



Employers and DM Services What Matters

Jack Mahoney, MD, MPH
Strategic Health Initiatives
Pitney Bowes

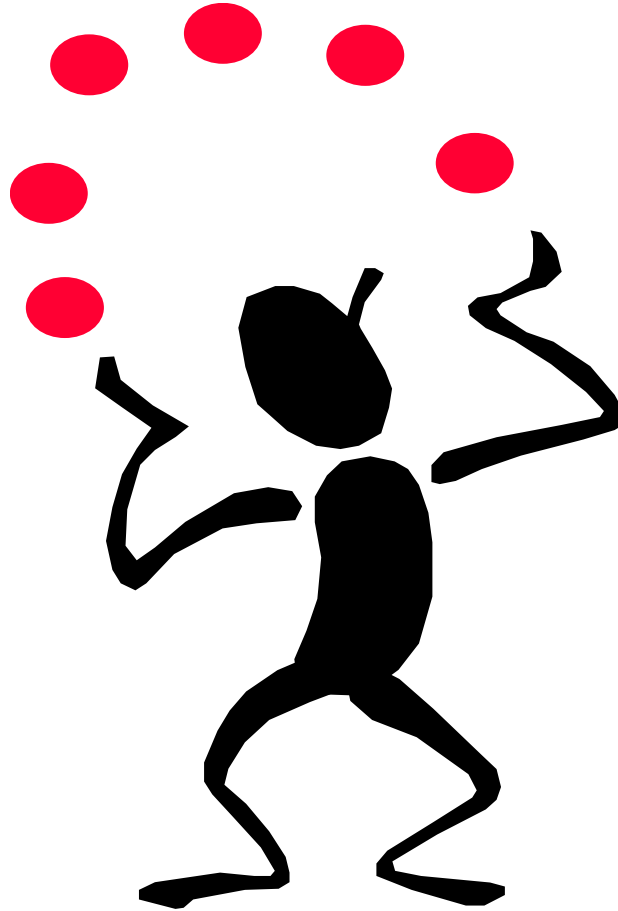


Overview

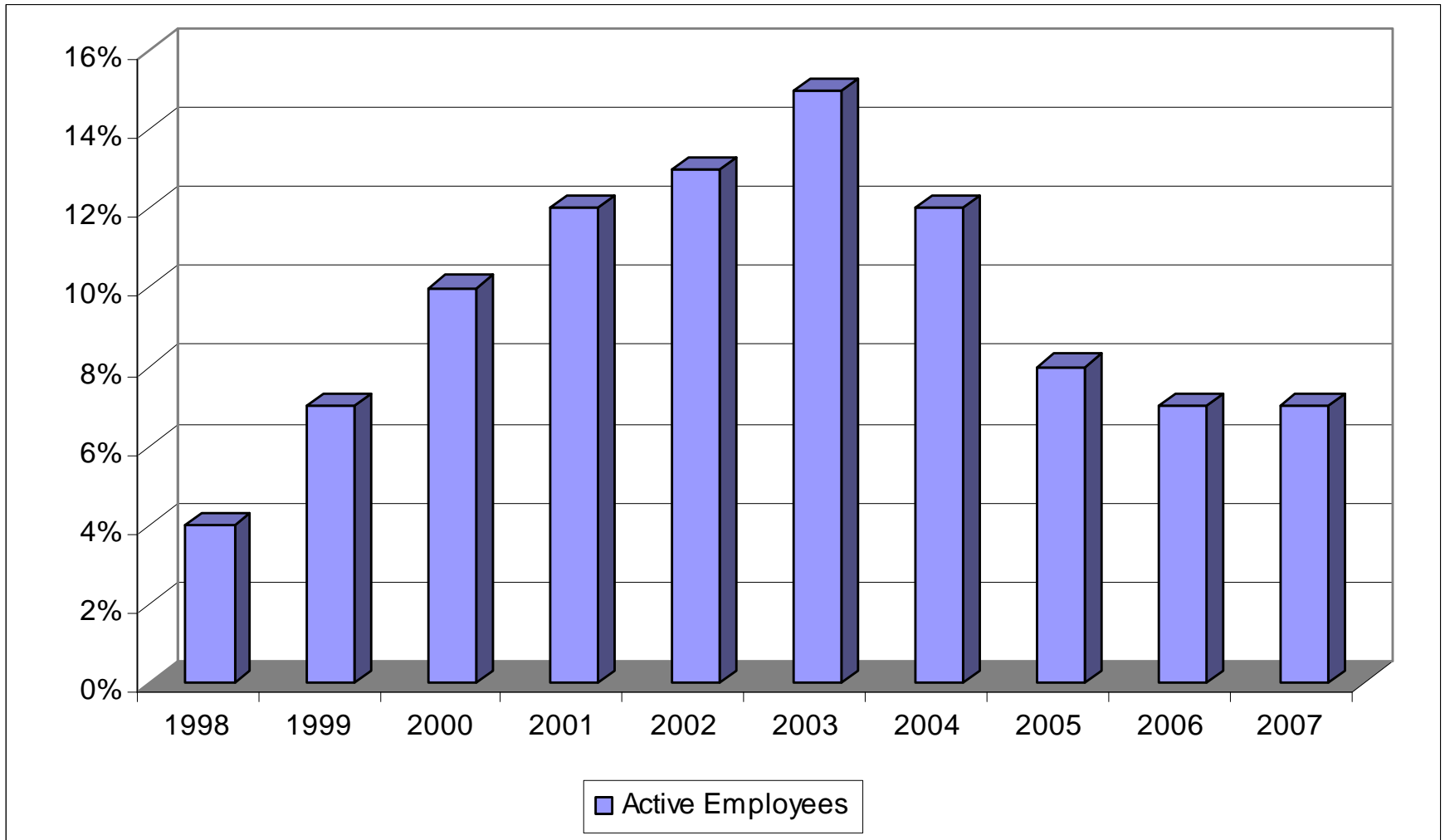
- Employer Priorities
 - Benefits Director role
- Employers and DM
 - Changing needs and marketplace
 - Employers' "Wish List"
- Current and Future Issues
 - Enhancing Value for the Employer
- DM at Pitney Bowes

