

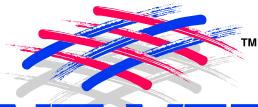
The Dollars and Sense of On-Site Health Clinics

The

Gary R. Williams – VP of HR, Mount Vernon Mills, Inc.

Summary of Information

- Mount Vernon Mills at a Glance
- Our Issue – Total Medical Costs and Trends
- Clinic Operations Overview
- Review of clinic results overall and at Mount Vernon Mills



MOUNT VERNON

PASSION FOR PERFECTION

Who Is Mount Vernon Mills?



- Privately owned 100% Domestic Textile Manufacturing Company – yes, we still exist!!
- 2,500 Employees – 6,200 in 1999
- \$500 Million in Sales
- Operating 12 locations in 5 States – South Carolina, North Carolina, Georgia, Alabama, Mississippi

- Primary products include:
 - apparel fabric (denim and bottom weight apparel)
 - pocketing and waistbands
 - lightweight Greige fabrics
 - upholstery fabrics
 - tablecloths and napkins
 - chemicals and trucking
- Plants as old as 160+ years

- Average age approaching 50 YOA
- Benefits at a premium
- Competing in a global market with high capitalization and low margin products
- Customers continue to dictate pricing and requirements
- Example of how the “price rollbacks” work

Medical Costs and Trends

- The challenge for all of us – beating the trend!!
- Medical costs continue to increase as margins shrink.

(Did I mention that we are a **textile** company?)

- **Total Cost of Health Issues**

The Health Hurdle



Millions of Years

50 Years

THE REAL PROBLEM:

The Full Cost of Employee Health



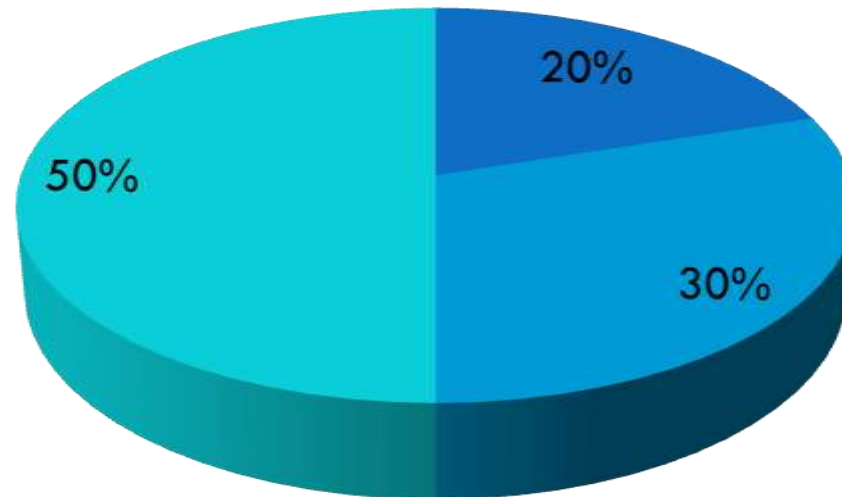
What we know

Number 1 driver of escalating Health Care Cost:

The Chronically Ill – Even worse than the 80/20 rule we have heard.

Spend

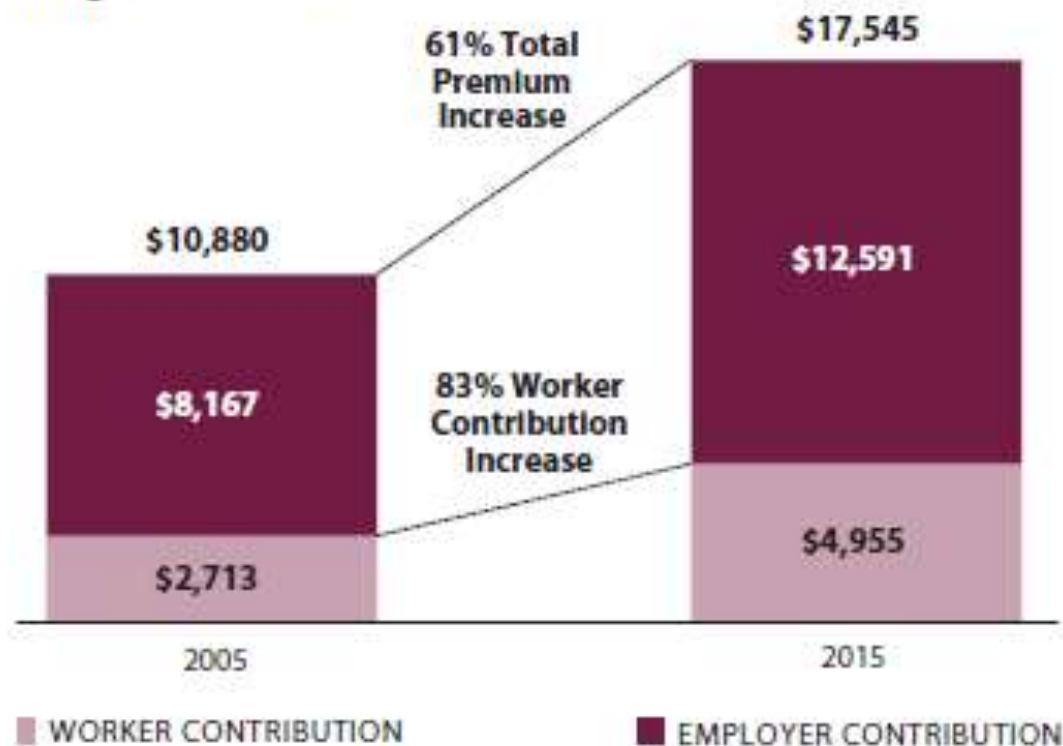
■ Bottom 85% ■ Top 1% ■ Next 14%



And most of these people spent less than \$500 the year before their health exploded!

