



PEBA Conference | April 20, 2010

Motivating Health: Mitigating Risk

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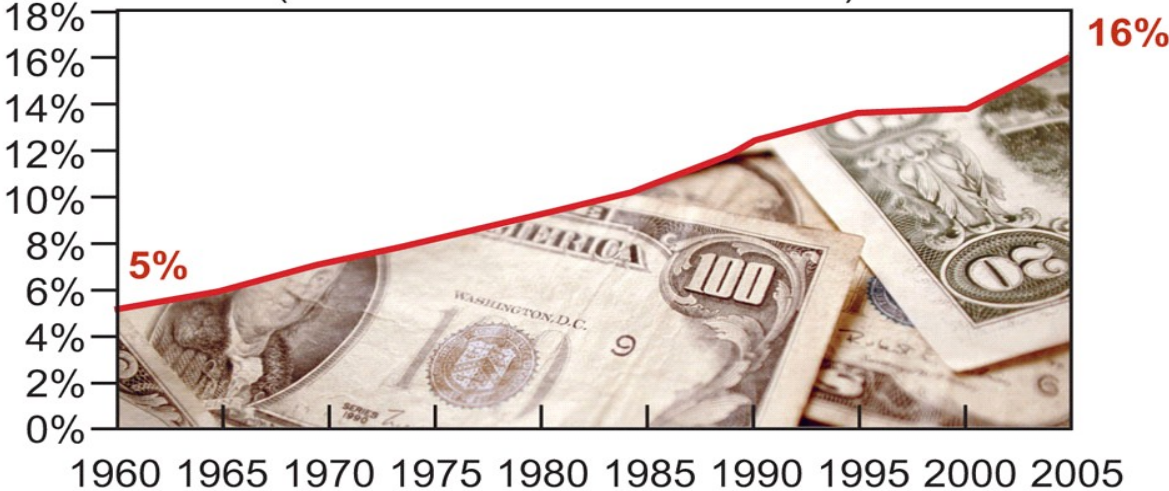
Hewitt

Agenda

- Health Care Risk – How did we get here and where do we go now?
- Teva Pharmaceuticals: Our Story
- Closing Remarks
- Q&A

Why are We Here?

Health Care Spending
(% of Gross Domestic Product)



Spending by Category (2008)

Health Care	\$2.4 trillion
Food	\$1.4 trillion
National Defense	\$0.8 trillion
Clothing	\$0.4 trillion
Total Pre-Tax Corporate Profits	\$1.3 trillion

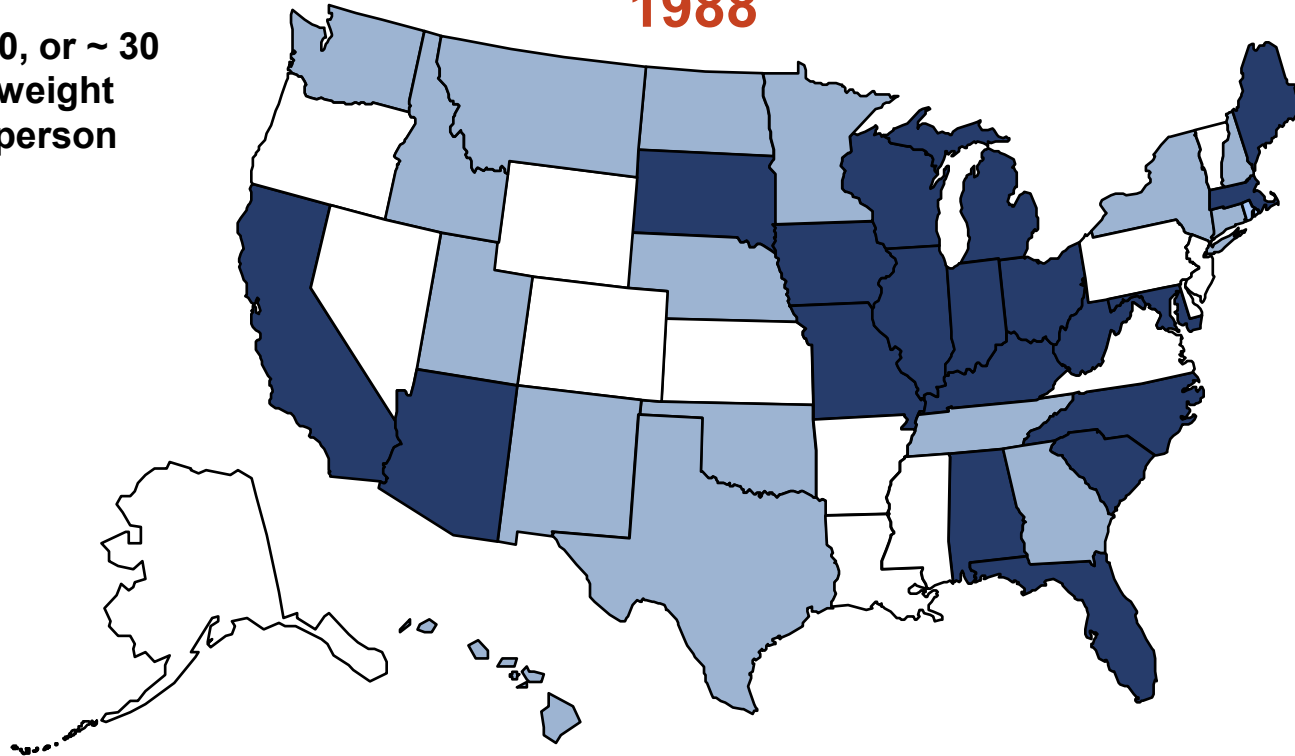
Sources: CMS, Bureau of Economic Analysis, 2008