Benefits Director/Manager

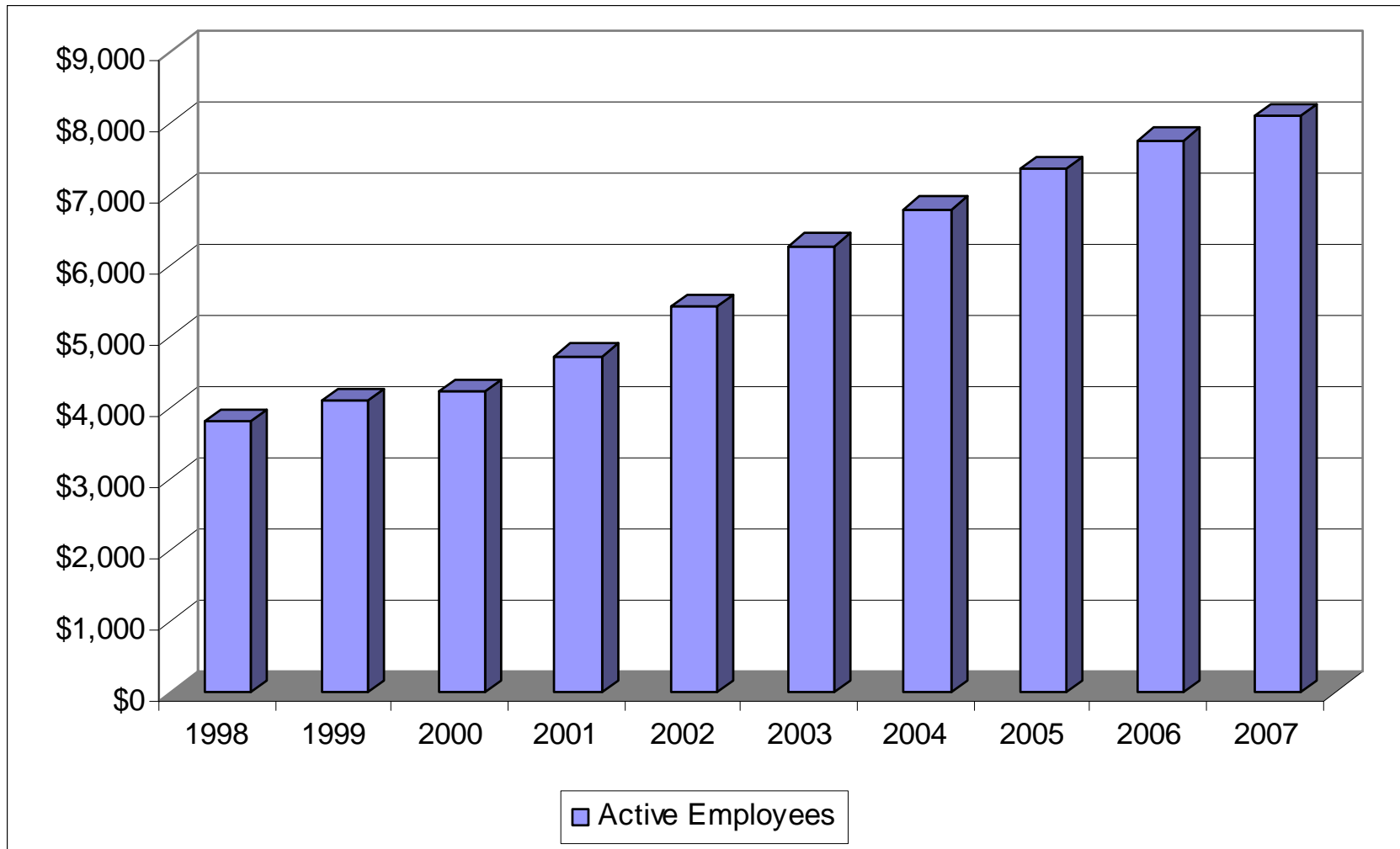
Budget



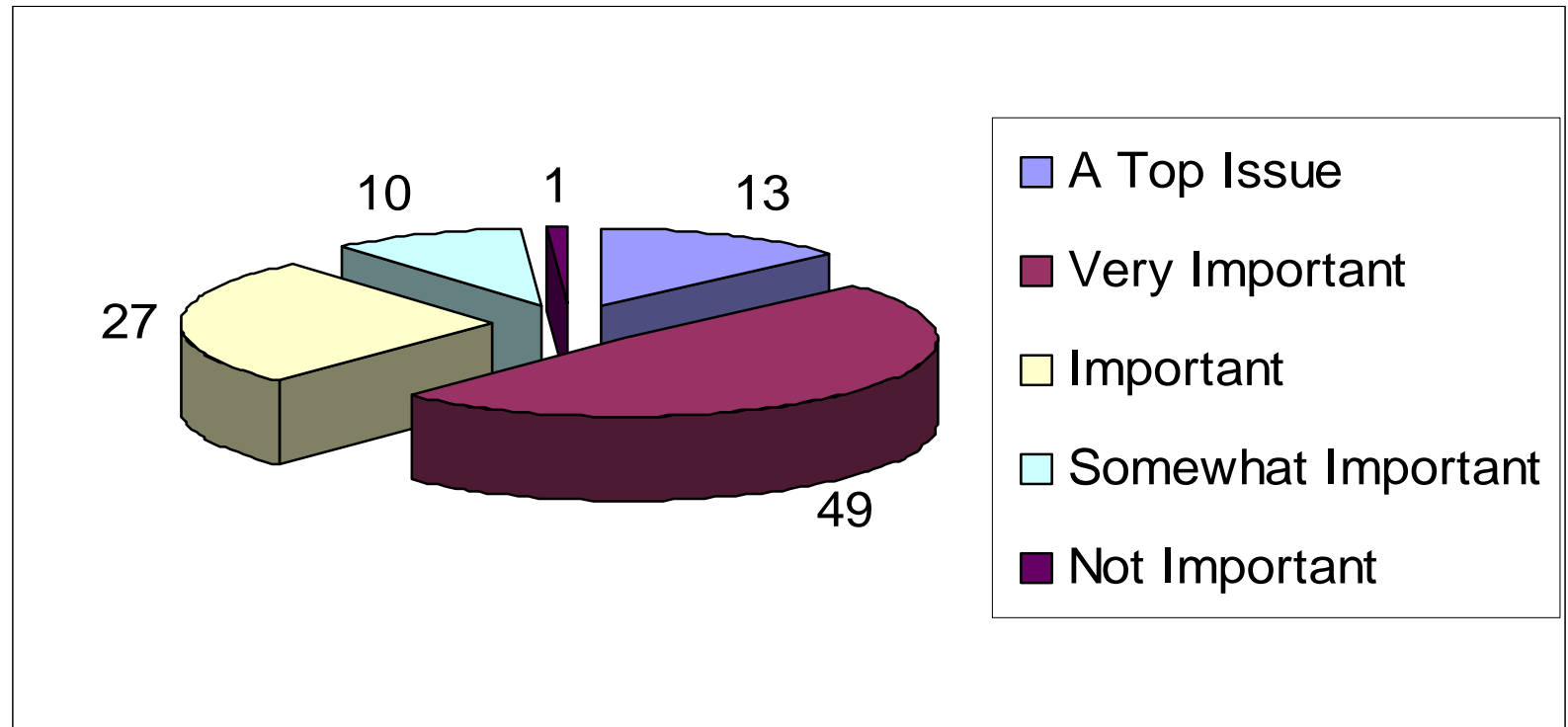
Annual Health Care Cost Increases



Annual Total Health Care Cost Per Employee Pitney Bowes Benchmark Companies



CFOs Concerns About Rising Health Care Costs



Source: *The Business Value of Health*; Integrated Benefits Institute, May 2006

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I Need Flat Costs



Disease Management Programs and Cost Management

- More than 80% of employers have DM programs
 - Customization
 - Carve-In/Carve-Out