Cumulative Increases in Health Insurance Premiums and Workers' Contributions to Premiums, 2005-2015

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2005–2015



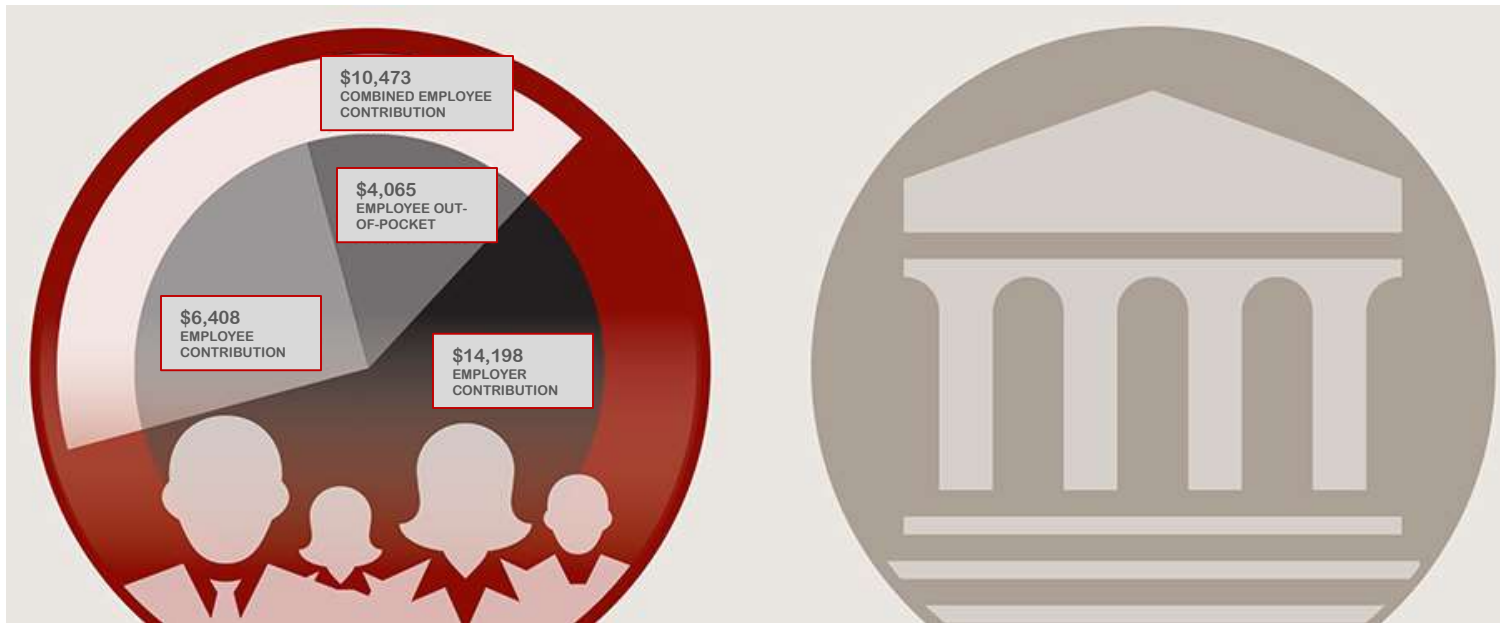
During the same period, workers' wages increased 1.9% and inflation declined 0.2%

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005–2015.

Can employees afford health insurance?

- Under the Affordable Care Act, if an employee is offered “affordable” insurance through their employer, they can’t get government subsidies through the exchange even if they meet low income guidelines
- Affordable is defined as 9.5% or less of an employee’s annual household income for individual coverage
- Workers making \$15K-\$20K per year only buy employer-sponsored individual insurance 37% of the time it’s offered. As income rises, so does the rate of insurance purchase, up until \$45K when it levels off at 82%, according to an ADP study - with not much change since ACA took effect

Milliman Medical Index



\$24,061 Avg. Cost of attending in-state college



\$10,473
COMBINED EMPLOYEE
CONTRIBUTION



\$10,223
YEARLY COST OF GROCERIES FOR
FAMILY OF FOUR



\$4,065
EMPLOYEE OUT OF
POCKET COSTS



\$1,962
YEARLY COST OF GASOLINE FOR
AVERAGE U.S. HOUSEHOLD

Ideas for controlling the costs?

- Managed Care
- Cost Sharing
- Consumer Driven
- Plan Design
- Health Fairs
- Disease Management

Attempts to control cost

All have had some effect
– at least temporarily!



For Every 100 Adults...

- ❑ 52 do not get the recommended amount of aerobic exercise.
- ❑ 81 do not get both recommended aerobic and muscle strengthening activity
- ❑ 69 are overweight or obese
- ❑ 31 have high cholesterol
- ❑ 29 have high blood pressure
- ❑ 17 smoke
- ❑ 17 binge drink
- ❑ 7 have depression
- ❑ 9 have diabetes
- ❑ 8 have had a heart attack or a stroke
- ❑ 6 are chronic drinkers

Do you know who these are in your employee population, and how much they are costing your health plan?

Did you know....