Why are We Here?

Obesity* Trends Among U.S. Adults

1988

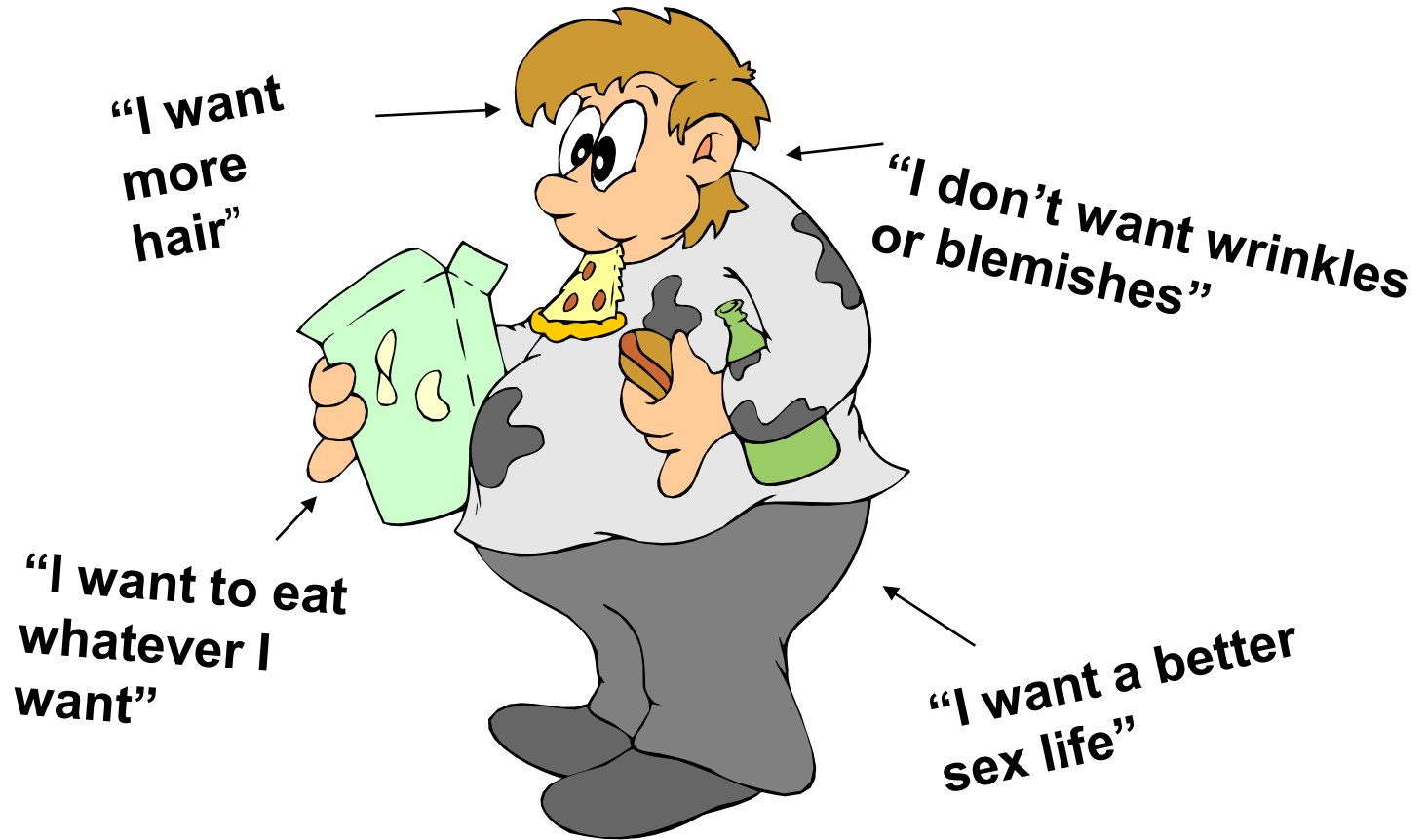
*BMI ≥ 30 , or ~ 30 lbs overweight for 5'4" person