- 83% of employers are very or somewhat satisfied with DM programs

- 82% of employers are very or somewhat confident that DM provides positive financial return

- 
- 
- **Programs**
 - **Culture**
 - **Values**

Corporate Focus



**Healthy,
Productive
Employees**

Employee Focus

- 
- **Incentives**
 - **Alignment**
 - **Communication**

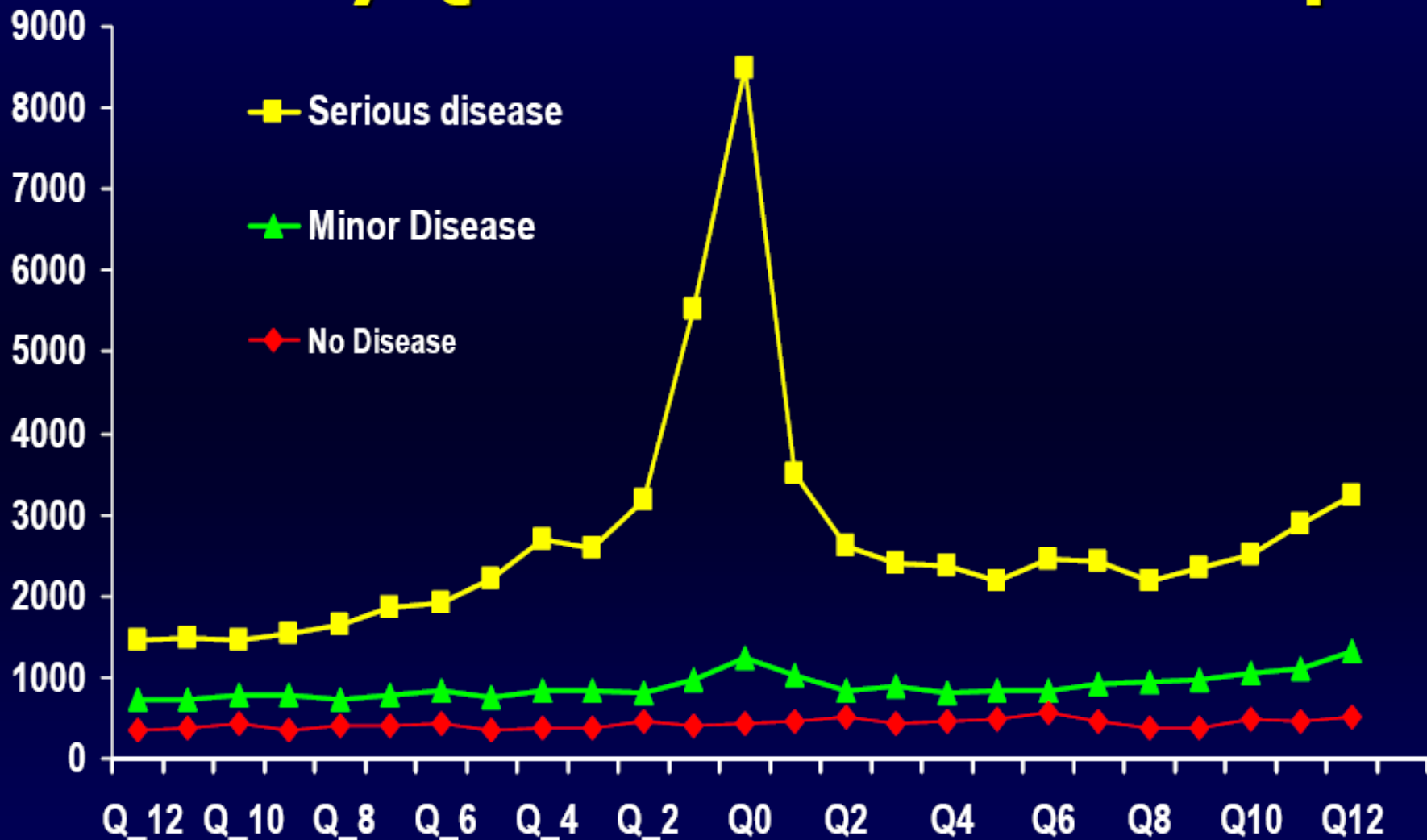
Strategic Health Goals



Strategic Health Goals



Total Medical and Pharmacy Costs Paid by Quarter for Three Groups



- **Programs**
- **Culture**
- **Values**

Corporate Focus

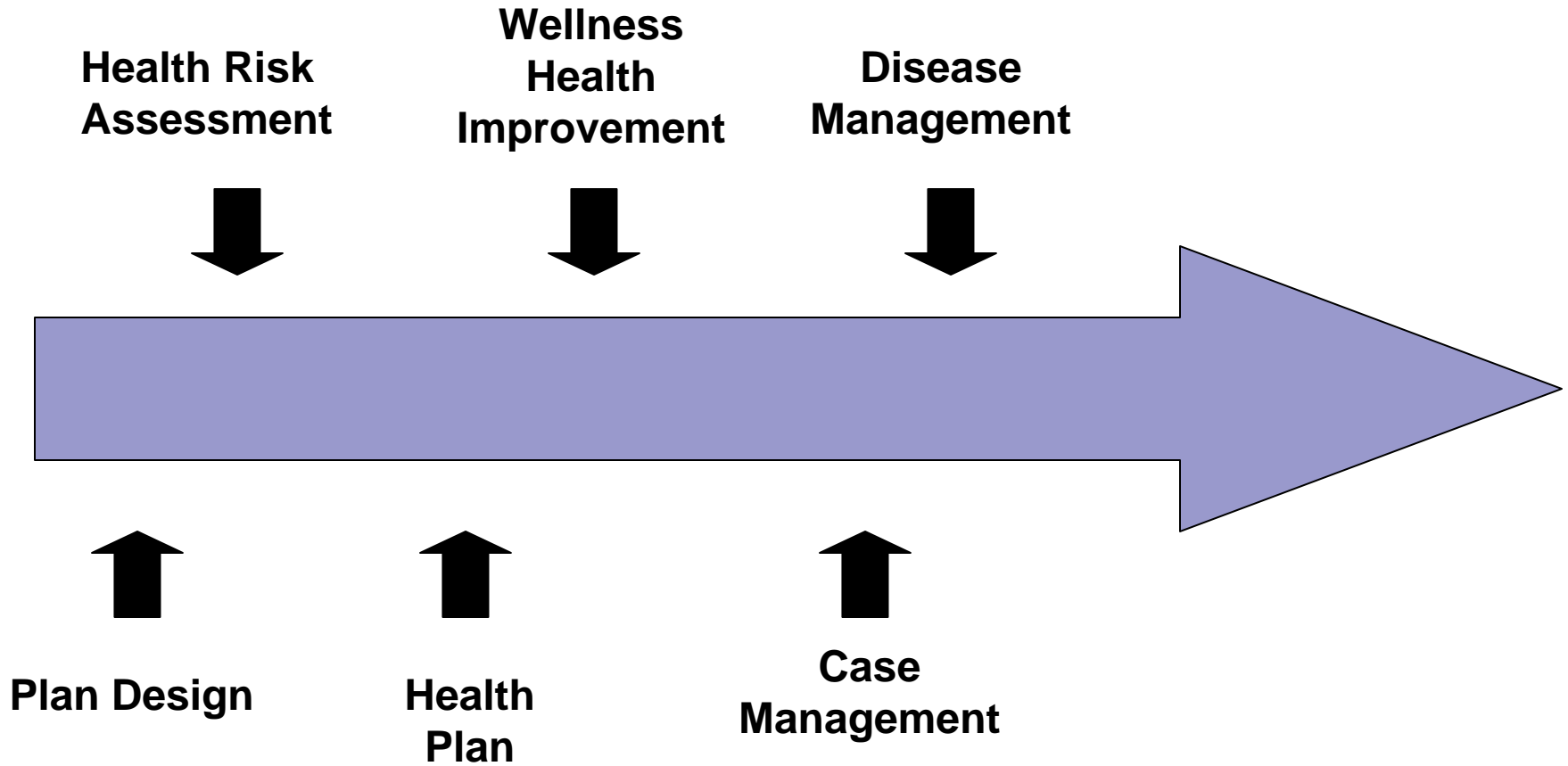
**Health & Productivity Service
Spectrum**