- 7 of 10 deaths each year are from chronic diseases
- Heart disease and stroke remain the 1st and 3rd leading causes of death
 - they account for 30% all mortality
 - Are among the leading causes of disabilities
- Nearly 29 million adults have diabetes
 - 86 million adults have pre-diabetes
- 1 in 3 adults are considered obese
- COPD related diseases – 3rd leading cause of smoking related deaths

The Chronic Disease Price Tag

Estimated Annual Direct Medical Expenditures

□ Cardiovascular disease and stroke	\$193.4 billion in 2010
□ Cancer	\$157.0 billion in 2010
□ Smoking	\$133 billion in 2012
□ Diabetes	\$176 billion in 2012
□ Arthritis	\$80.8 billion in 2003
□ Obesity	\$147 billion in 2008

Review of Clinic Set Up and Goals

Goals for the Onsite Clinic

To provide

- affordable,
- convenient,
- personal access



to quality healthcare through focused, individualized medical intervention by means of an onsite clinic provider that results in improved employee health and a measurable, proven reduction in the employer's health care cost in a HIPAA compliant, secure manner.

RISK IDENTIFICATION – The Health Risk Assessment

It is important to aggressively define Health Risk Factors in your Company's population to develop a very precise starting point. This is accomplished in two ways.

1. Healthy life survey
 - Blood Pressure & Body Mass Index
2. Onsite fasting Blood Sample to determine risk factors
 - Glucose
 - Triglycerides
 - TTL Cholesterol
 - HDL Cholesterol
 - LDL Cholesterol
 - PSA (Optional)



Services Available in the Onsite Clinic

HIGH RISK CONTROL & MONITORING along with DISEASE MANAGEMENT COACHING

The Clinic Provider should offer the following High Risk and Chronic Disease Management Services:

- Thorough evaluation of all members with high risks or Chronic Diseases
- Develops plan for reduction of risk factors (medication, referrals, lifestyle change, etc.)
Using guideline-based treatment plans
- Referrals to primary care doctors or specialists in the PPO Network, if needed.
- Regular and frequent follow-up with patients to assure compliance

Services Available in the Onsite Clinic

ROUTINE HEALTH CARE DELIVERY

Additional Practitioner Services include:*

- EPISODIC CARE: ear infection, cold, flu, muscle strain, breathing disorders, general medicine
- Coordinate care with current physician – health care advisor for member
- Order labs/X-rays
- Prescribe medication – generics, samples, formulary
- Minor surgery (skin biopsy, stitches)
- Patient advisor in complex health care system

*Your Practitioner Treats, Manages and Advises.

That's why employees rank this as the #1 Company Provided Benefit!

Clinic Results – Aggregate and Mount Vernon Mills



Case Study

Impact of clinics on risk factors of Onsite Vendor's participants

Sample population criteria:

- Entire Healthstat Database including all companies that have been reassessed
- Minimum of 2 Health Risk Assessments
- Approximately 20,525 participants

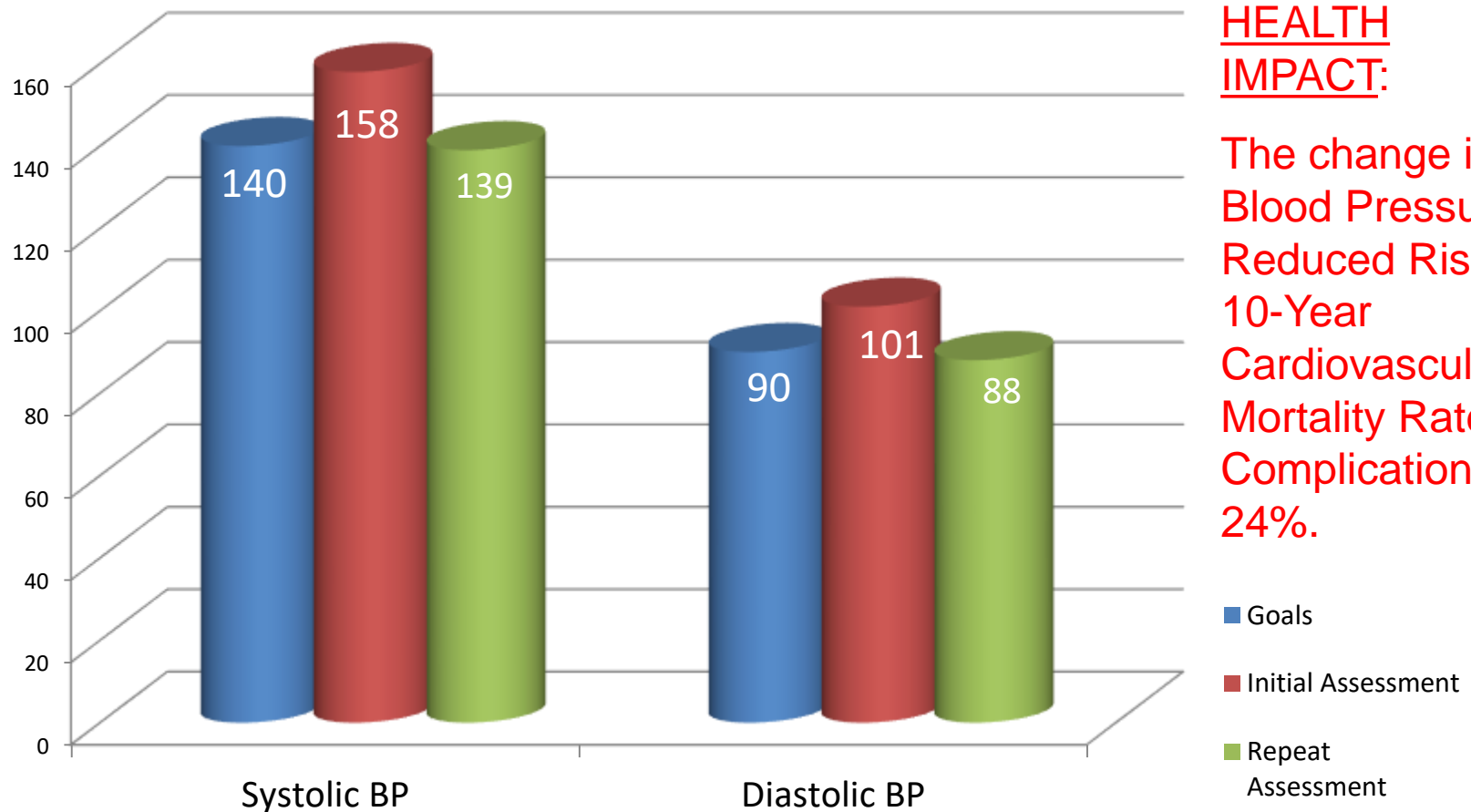
Impact on the HEALTH of the Participants

