

Exceptional service in the national interest



Effectively Managing and Increasing Productivity for Employees with Health Risks & Chronic Conditions through On-Site Clinics

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Sandia National Laboratories

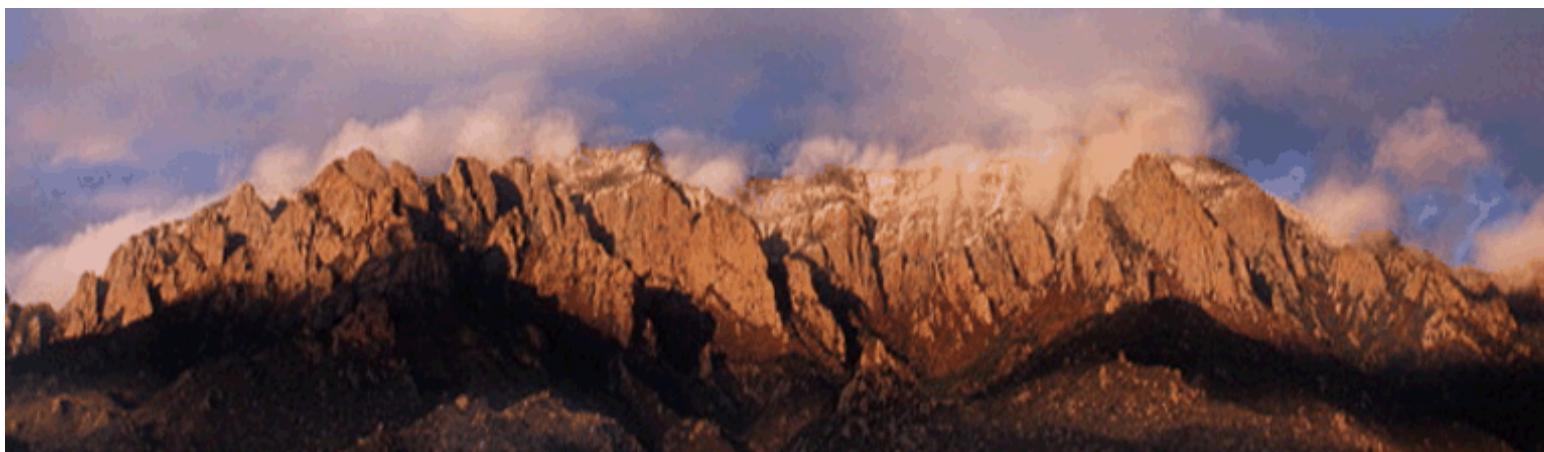
January 22, 2015



Sandia National Laboratories is a multi-program laboratory managed and operated by Sandia Corporation, a wholly owned subsidiary of Lockheed Martin Corporation, for the U.S. Department of Energy's National Nuclear Security Administration under contract DE-AC04-94AL85000.