**Healthy,
Productive
Employees**

Employee Focus

- **Incentives**
- **Alignment**
- **Communication**

Health and Productivity Service Spectrum





Total Health Management

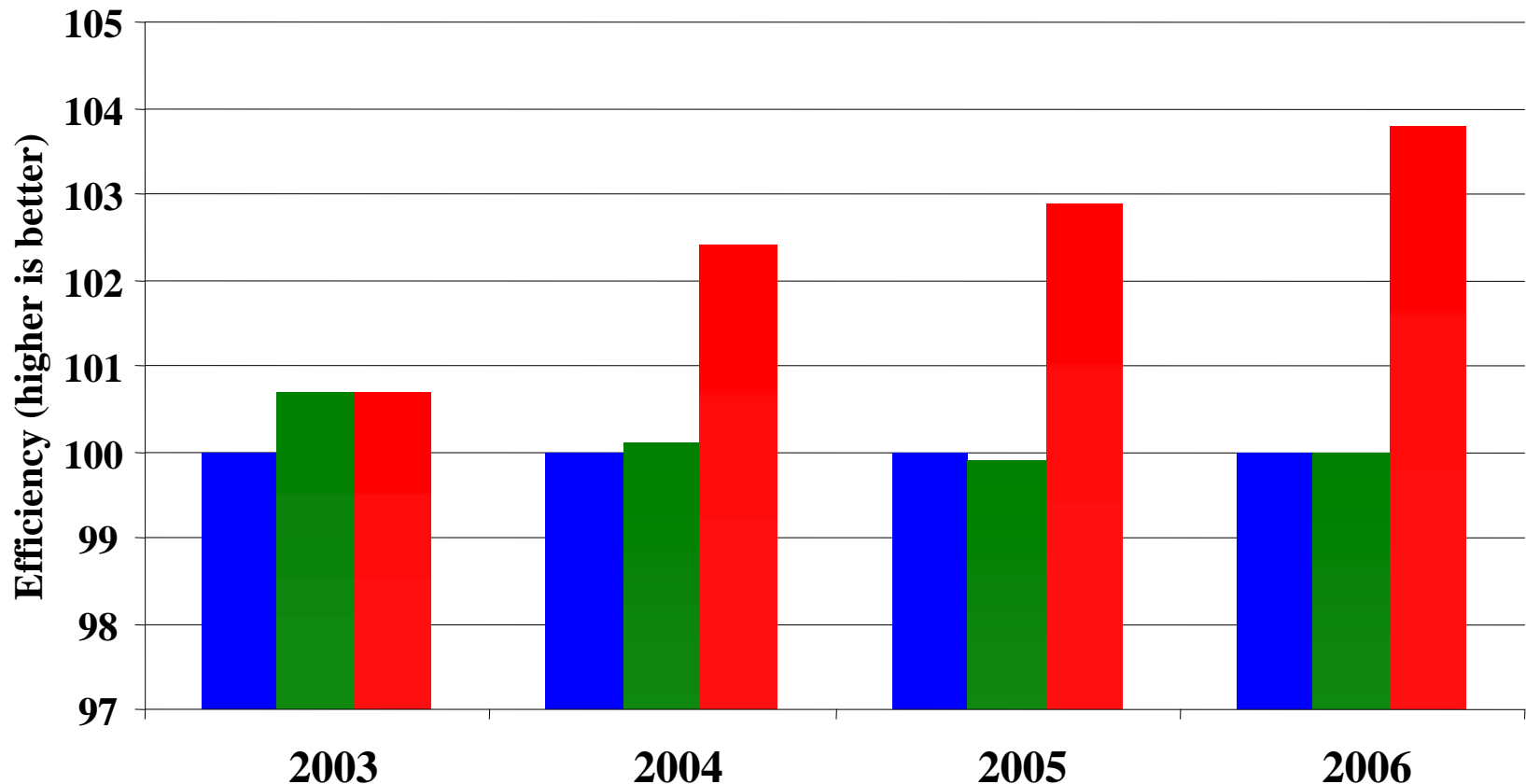
- Hewitt grouping of 28 companies
 - Devote resources to improving employee health
- Outperform other companies in Health Value Index database
 - Financial Efficiency

Employers Deploying Significant Focus/Resources to Employee Health

Financial Index

Source: Hewitt Associates

- 100 = Database of 300+ large employers
- Industry Peers of "The 28"
- 28 Innovative/Aggressive Health Focused Companies

