



The Product Realization Company

Consumer Driven Health Care
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Plexus Vision

*“To be recognized as The Product Realization Company which **develops** and **manufactures** **world-class products** for our **customers** while **rewarding** our **employees** and **shareholders**.”*

Plexus is a high-tech organization on the cutting edge. We need to carry on that philosophy throughout the organization, including benefits.

One Plexus, Global Solutions

Product Realization on Three Continents

Europe
100k Sq Ft.
8% of Rev

Common Practices & Processes

European Sales
Office

New China
Sourcing Office



Mexico
210k Sq Ft
9% Rev

US
805k Sq Ft
67% of Rev

Asia
345k Sq Ft
17% of Rev

Additional 164k sq ft
facility in Penang

E PLXS Technology Group

- 5 engineering sites
- Over 400 engineers / technologists

M PLXS Electronic Assembly

- 13 manufacturing facilities
- 1.5 M square feet

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- “The Product Realization Company”
 - From the napkin to the consumer (and everything in between – product development, test solutions, manufacturing, sustaining services)
 - Estimated FY’07 revenue of \$1.552B
 - Industry leader in ROIC (Return on Investment Capital)
- Three strategic business units with clearly defined roles: TG, EA, PC
- Global Operations
 - US, UK, MX, Malaysia, China
 - 13 manufacturing facilities, 5 engineering design centers
- 8,000 Employees
 - 40% US
 - 60% Non-US
- Over 6,000 covered lives in US health care plans

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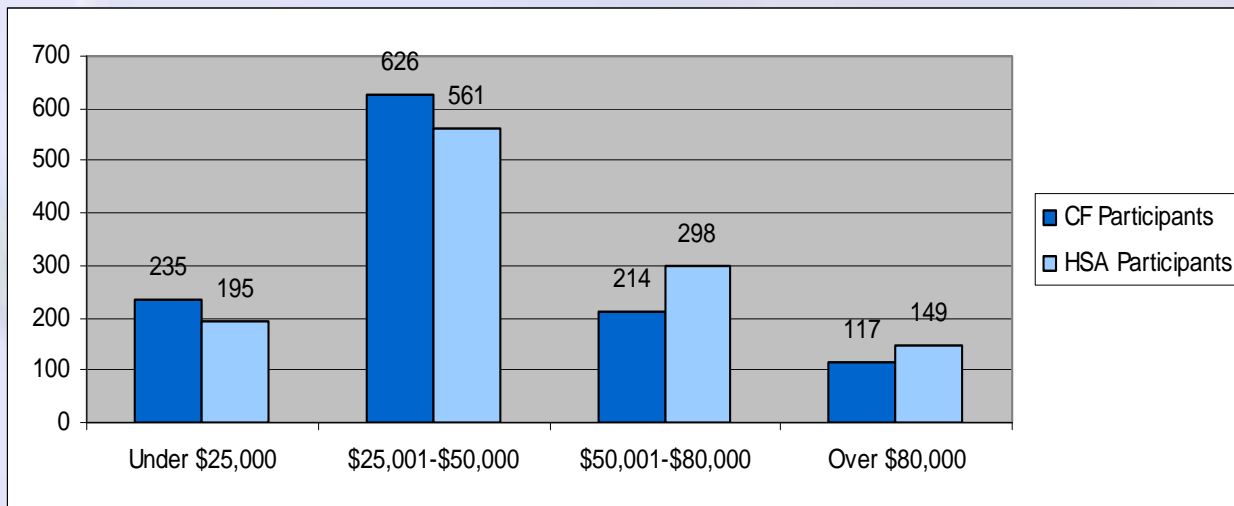
Evolution of Health Care Plan Strategy:

- Pre-2003
 - 29 health care plans
 - Majority HMO's
- 2003 and after
 - Self-funded
 - 5 options in 2003 (2 PPO plans, 2 CD plans, 1 indemnity plan)
 - Plexus contribution established on “base” plan
- 3 options in 2005 (first HSA plan)
 - 15% HSA, 15% PCA, 70% Traditional PPO
- 2 options in 2006, both CD
 - HSA – 50%
 - PCA – 50%

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Evolution of Health Care Plan Strategy (cont'd)

- 2 options in 2007, both CD (No changes in plan design)
 - HSA: 50%
 - PCA: 50%
- 2 options in 2008, both CD
 - Wellness Benefits paid at 100%
 - Qualified Wellness Rx paid at 100%
- CDHC reaches different economic levels of employees, not just highly compensated:



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Plexus Health Care Plan Strategy

- Factors that drove move to CDHC plans:
 - Engage employees in own health care
 - Impact of rising costs
 - Industry competition
 - Internal competition
- Status quo was not sustainable:
 - Ongoing cost increases 2-3 times trend
 - No leverage with pre-2003 approach
 - Impact on pay/other benefits
 - Plan administration
 - Shareholder responsibility
- First year savings of over \$3,000,000

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The Decision-Making Process:

- Product vs. Strategy
 - Health care delivery system (supply chain)
 - Engaged employees
 - Ownership of problem (not just an HR issue)
- Cost Containment vs. Change Management
 - Changing behavior more important than immediate dollar savings
 - Needed “incentives” for engagement
 - Needed “skin in the game” to change behavior
- Working with Senior Management
 - Evolving educational process
 - Multi-year strategy
 - Senior management support
 - CEO & CFO early champions

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Education & Employee Relations

- Communicating the Strategy:
 - Letter from CEO regarding HC cost problem (to homes)
 - Involved and educated line management and operations HR
 - Letters from HR VP setting the stage (to homes)
 - Posters, written materials, articles (Benefit Buzzes)
 - Materials provided by TPA
 - Intranet FAQ
 - Live, on-site presentations (spouses invited)
 - Benefits fairs (spouses invited)
- Employee Relations Issues:
 - Emotional reaction
 - Entitlement mindset
 - Health care provider disruption
 - Understanding the consumerism strategy

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Importance of Choice:

- Providing choice is important:
 - Reduces emotionalism
 - Increases engagement
- 100% of employees had to become engaged

Employee Decision Making:

- Employees must understand plan design (due to choice)
- Employees have to understand costs and trade-offs (“the numbers”)
- Open enrollment decisions:
 - What plan will fit “me”
 - Funding: How much into “my” plan?
 - Premium cost sharing
 - HSA contribution (or no)
 - Deductibles and MOOP

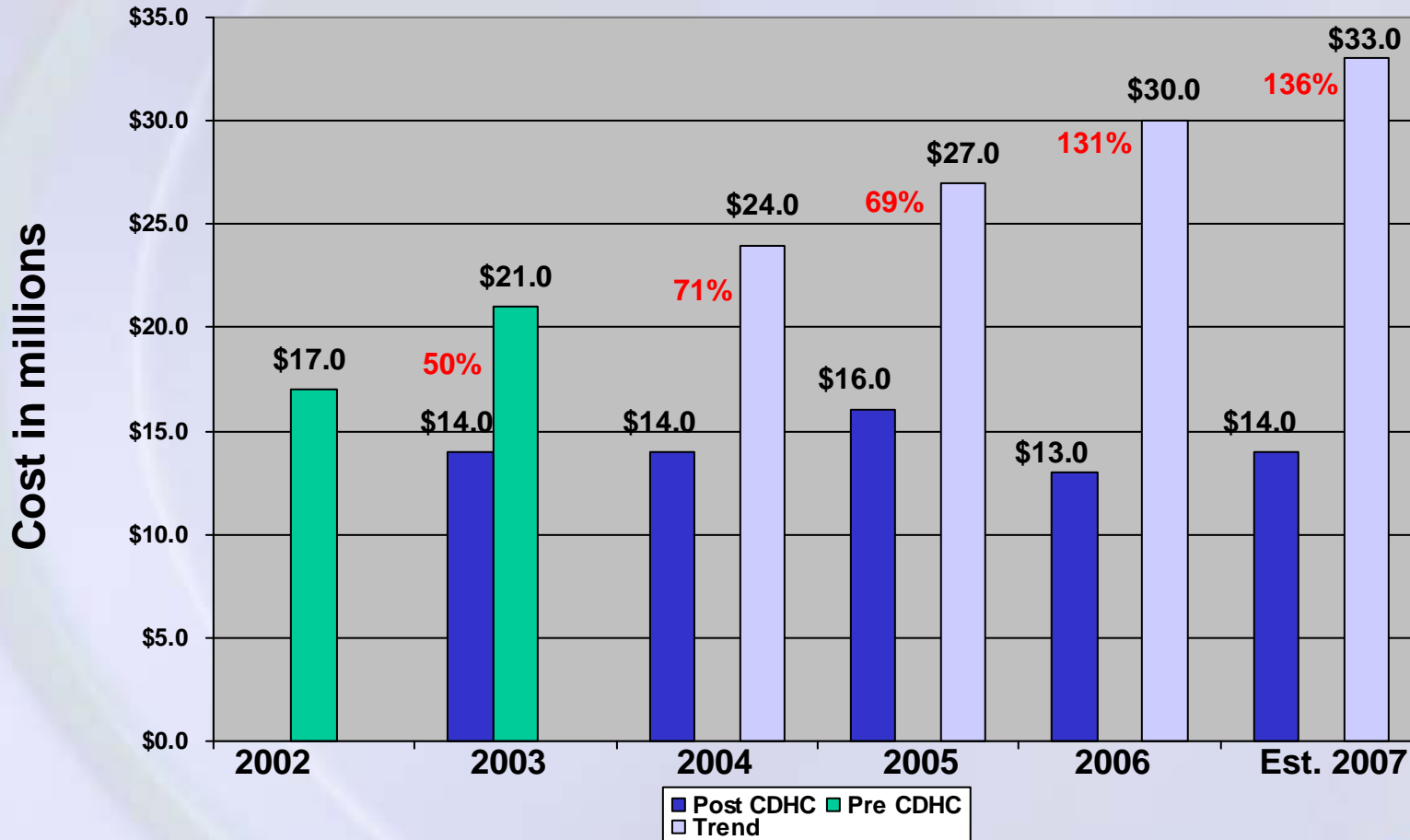
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Accomplishments