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

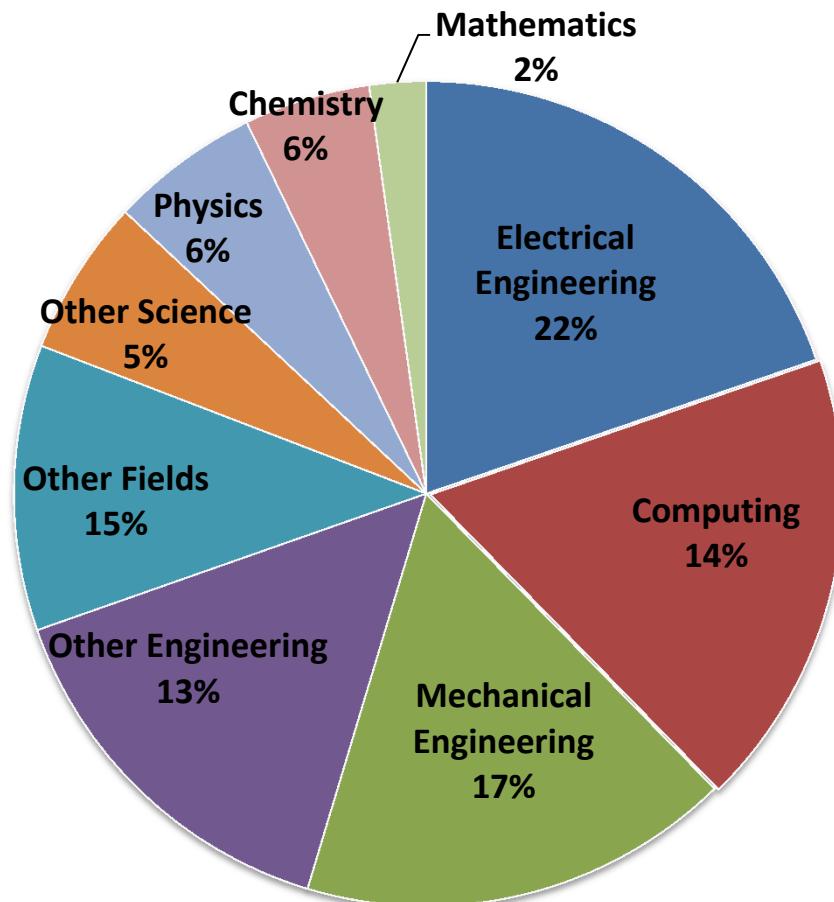
- Regular employees: 11,154

Data as of July 2014

Average Age
46



R&D staff (5,692) 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

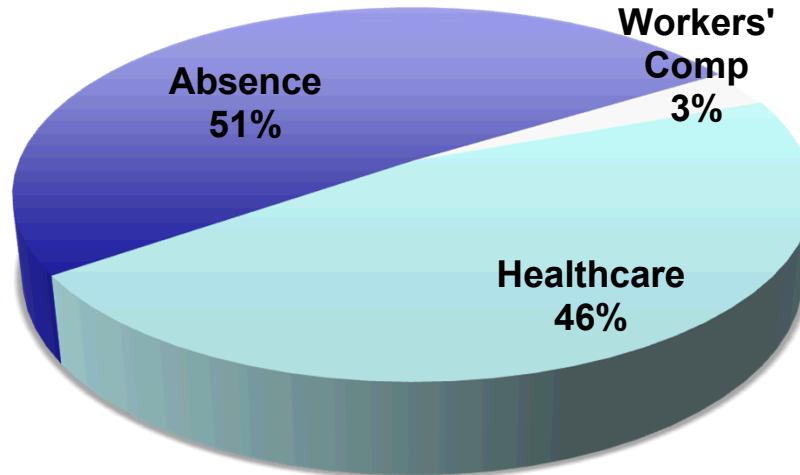
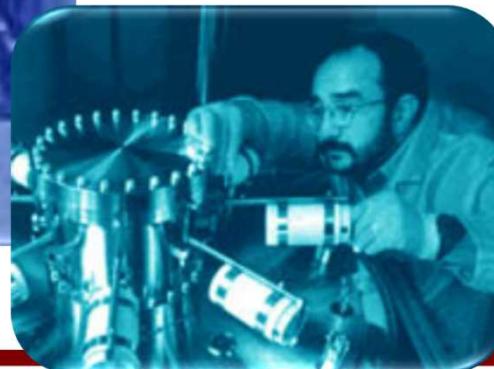


BlueCross BlueShield
of New Mexico



Health Plan Enrollment	
Active employees	9,500
Active employee spouses & dependents	12,500
Pre-Medicare retirees & dependents	6,000
Medicare retirees & dependents	5,000
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	40% increase	\$8,000 average spent per employee
Employee	82% increase of out-of-pocket and payroll contributions	\$5,000 average spent per year
Total Cost	52% increase	Nearly \$13,000 per employee annually