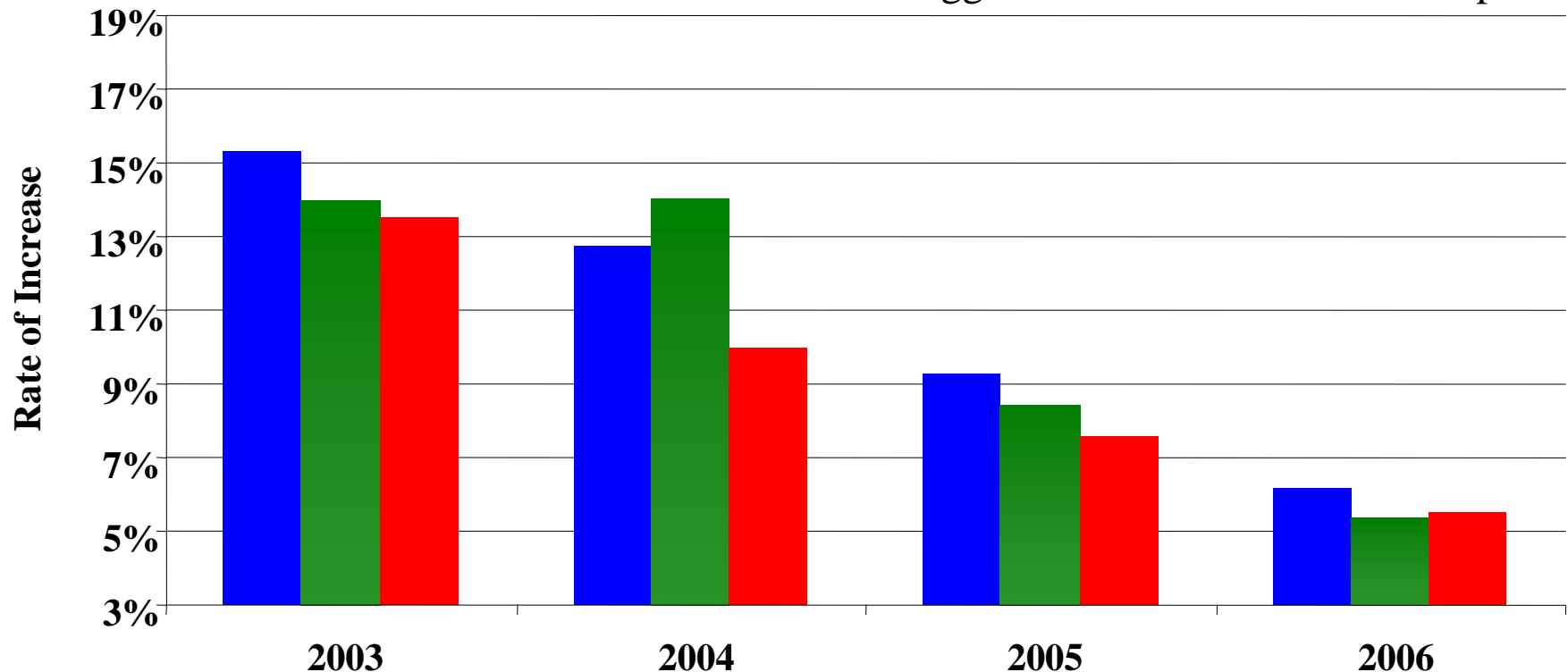


Employers Deploying Significant Focus/Resources to Employee Health

Annual Cost Trend*

Source: Hewitt Associates

- 100 = Database of 300+ large employers
- Industry Peers of "The 28"
- 28 Innovative/Aggressive Health Focused Companies



* Cost includes:

- Employer subsidy
- Employee contribution
- Estimated employee out-of-pocket expense

Cost variation across companies

	High Performing Companies	Low Performing Companies
Cost per employee	\$8,532	\$10,200
Increase in Employer cost	5%	7%

Use of Care/Disease Management Programs

	High Performing Companies	Low Performing Companies
Off the shelf	59%	49%
Customized	38%	8%