□ No Data ■ <10% ■ 10%–14%

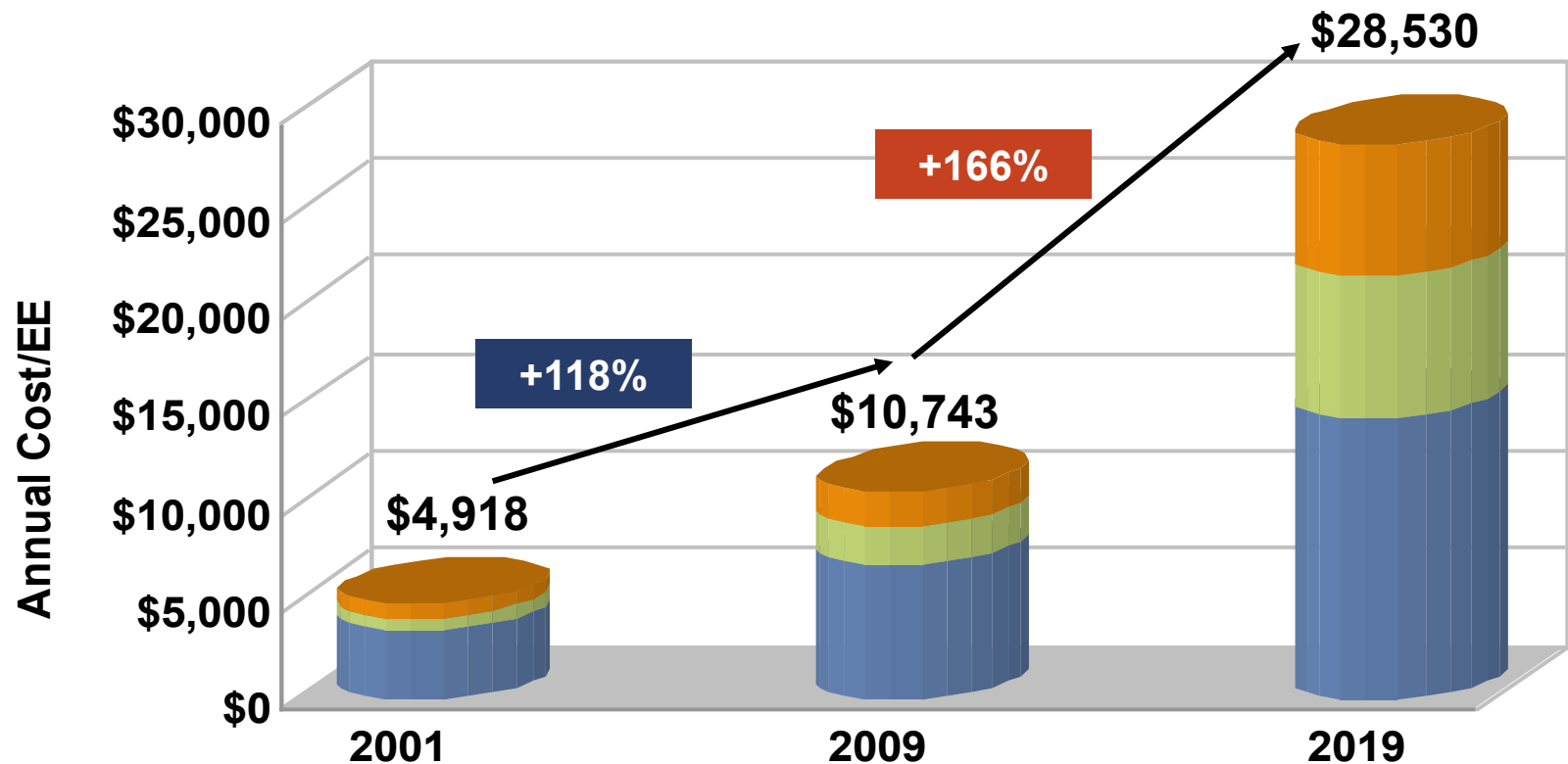
Source: BRFSS, CDC.