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

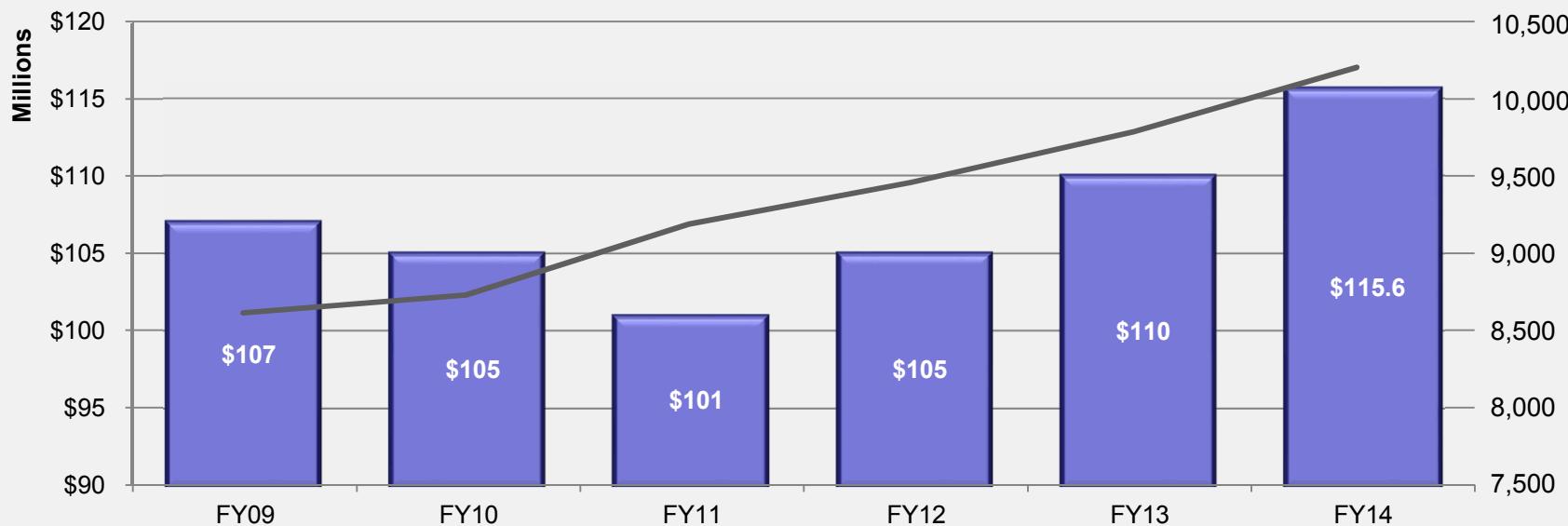
Bending the Trend in Overall Costs

- Nationally, costs up **35%** from 2009 to 2014 (~7% per year)
- At Sandia, costs are up a **TOTAL** of only **7.8%** from 2009 to 2014

Sandia's Healthcare Cost Trend

From FY2009 to FY2014:

- 19% increase in employee population
- 35% Increase in national healthcare costs
- Yet, our experience was a modest **7.8%** increase in healthcare costs



*Cost includes medical, dental, Rx, and vision for all retirees (Medicare & Pre-Medicare), employees, and dependents including any administrative fees.

Sandia's Healthcare Strategy Framework



Health, Benefits, & Employee Services

Health Services *onsite*

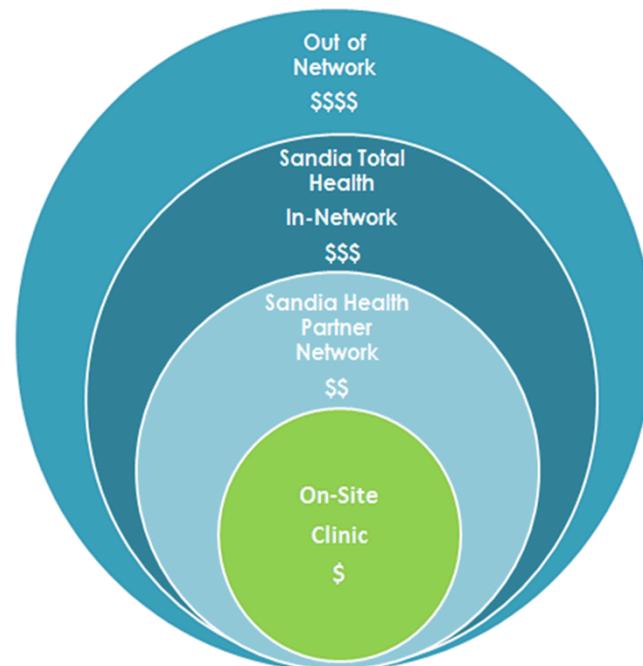
- Urgent Care Clinic
- Disease Management Clinic
- Emergency Medical Services
- Diagnostic X-ray
- Clinical Lab
- Physical Therapy
- Preventive Health
- Virgin HealthMiles
- Allergy Clinic
- Behavioral Health
- International Travel Clinic
- Occupational Medicine
- Drug Testing

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

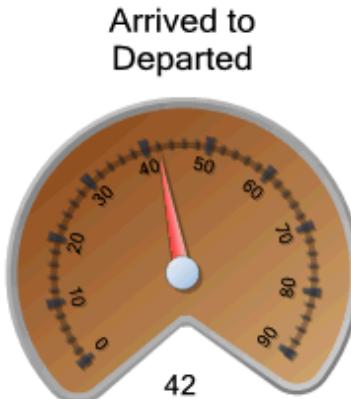
Employee Services

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



Urgent Care Clinic

- Top Diagnosis
 - Low Back Pain
 - Acute Upper Respiratory Infections
 - Joint Pain
 - Allergic Rhinitis
 - Asthma
- Cycle Time
 - Arrived to Departed
- Transactions
 - 20,000
 - 7000 unique