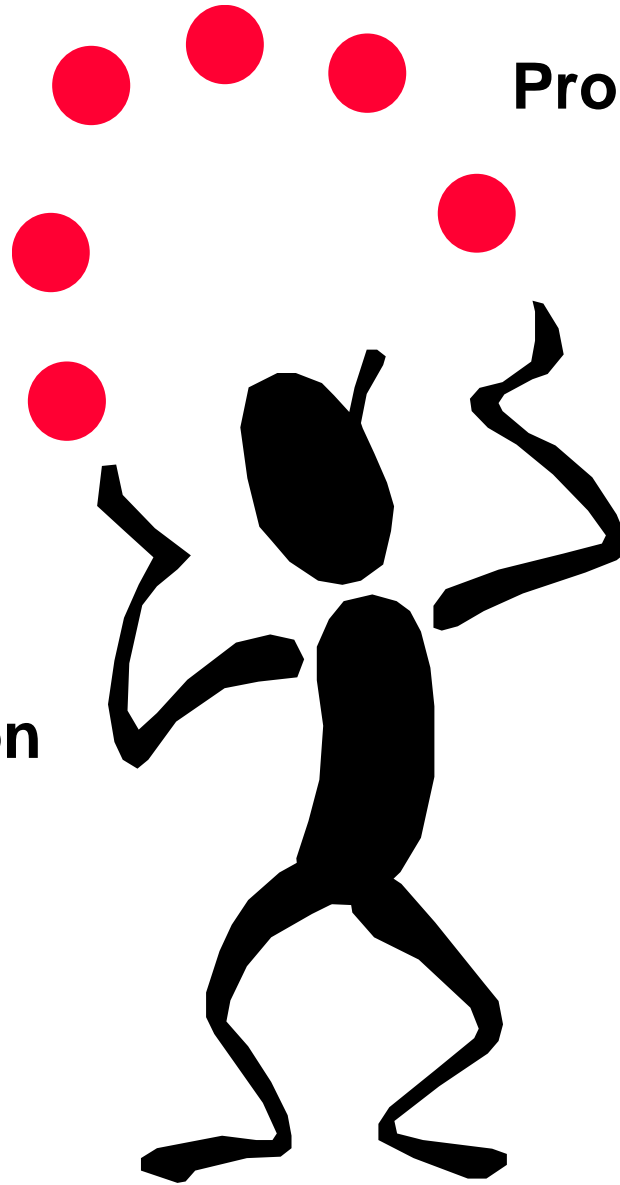
Budget

Productivity

Privacy

**Vendor
Management**

**Talent
Acquisition
and Retention**



Finance

Budget

**Human
Resources**

**Talent
Acquisition
and Retention**

Risk Management

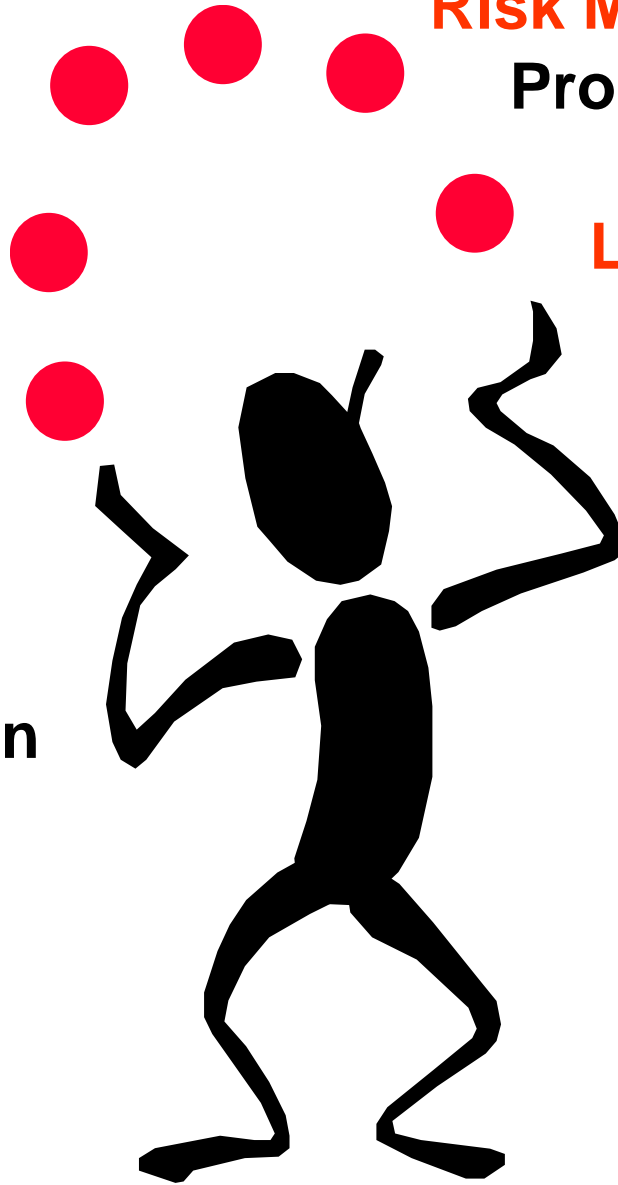
Productivity

Legal

Privacy

Administration

**Vendor
Management**



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“How soon can you start?”

“We need a new benefits manager.”

What Matters to the Employer

VALUE

- Program Structure
- Integration
- Employee Perception/Acceptance
- Demonstrated Outcomes
 - ROI?



Program Structure: Components

- Patient Identification
 - Outreach/Communications
 - Predictive Modeling
- Evidence-Based Guidelines
- Collaboration with Treating Physician
 - Medical Home?
- Benefit Design
 - Population specific Incentives/Disincentives
 - Value-Based Design
- Self-Management

Evidence of Disease Management Outcomes

Positive Effect on Adherence to evidence-based guidelines for

- CHF
- CAD
- Diabetes
- Depression

Impact on Asthma and COPD less clear



Program Structure: Integration

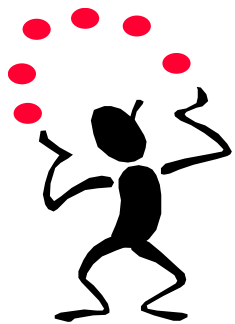
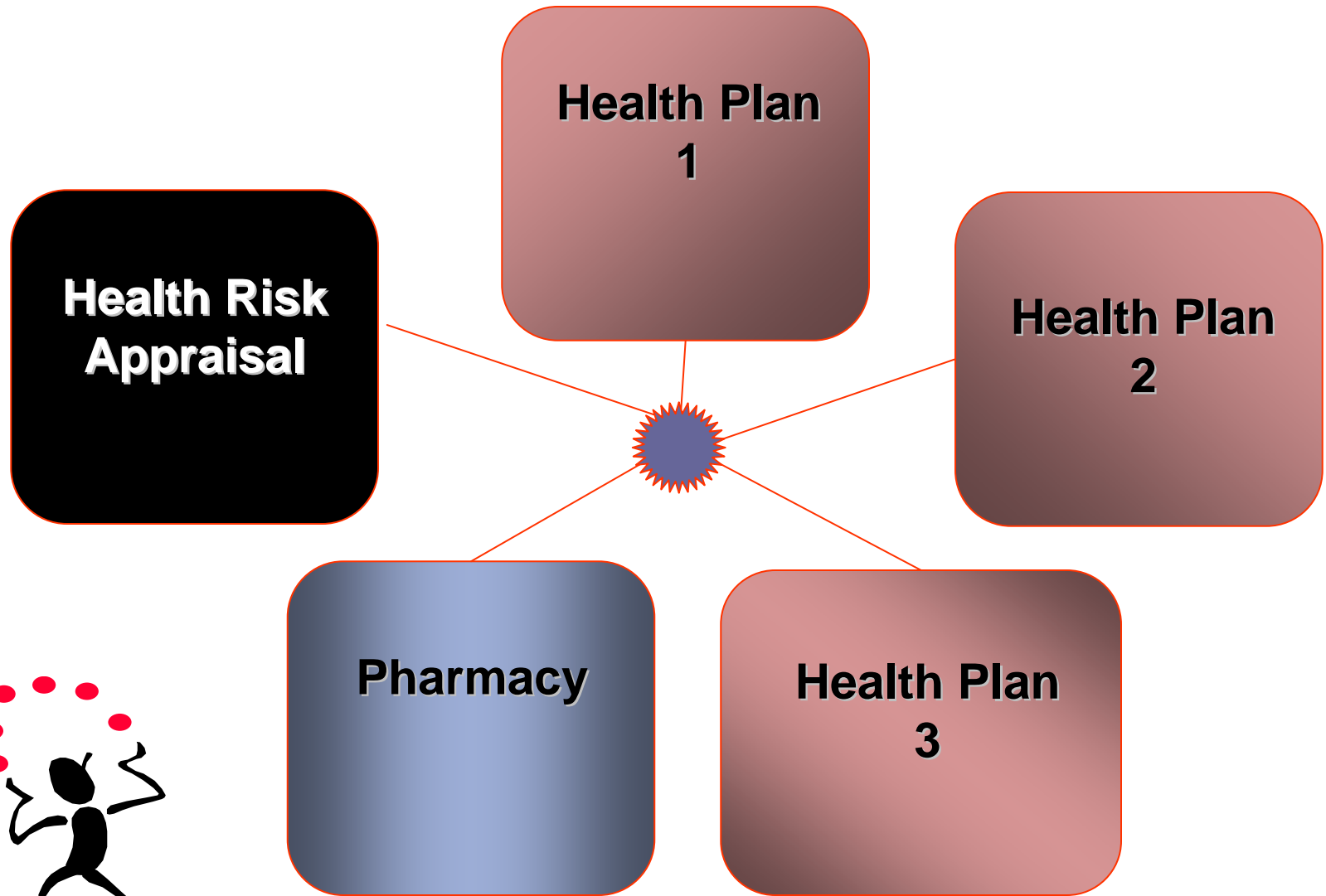
- Associated Programs
 - HRA/Health Assessment
 - Health Improvement Programs
 - EAP
 - Disability Management