Consumer Expectations.....



“And, I want my benefit plan to pay for everything...”

But Let's Be Realistic...



■ Employer Cost ■ Employee Payroll Contributions ■ Employee Out of Pocket Expenses

Source: A Report to Business Roundtable by Hewitt Associates LLC, September 2009

We Know What's Right.....

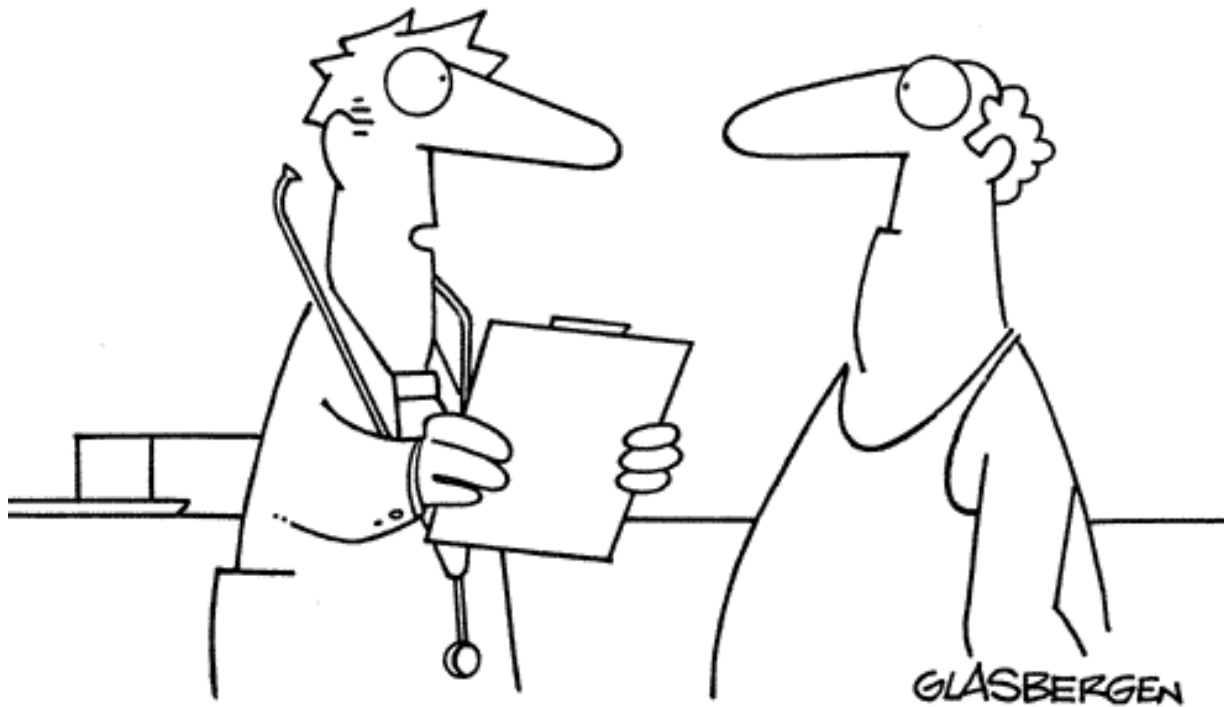
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**“I’m going to order a broiled skinless chicken breast,
but I want you to bring me lasagna and
garlic bread by mistake.”**