Arrived to
Roomed



Roomed to
Provider-Ready



Provider-Ready to
Provider



Provider to
Departed



5

8

4

24

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)

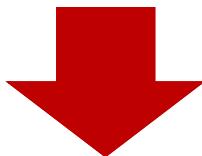
\$70/hour

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

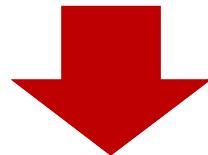
\$1.4 Million

The 3 Most Important Numbers in Healthcare Today...

8 Risks



15 Chronic Conditions



80% of healthcare

8 15 80

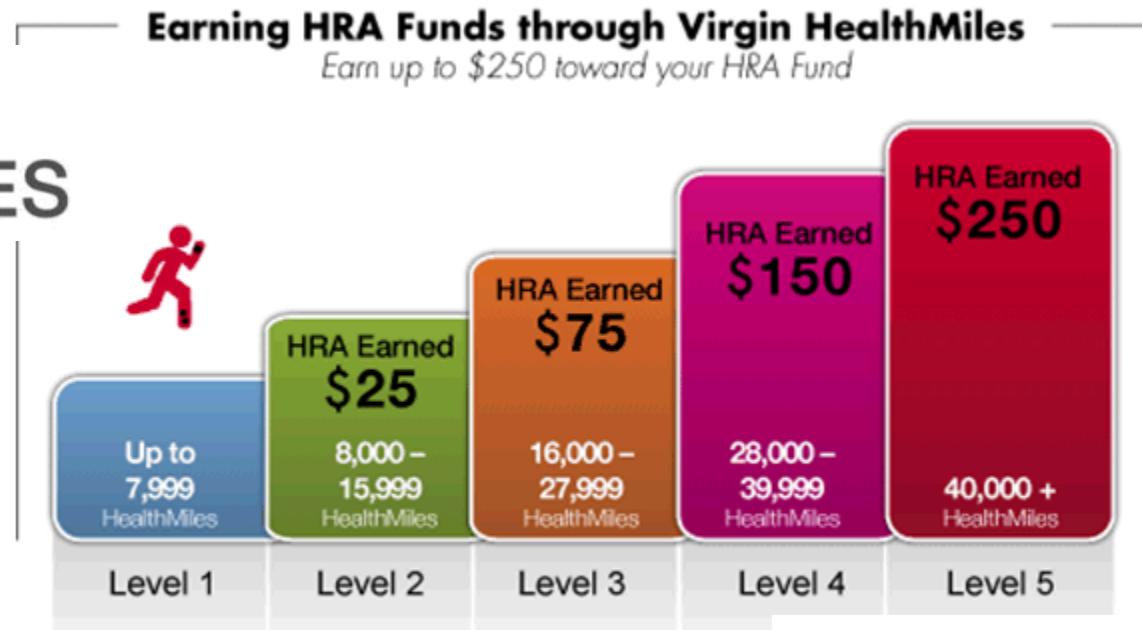

Top 15 Most Costly Conditions


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

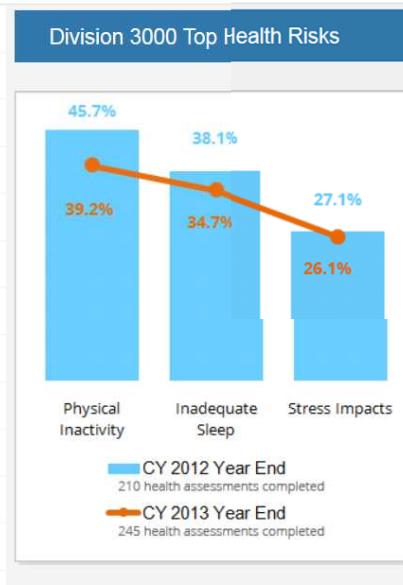


Total steps taken by all members:
8,580,946,743

Division Health Report Cards

Health Assessment Data

DIVISION	CY 2012		CY 2013	
	YEAR END	GRADE	YEAR END	GRADE
1000	B+	89.9	B+	88.3
2000	B+	88.5	B+	87.3
3000	B+	87.9	B	86.2
4000	B	86.8	B	85.9
5000	B+	89.2	B+	88.0
6000	B+	89.0	B+	88.2
7000	—	—	B+	88.6
8000	A-	90.1	B+	88.3
9000	B+	87.9	B	86.7
10000	B+	88.1	B+	87.0
11000	B+	88.9	B	86.5
ESD	B+	88.2	B+	88.5
SANDIA AVERAGE	B+	88.8	B+	87.6
HMRC Benchmark	B	84.4	B	84.5



