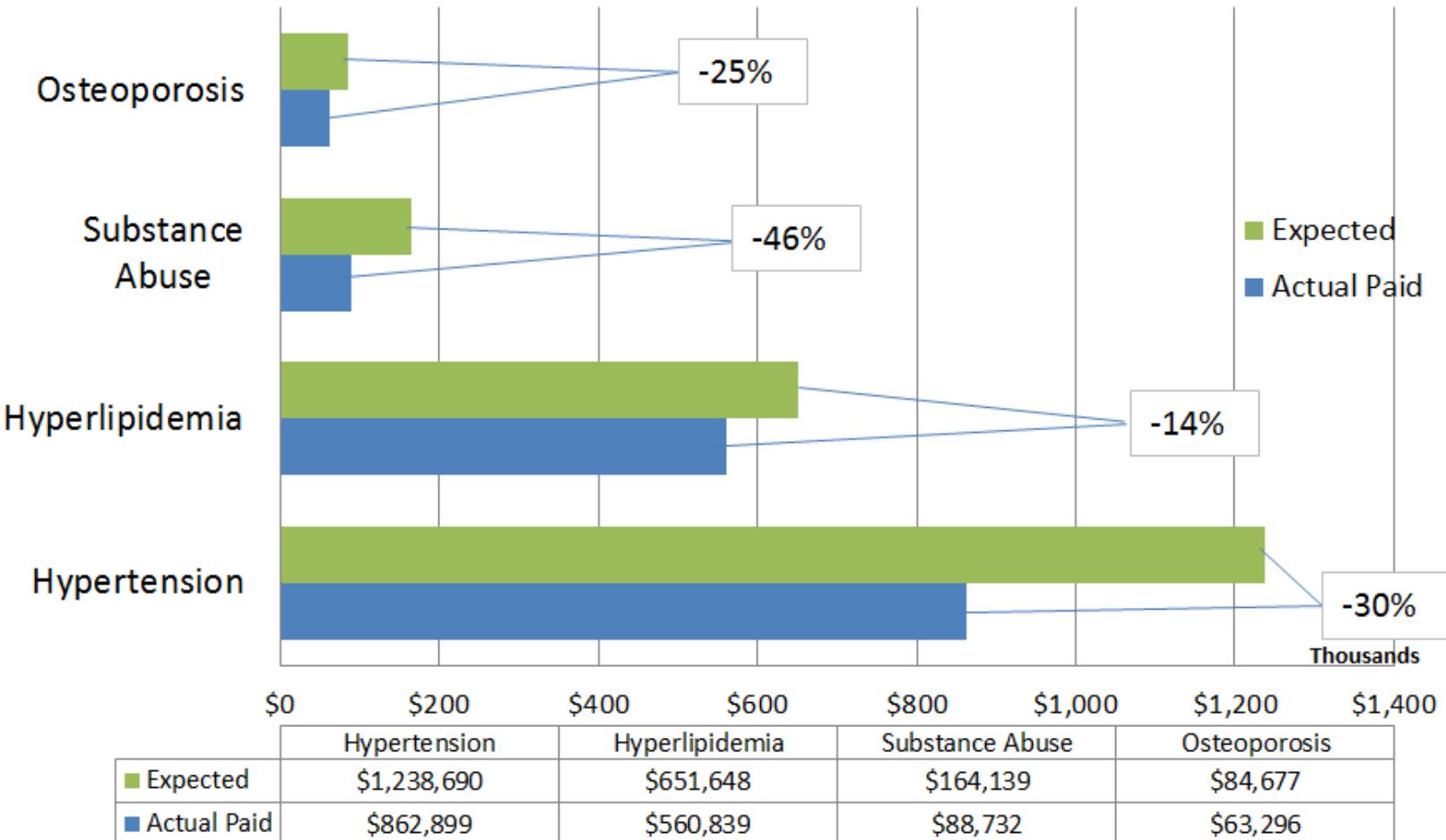
HEDIS Standards

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



Procedure. Price. Provider. Place.



# 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