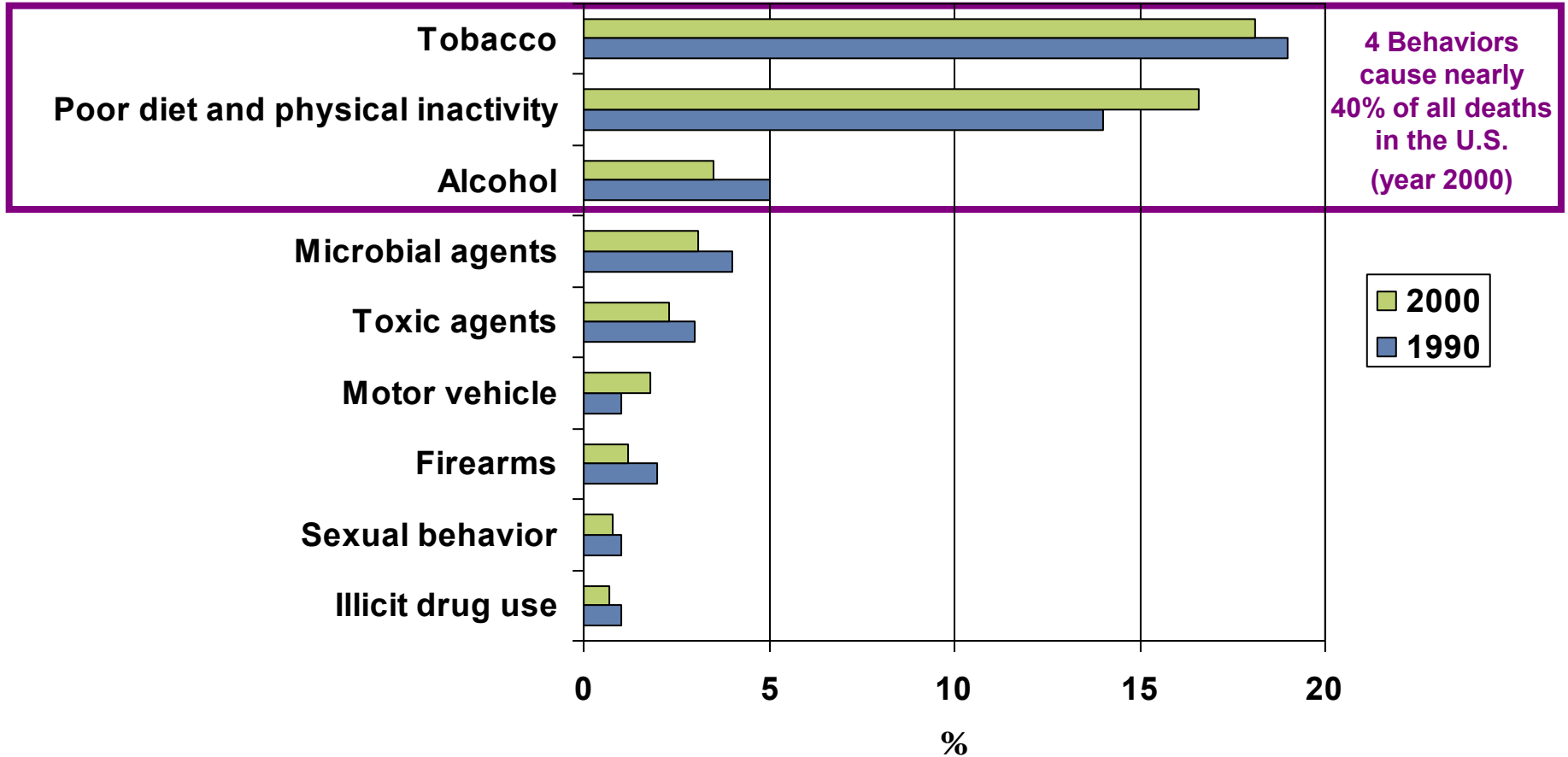
But Sometimes We Just Can't Get Motivated

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“The handle on your recliner does not qualify as an exercise machine.”

The Epidemic of Eroding Health



Source: Mokdad, A.H. *JAMA* 2004;291;1238-1245 [Errata, *JAMA* 2005;293:293-294]

Lifestyle

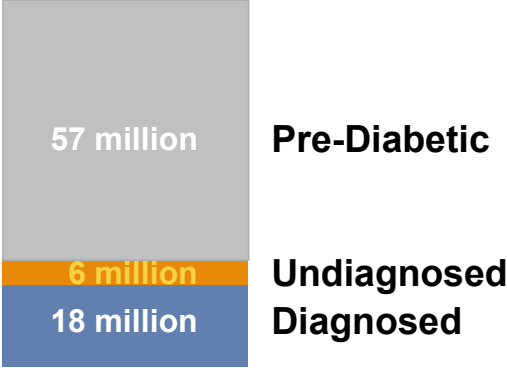
Why are We Here?