71%

Do not engage in an optimal level of regular exercise

43%

Do not get adequate rest

63%

Either overweight or obese

34%

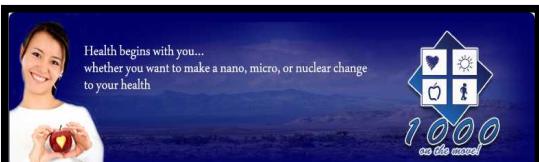
Stress, anxiety or depression negatively impacts work

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

Current Activity – Health Action Plans

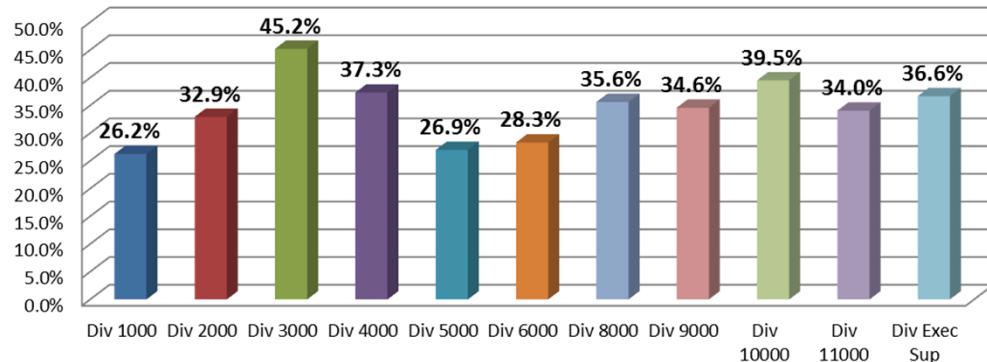


CY2014 Participation: 3,499 individuals complete 5,545 plans, a 19% increase y-o-y



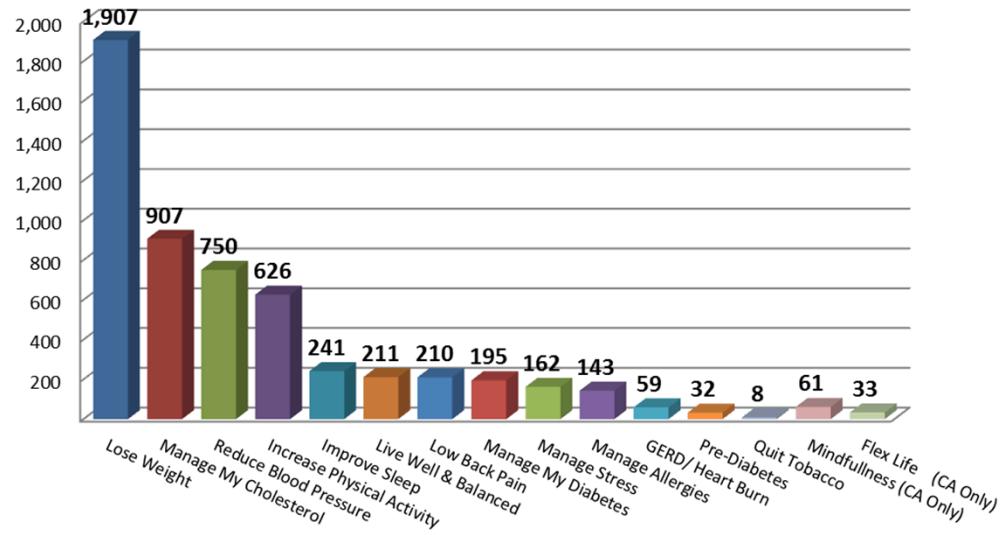
Health Action Plan Percent Participation by Division Enrollment