Small Changes Make a Big Difference

- 1% Reduction in Cholesterol
- 1 mm of Hg Reduction in Blood Pressure
- 1% Reduction in HbA1C
- 2% Reduction in risk of Cardiovascular Complications
- 2% Reduction in risk of 10-Year Cardiovascular Mortality Rate
- 14% Reduction in risk of Heart Complications

Program Results on Blood Pressure of top 20% Highest Risk Participants - Healthstat

n=4105



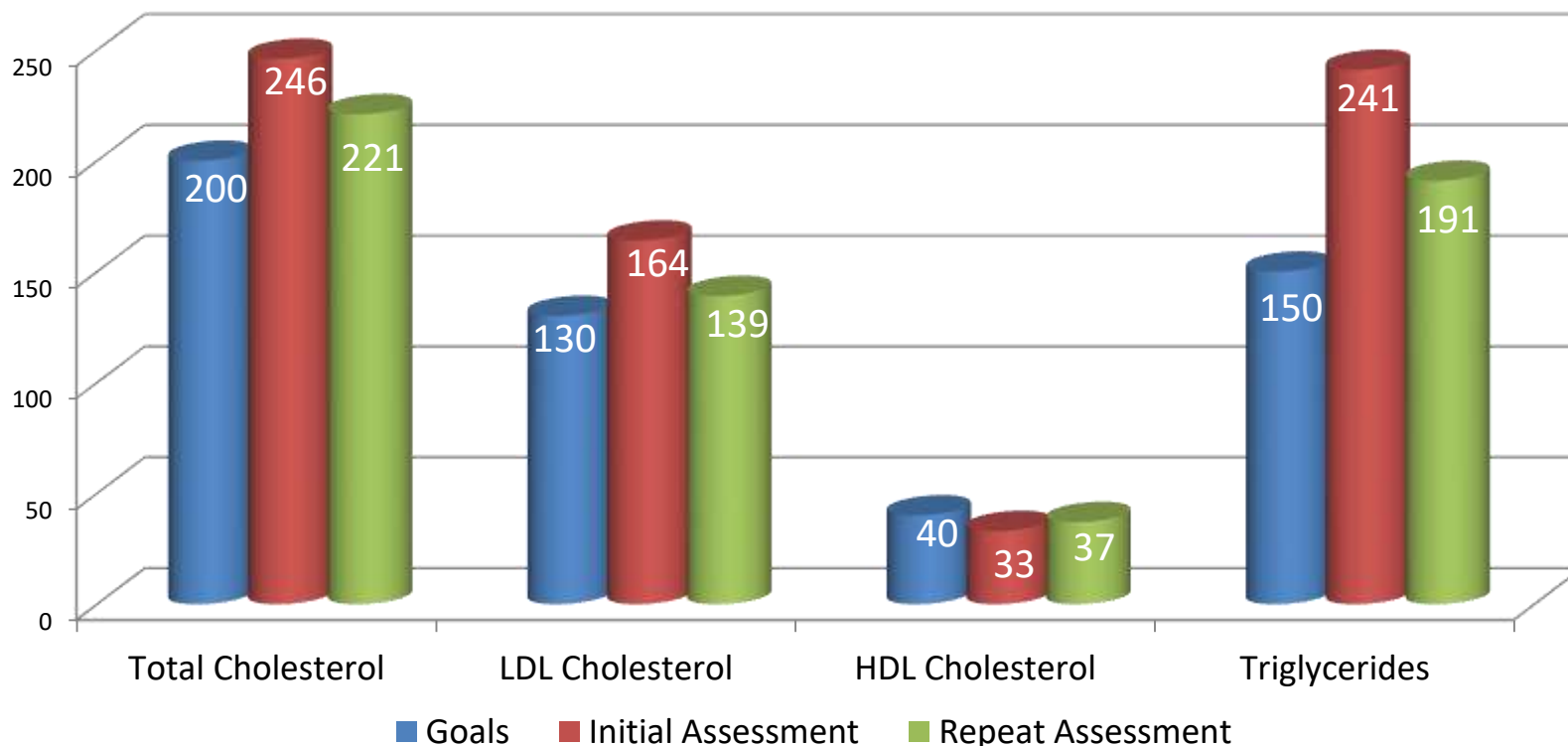
HEALTH IMPACT:

The change in Blood Pressure Reduced Risk of 10-Year Cardiovascular Mortality Rate Complications by 24%.