Diabetes

Cardiovascular Disease

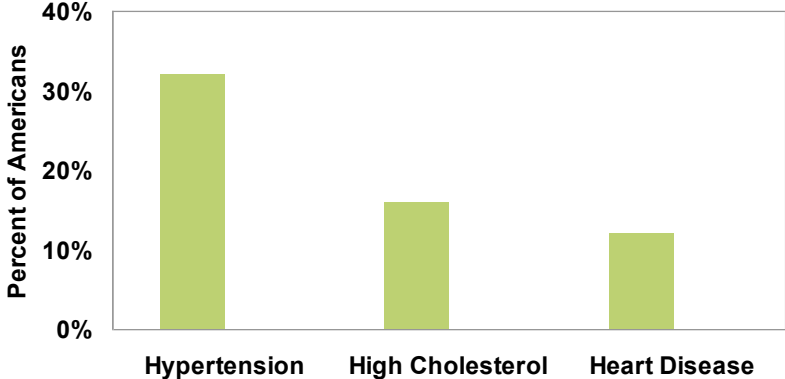
Digestive Disorders

Number of Americans



Direct Cost

\$116 Billion



\$258 Billion

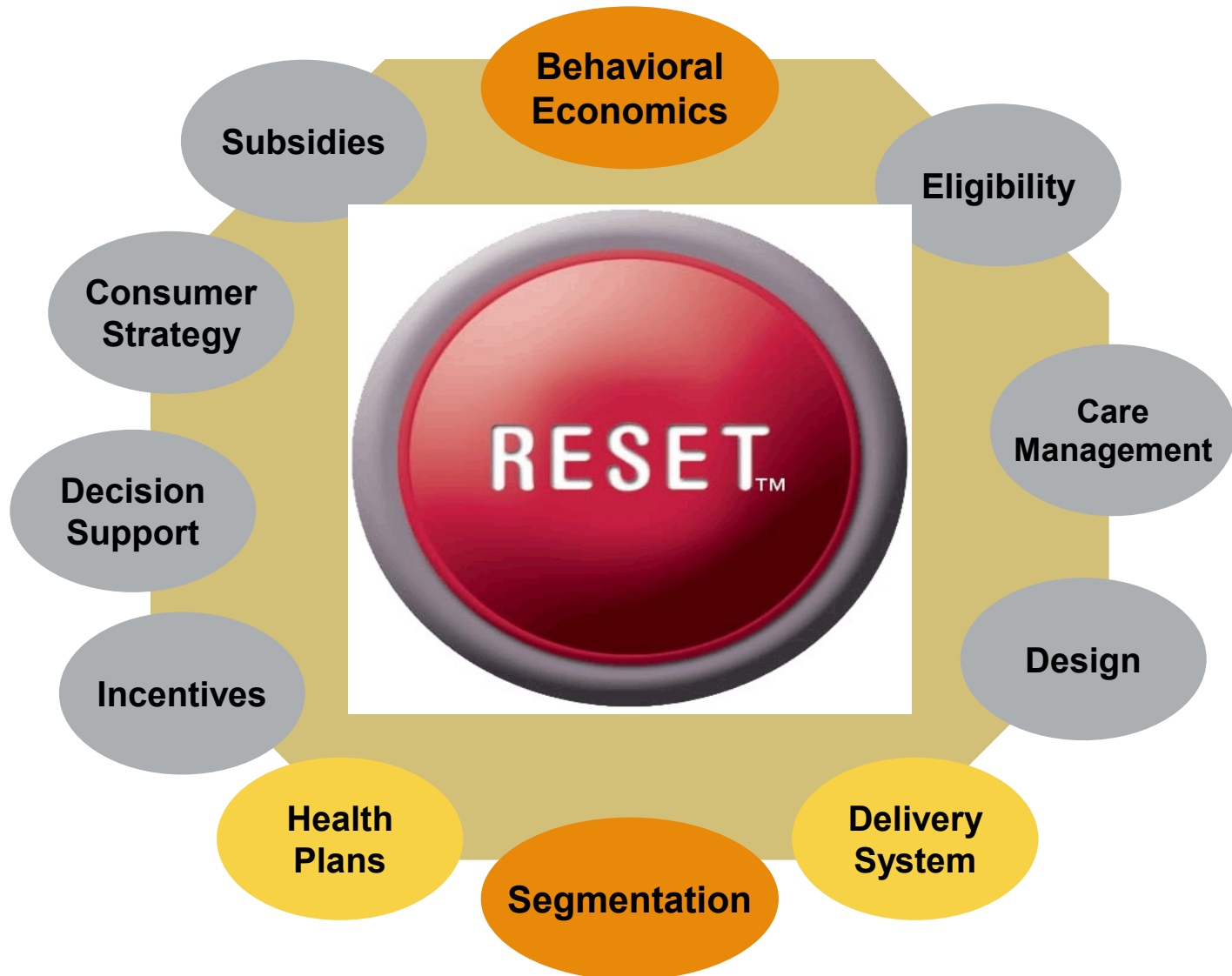
- 60–70 million people
- 13% of hospitalizations
- 50 million physician visits per year