Program Structure: Integration

- Health Plan
 - Carve-In/Out
- PBM
- Behavioral Health Vendor
- Data Issues

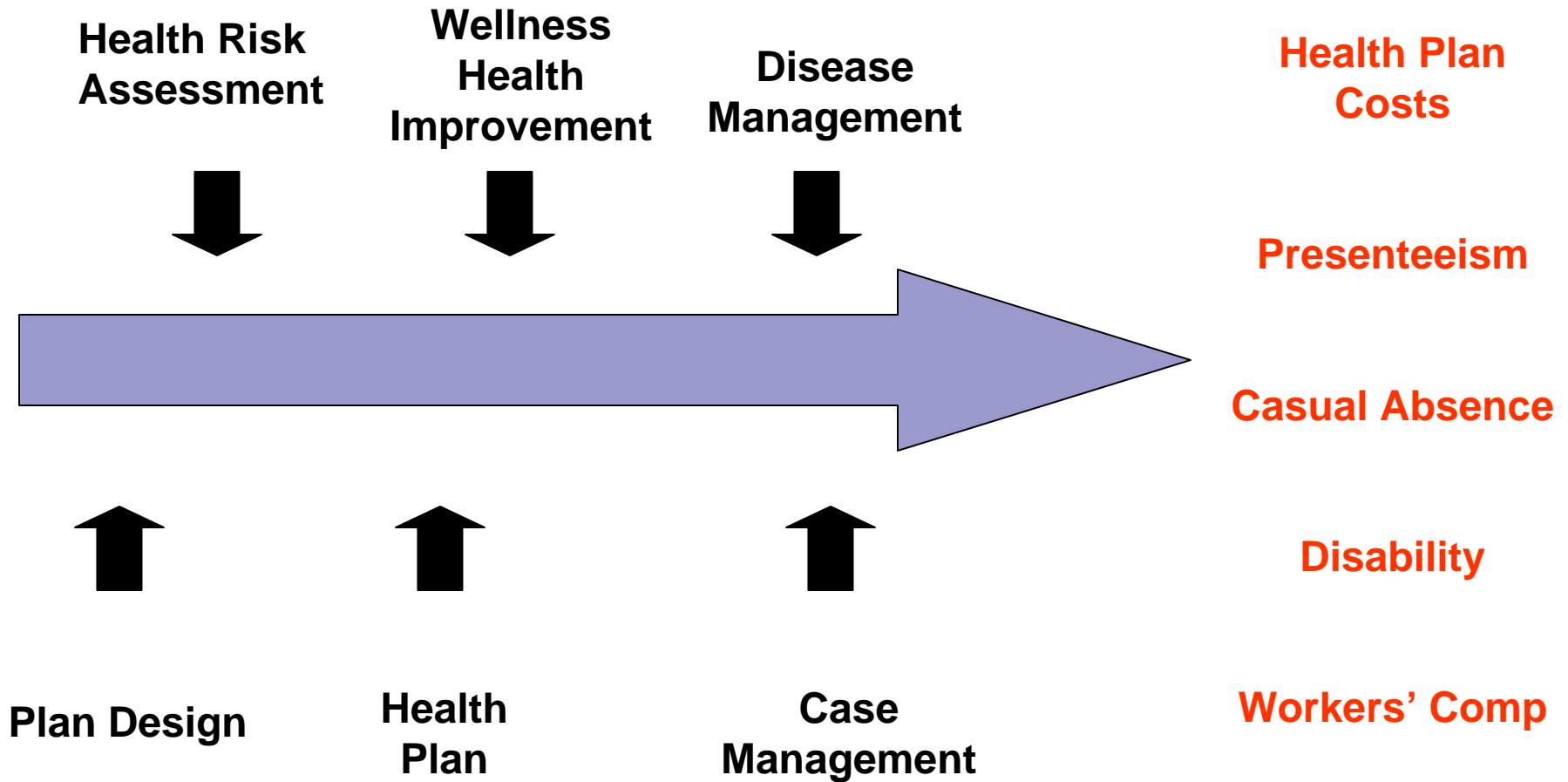
Program Structure :Data Management



CFOs' Understanding of the Impacts of Poor Health

- **96%** Higher Medical Costs
- **90%** Employees have more trouble focusing on their jobs
- **86%** More absence, affecting operating performance
- **84%** Affects bottom line beyond healthcare costs alone
- **71%** Adverse effect on other benefits costs
- **47%** Requires a larger workforce

Total Value ROI



About Pitney Bowes

- 80-plus year legacy
- Fortune 500 company
- \$5.9 billion global provider of integrated mail and document management solutions
- Global team of more than 35,000 employees
- Presence in more than 130 countries worldwide
- More than 2 million customers



Pitney Bowes Medical Benefits

**Mixture of Self-insured (90%) and Fully-insured (10%) plans,
with common benefit designs**



HMO providers: 46 local and national carriers

PPO providers: 4 national carriers



Pitney Bowes Health Plan Structure

- Health Plans
 - Four National PPO Plan Managers
 - 46 Local HMOs
 - Responsibility
 - Disease Management
 - Health Risk Assessment
- Carve-Outs
 - Pharmacy
 - Behavioral Health including EAP
- Internal Management
 - Disability
 - Workers' Compensation



Pitney Bowes Strategic Approach

- Value-Based Purchasing
 - eValue8
- Value-Based Benefit Design
 - Chronic Conditions
 - Prevention
- Health Management/Wellness
 - Health Care University

Medical Plan—Quality Purchasing

- Used by business health coalitions and national employers to assess and manage the quality of available HMO/POS and PPO plans.
- eValue8 raises the bar for health care performance and moves the market to deliver greater value for the purchaser's health care dollar..
- Gathers information on hundreds of benchmarks
- Standardized performance reports are prepared for comparison



Selecting a DM Program

eValue8 Criteria

- Program Scope and Accreditation
- Coordination
- Member Identification
- Member Support
- Practitioner Support
- Performance Measurements
 - CAD
 - Diabetes
 - Back Pain