- Goals
- Initial Assessment
- Repeat Assessment

Program Results on Lipids of top 20% Highest Risk Participants - Healthstat

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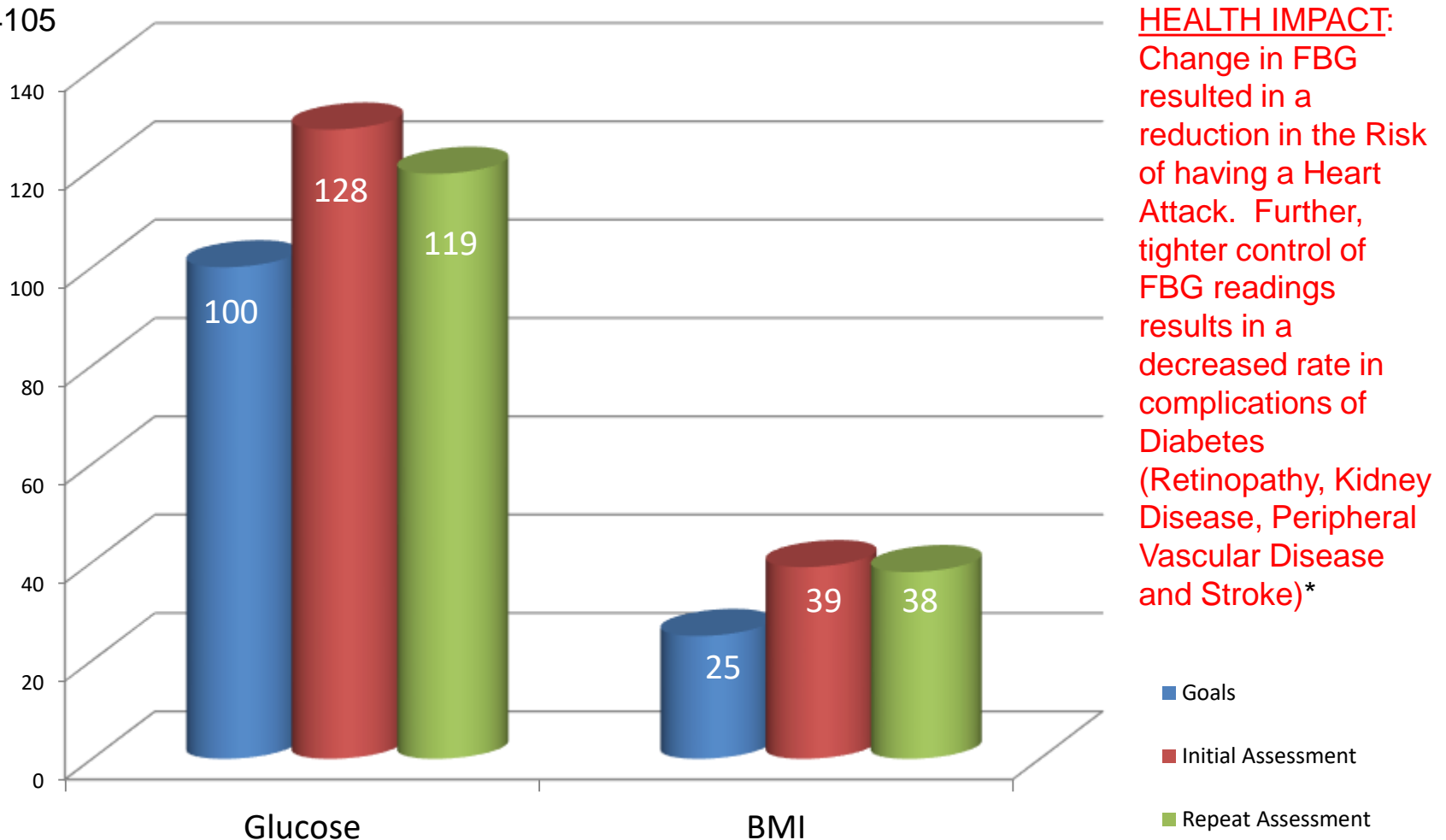


HEALTH IMPACT:

The change in TOTAL Cholesterol Reduced Risk of Cardiovascular Complications by 20%.

Program Results on Glucose and BMI of top 20% Highest Risk Participants - Healthstat

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Clinic Advantages for Mount Vernon Mills