\$87 Billion

Sources: ADA, National Center for Health Statistics, Rush Univ. Medical Center



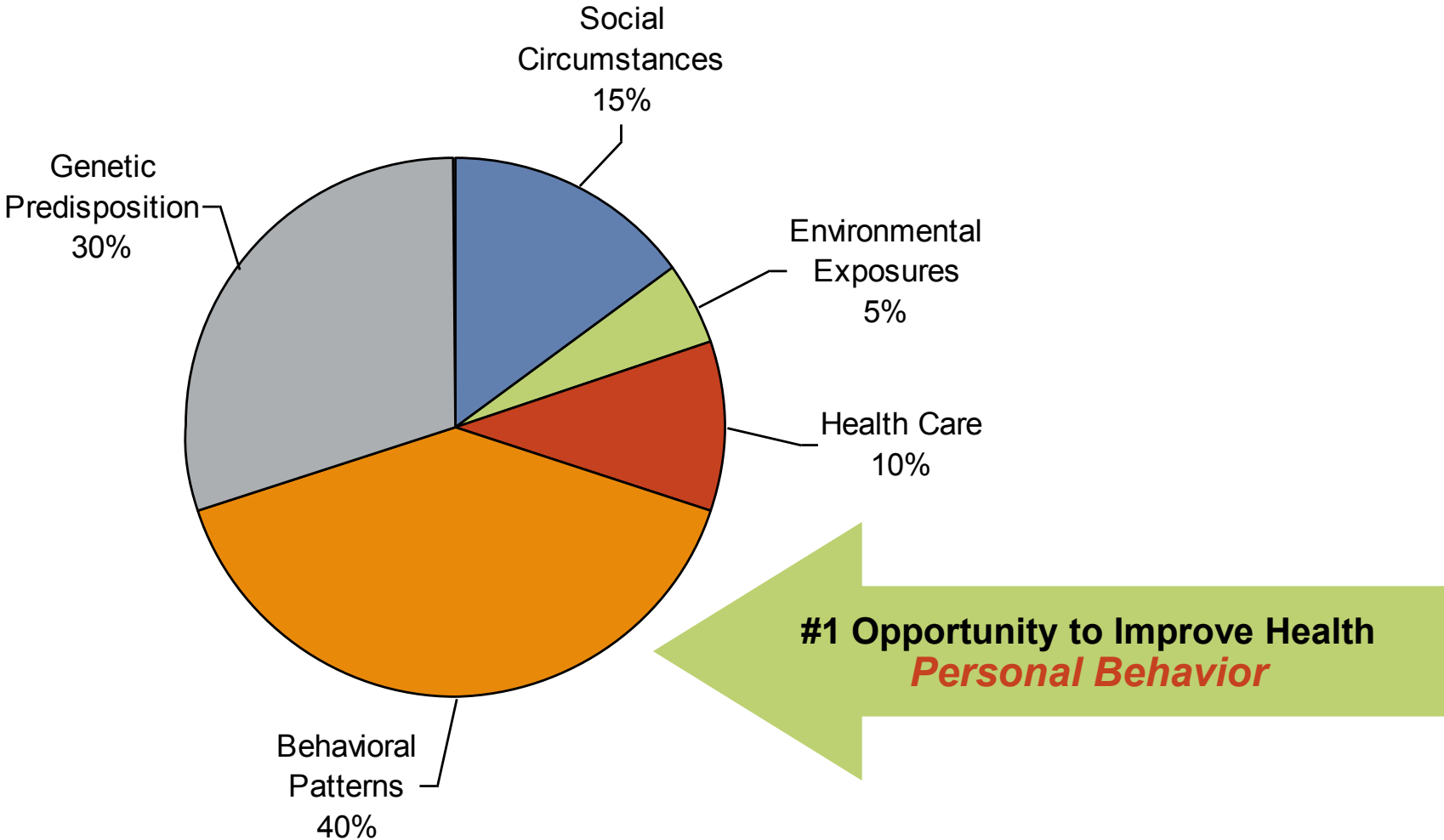
Looking Ahead: The Opportunities



**“Progress occurs when courageous,
skillful leaders seize the opportunity
to change things for the better”**

— President Harry Truman

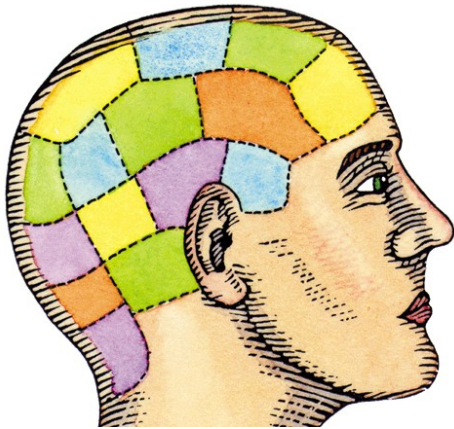
What Determines How Healthy We Are



Source: Schroeder, S. *N Engl J Med* 2007;357:1221-1228.