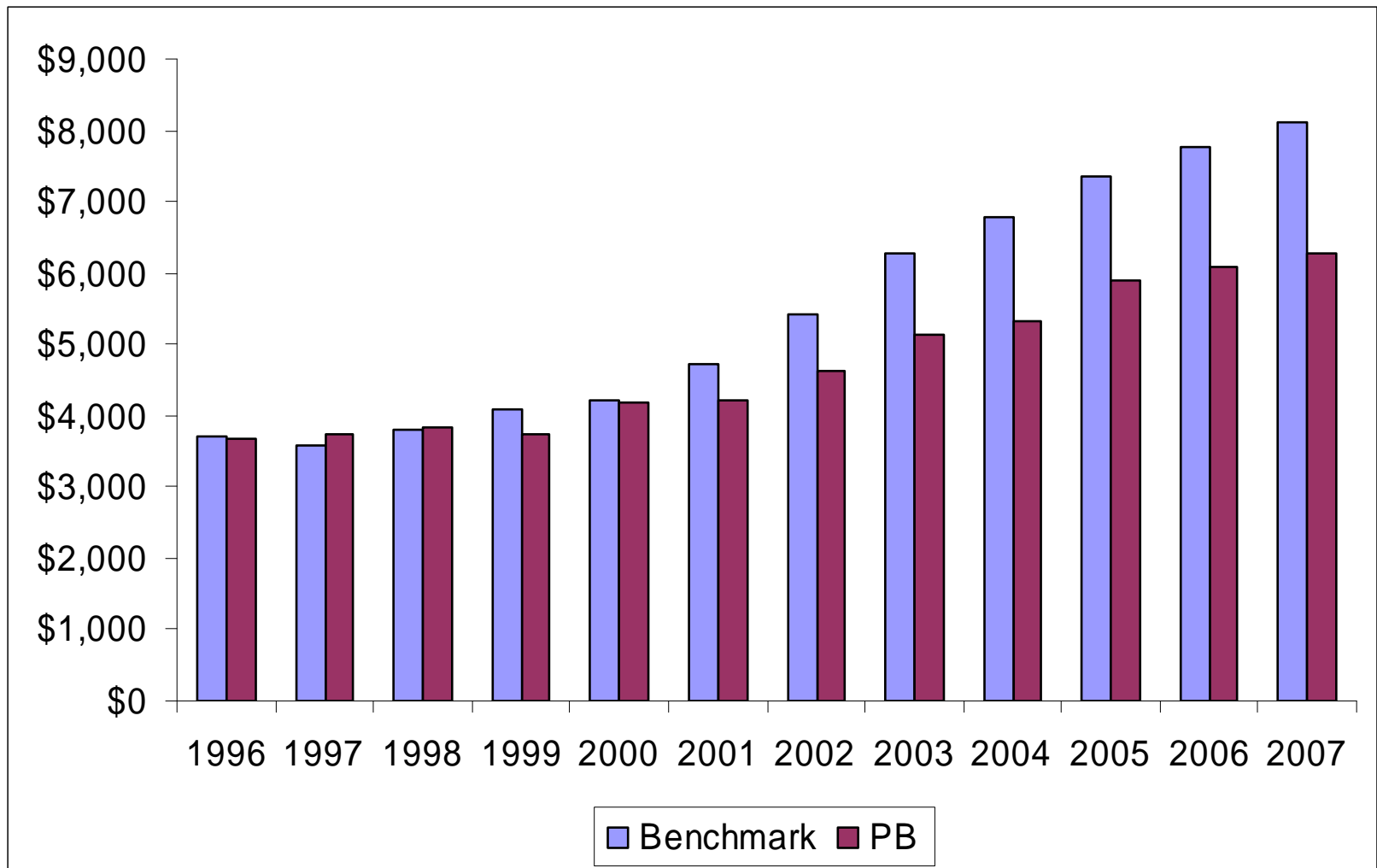




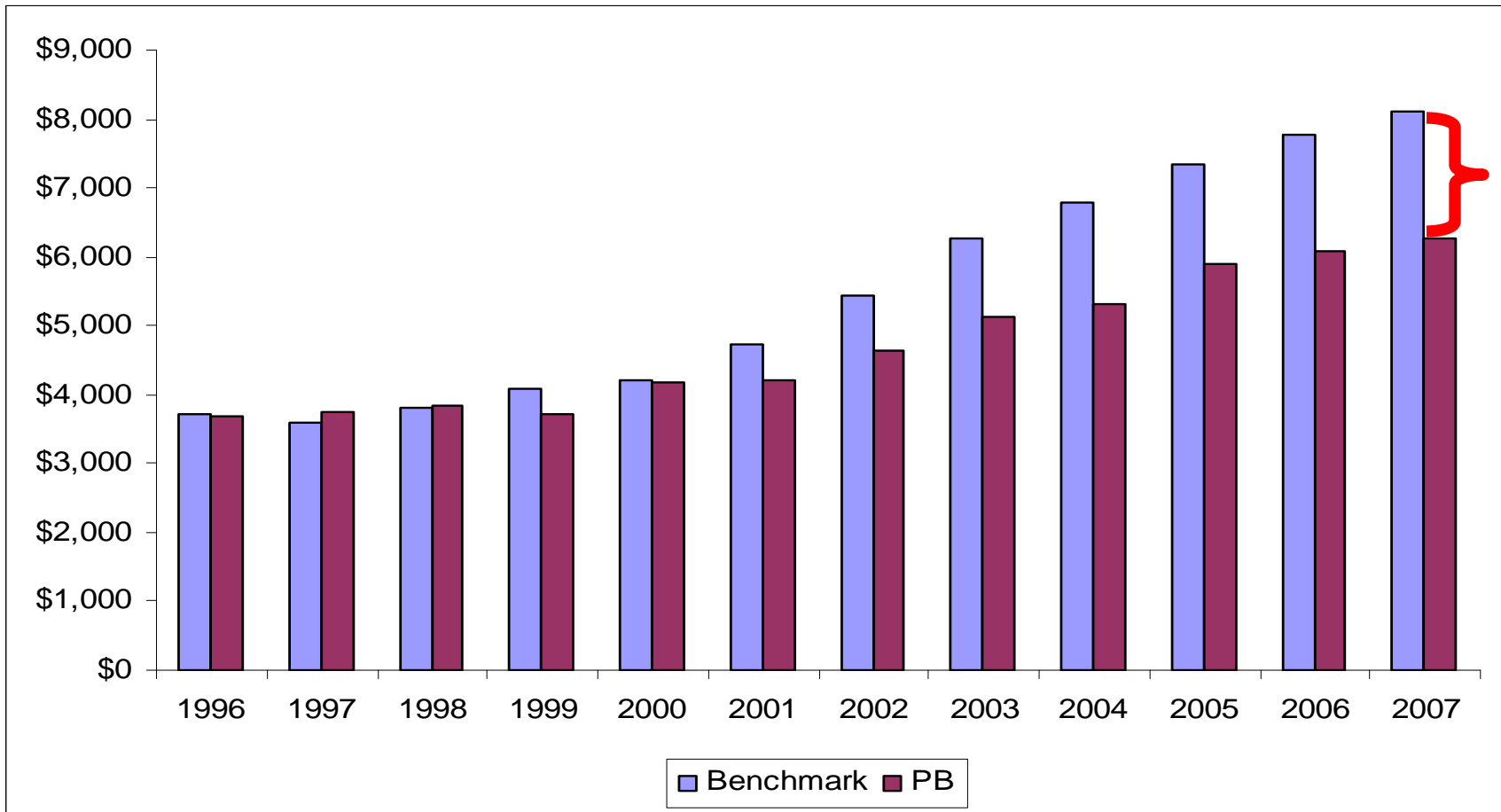
Health Plan Deliverables for DM

- Patient Identification
 - Effectiveness measured through integrated data warehouse
- Patient Engagement
 - “Touched”
 - Program enrollment
- ROI
 - Condition Specific
 - Impact on
 - Disability
- Scorecard
 - Based on data warehouse

Pitney Bowes Total Annual Cost per Employee vs. Benchmark



Pitney Bowes Total Annual Cost per Employee vs. Benchmark





Estimated Cost offset for 2007 is \$39.8mm

Based on per employee cost for PB vs Benchmark

Drivers of Success

- One third of Offset Due to Health Plan Management
 - ▶ Efficiency
 - ▶ Quality
- Remainder Related to Employee-based Programs
 - ▶ Condition/Disease Management
 - ▶ Wellness/Health Improvement
 - ▶ On-Site Clinics
 - ▶ Consumerism

Summary

- DM found at most major employers
- Regarded as a component to total Health and Productivity management
- Value measurements may be limited to ROI or expanded to include broader impacts on productivity measurements
- Future demands from DM vendors will include integration
 - HRAs
 - Disability
 - Absenteeism