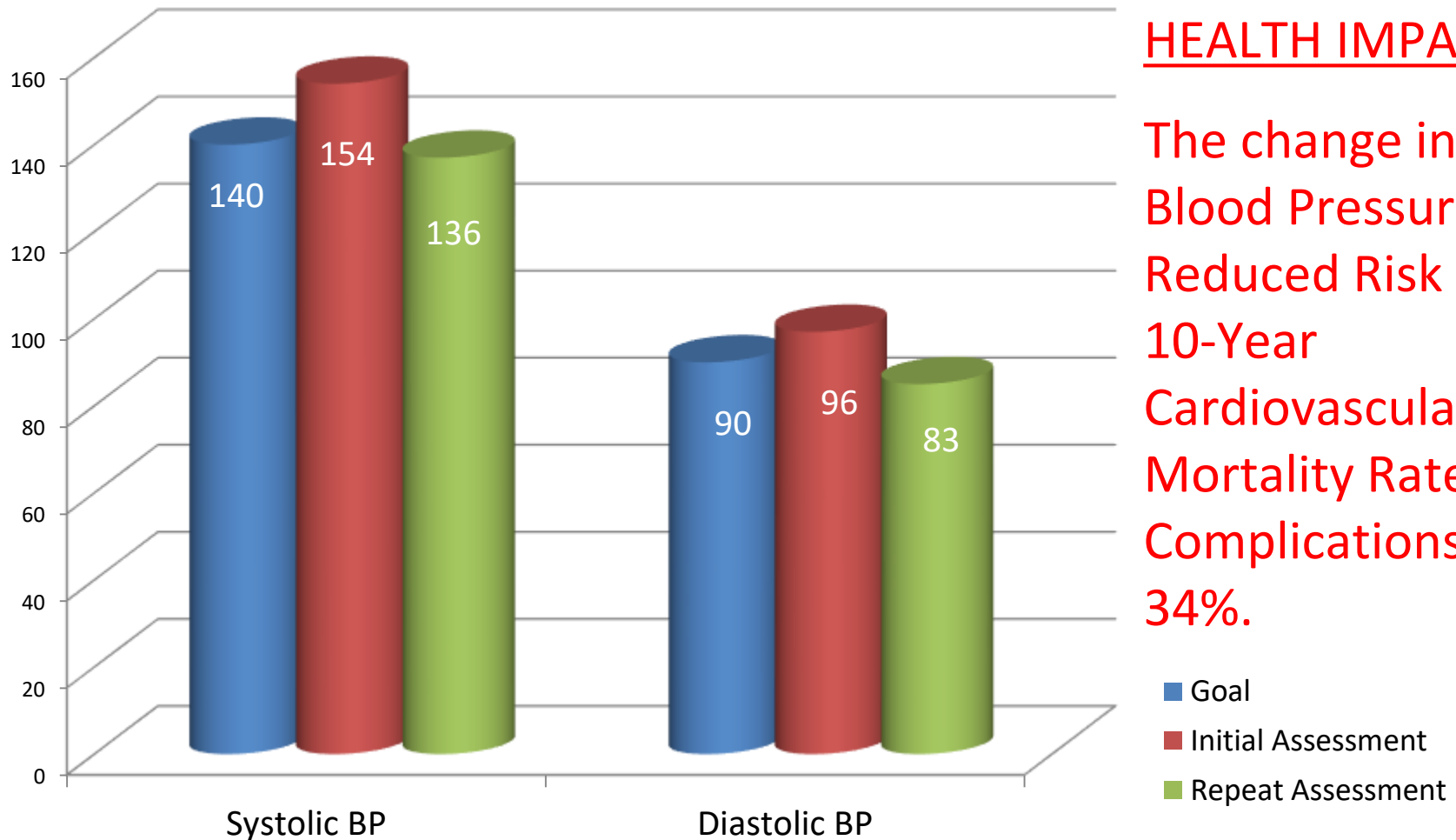
- Direct savings on medical costs.
- Allow changes to plan design – less painful?
- Time away from work savings.
- Employee satisfaction in a difficult situation
(did I mention we are in the **textile** industry?)

Clinic History at Mount Vernon

- Started first clinic in Trion, GA (1500 ee's) in September 2003 - voluntary for ee's
- Opened clinics at all other locations on or about July 2004. Eliminated co-pays at physician offices, allowed spouses, & **no fee to see the Nurse Practitioners**
- Required employee participation in Jan. 2005
- Required spouse participation in 2006
- Clinics run from 8 to 36 hours per week depending on plant size
- Required compliance for employees in 2013 – spouses required for 2015

Program Results on Blood Pressure of top 20% Highest Risk Participants - MVM

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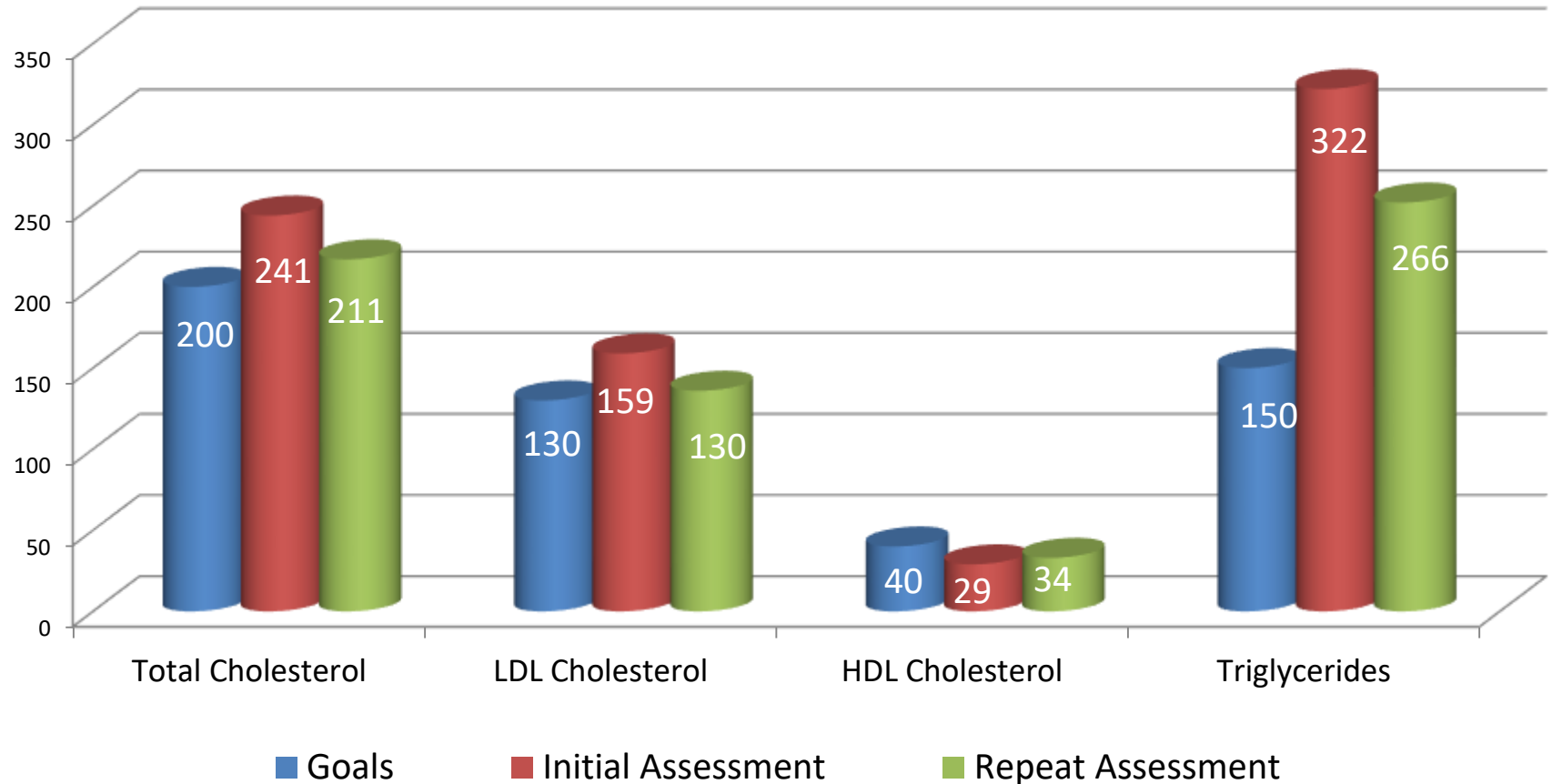