- Moved from 29 individual health plans to one solution
- 100% Consumer Driven Health Care
- Implemented first HSA with current TPA
- New transparency tools available from TPA
 - A Procedure Cost Estimator tool was launched in 2006 to most markets
 - In place for 49 inpatient and 27 outpatient procedures
 - Hospital cost reports available for members to review TPA's contracted rates at the individual facility level
 - “Compare Hospitals” tool available for all Humana members
- Overall reduction in Health Plan Costs 2003 through 2008
- Introduced Concert Health Resources
- **ENGAGED EMPLOYEES IN CDHC!**

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Health Plan Costs 2002 thru 2007



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Annual Healthcare Cost Trends for Medical Plans for 2008

National Trend*	11.2%
2008 Plexus Trend	4.0%
* AON Trend Survey conducted Spring 2007	

Plexus Medical Cost Trends

- Comparing medical costs from 2007 to 2006 shows a similar number of large claims but a lesser intensity of service.
- Physician visits represent 45% of total cost for 2007, which is an increase of 17% from 2006.

What does this mean? Employees are getting wellness exams and being treated earlier, resulting in reduced costs and better outcomes.

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Average Single & Family Total Premiums

Average Annual Medical Contributions (employee + employer)		
HSA PPO	<u>Single</u>	<u>Family</u>
National Trend 2007*	\$ 4,356	\$12,108
Plexus 2007	\$ 2,692	\$ 8,836
Plexus Projected 2008	\$ 2,800	\$ 9,190
CF PPO	<u>Single</u>	<u>Family</u>
National Trend 2007*	\$ 4,356	\$12,108
Plexus 2007	\$ 3,299	\$ 9,579
Plexus Projected 2008	\$ 3,431	\$ 9,962

*AON 2007 Benefits and Talent Survey

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What does the future hold?

- “How to shop” the provider marketplace
 - Silent PPO
- “Lean” the supply chain
 - Try to get TPA’s on the bus
- Additional web “transparency” tools from TPA
 - A Physician Office Estimator Tool is expected to roll out in the 4th quarter of 2007
 - A Physician Effectiveness Profile Tool expected to roll out in the 2nd or 3rd quarter of 2007
 - The Procedure Cost Estimator Tool is continually being refined to include additional procedures
- In the middle of RFP for benefit plans for potential change in ‘09
- Saving for Retirement
 - Educate employees on importance to save in HSA for future

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What does the future hold?

- Wellness Initiative

- Rollout of online HRA partnering with Humana

- 100% coverage of preventative services

- Coverage of wellness Rx

- To provide easy and affordable access to prescription drugs, medications for the following conditions will be covered at **100%** in Tier One of the prescription drug program:

- » Asthma/COP

- » Diabetes

- » Hypertension

- » Depression

- » Cholesterol

- » Stroke/Blood

- » Clot Prevention

- » Prenatal Vitamins

- » Breast Cancer Prevention

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Summary

- It was “Big Time” change management
 - At every level
 - Using every tool available
- Education and Communication
 - Over and over and over again
- Engage employees from start to finish
 - What has changed?
 - Why?
 - How it impacts them
 - What they all need to do
- Maximize TPA involvement and tools

Questions?

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