Last Updated 11-1-2014



Health Action Plan Participation by Program

Last updated 11-1-14



Increasing Productivity through healthy behaviors

- Corporate commitment to providing an engaging environment for our people



MANAGE ALLERGIES



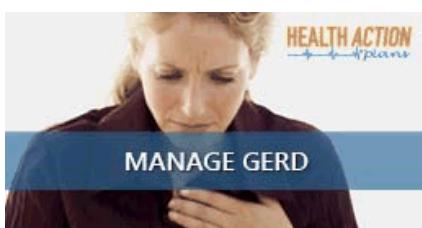
MANAGE BLOOD PRESSURE



MANAGE CHOLESTEROL



MANAGE DIABETES



MANAGE GERD



IMPROVE SLEEP



INCREASE PHYSICAL ACTIVITY



LIVE WELL & BALANCED



LOSE WEIGHT



MANAGE LOW BACK PAIN



MANAGE STRESS



QUIT TOBACCO

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

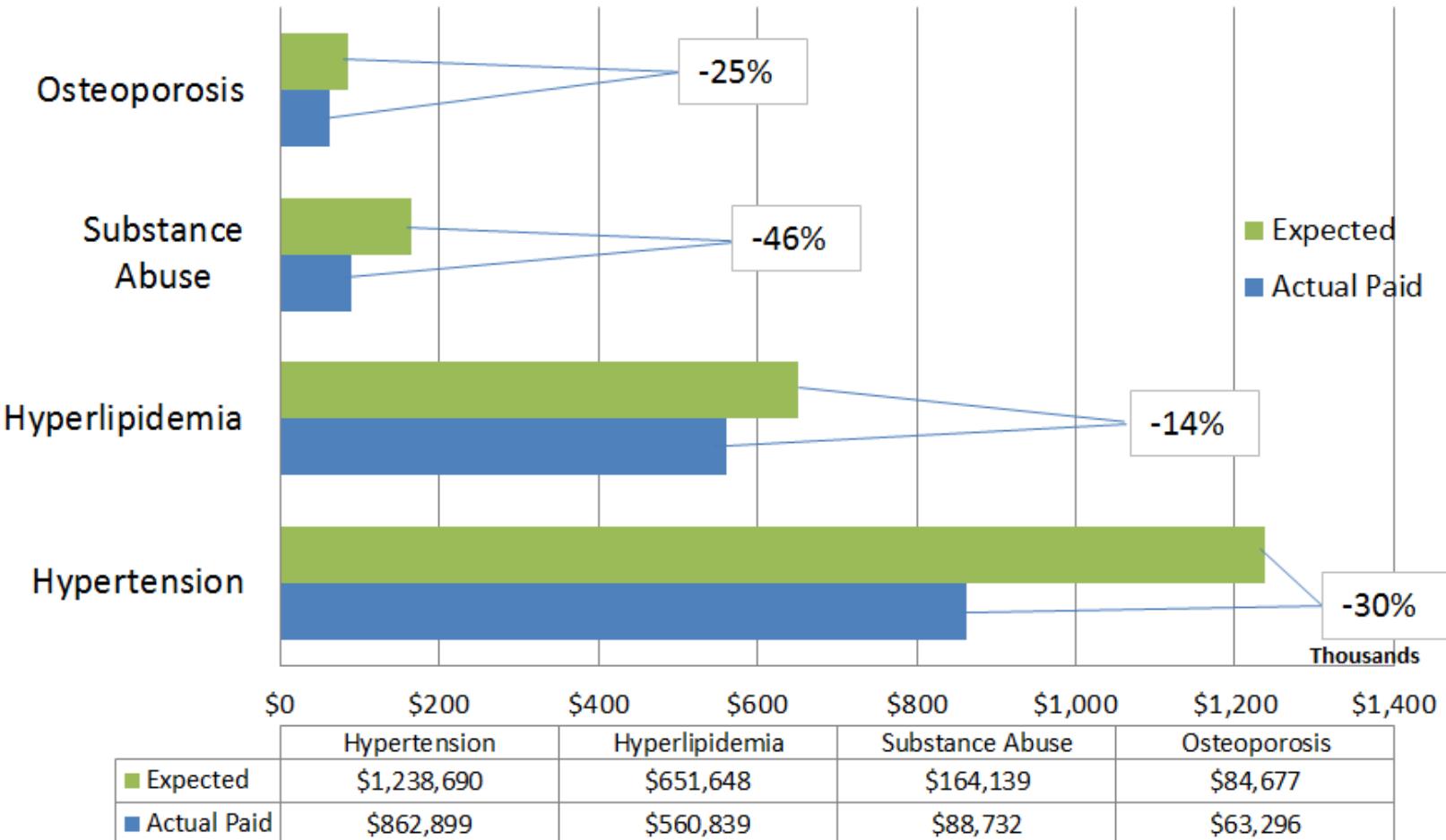
Quality Measures – Meaningful Use



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.



Implementation Plan

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