HEALTH IMPACT:

The change in Blood Pressure Reduced Risk of 10-Year Cardiovascular Mortality Rate Complications by 34%.

- Goal
- Initial Assessment
- Repeat Assessment

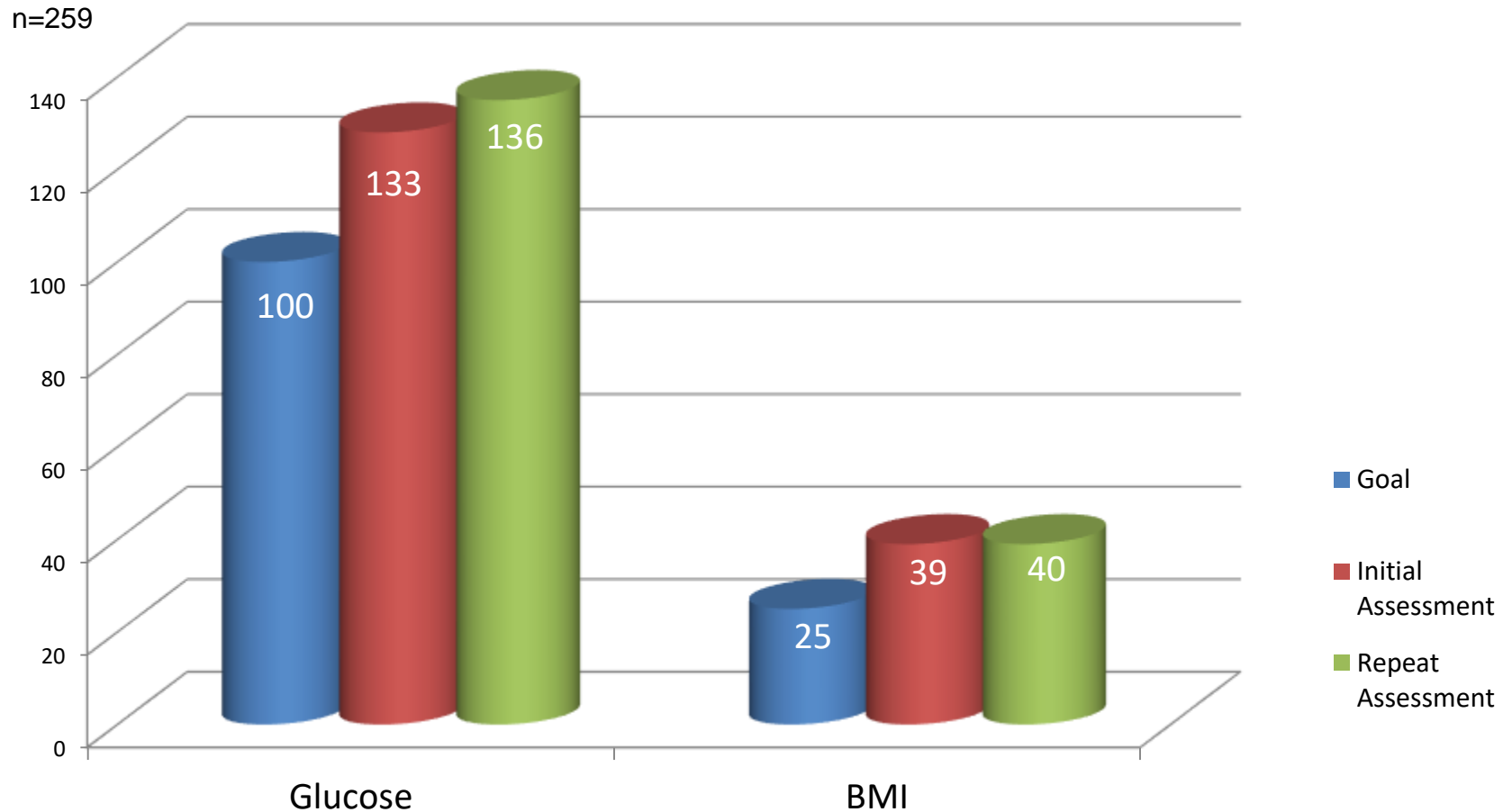
Program Results on Lipids of top 20% Highest Risk Participants - MVM



HEALTH IMPACT:

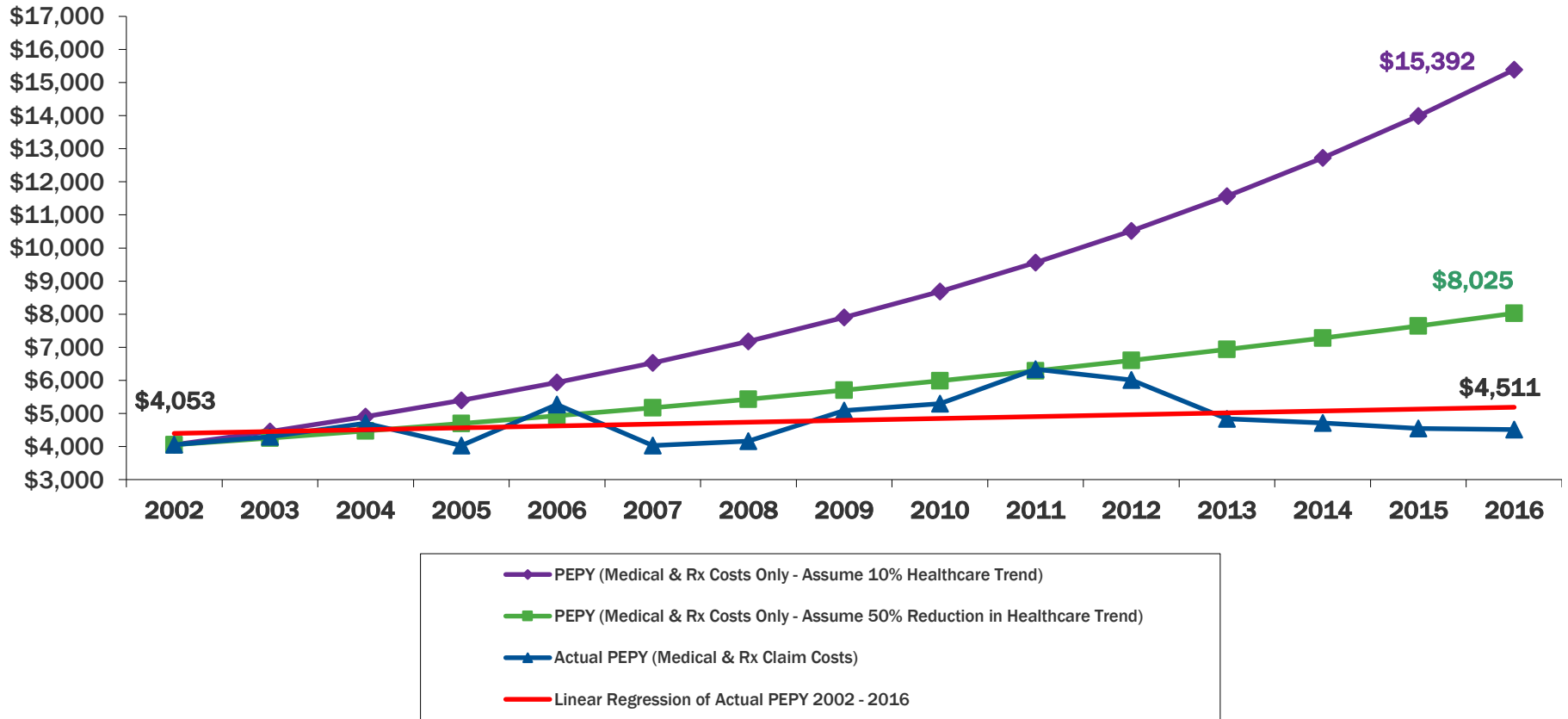
The change in TOTAL Cholesterol Reduced Risk of Cardiovascular Complications by 22%.

Program Results on Glucose and BMI of top 20% Highest Risk Participants - MVM



MVM Trend vs. Expected Trend – Note: Includes Clinic Cost

Trend vs. Expected Trend



Prescription Drugs – Hard Savings Example

- Generic and Formulary Utilization has changed dramatically since clinics have been in place.
- At the end of 2003, our total generic percentage of total drugs used was 49.1%, now at over 90%.
- Average paid per generic went from \$10.59 to \$9.61 while brand went from \$55.30 to \$353.83.
- NP's can and do implement step therapy as should be done, and it does work!

Plan Design Changes – Still Painful, but maybe less so.

- MVM eliminated copays in 2004 when we implemented the clinics company wide.
- We have since continued to have to make plan design changes (did I mention we are in the textile industry and price rollbacks).
- Anyone considering HDHP options or major plan design changes may want to consider doing in conjunction with clinic startup.

Absenteeism and Presenteeism

- Employees like the convenience allowed by the clinic. No sick pay is paid to hourly employees.
- Management loves the fact that an employee can be seen and be back on the job in less than 30 minutes in most instances.
- No one likes sitting at the Doctor's office for hours just to be seen for 10 minutes!

Employee Satisfaction

- Clinics are seen as probably the #1 benefit that we have at this point.
- Clinics allow easy and free access for employees and spouses.
- Blood work is included and can be used towards our annual wellness benefit.
- Managers also see it as the #1 benefit that we have for our employees.

Other initiatives to control costs

- More employees are working beyond age 65 for us.
- Some employees (or particularly spouses) age 65+ may benefit by taking Medicare and supplement – not always the case
- Initiative to **educate** those employees and spouses on what is best for them
- Nothing can or is done to encourage or “incent” the employees – merely education

Other initiatives to control costs

- Livongo Diabetes Management Program – Cloud based monitors and access to educators
- Healthy Wage – Weight loss program that we are in the process of implementing

Questions?