But Our Brains Don't Always Operate Rationally

Reflective Brain	Reactive Brain
Rational	Emotional
Future-Oriented	Now-Oriented
Benefit-Seeking	Fear-Avoiding
Slow	Fast



**Often decisions are made by the reactive brain
BEFORE they even get to the reflective brain**

What Do You Mean We're Irrational?

**We Want
the Best!**

**We Bend
the Rules!**

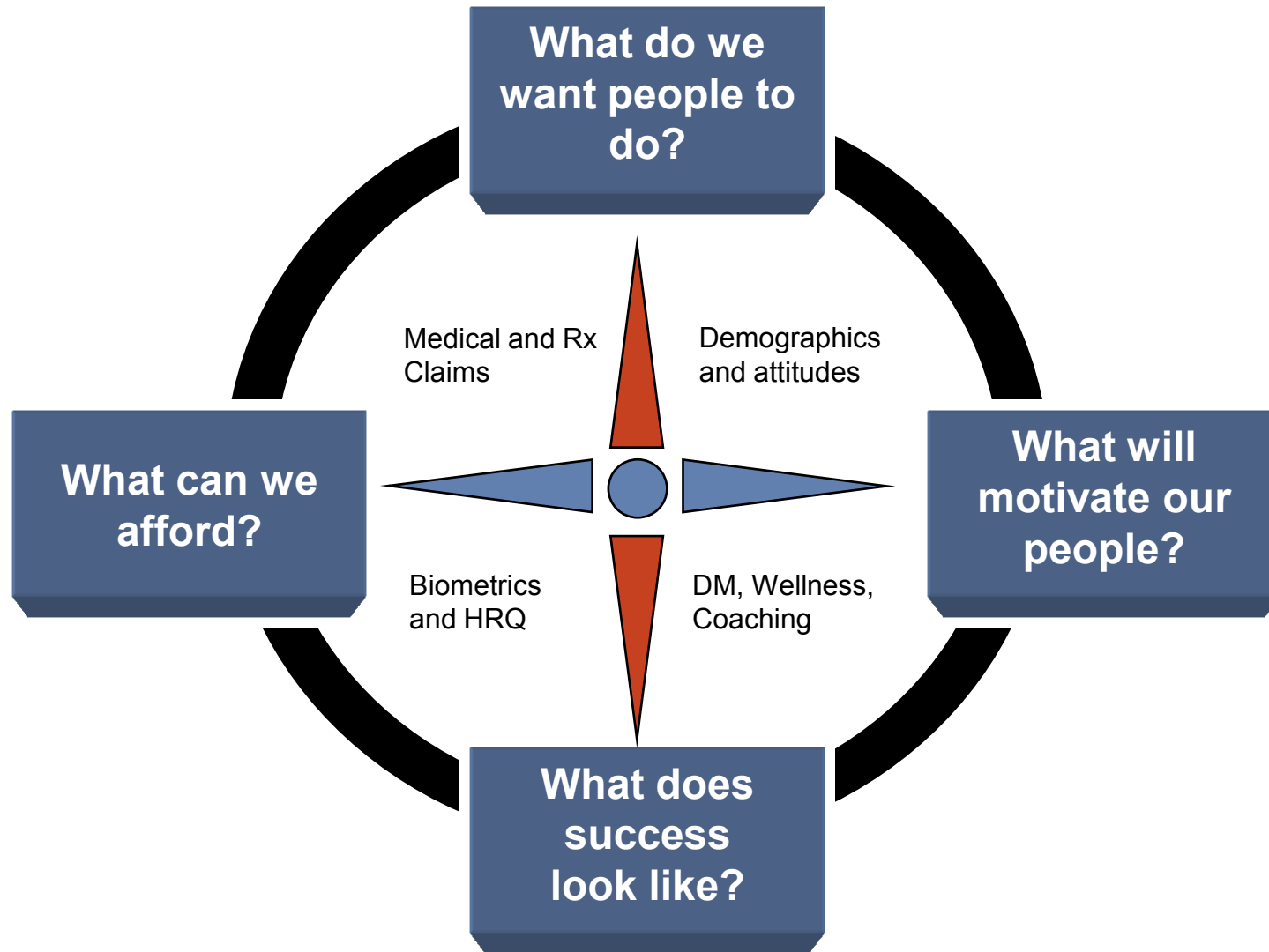
**We Want it
All Now!**

**We
Minimize
Potential
Pain!**

**We are
Worse
When We're
Stressed!**

Lesson Learned: Basic education is not enough to move the bar on behavior change...and actually can make it worse

Reinvent Data Approach: Be Strategic



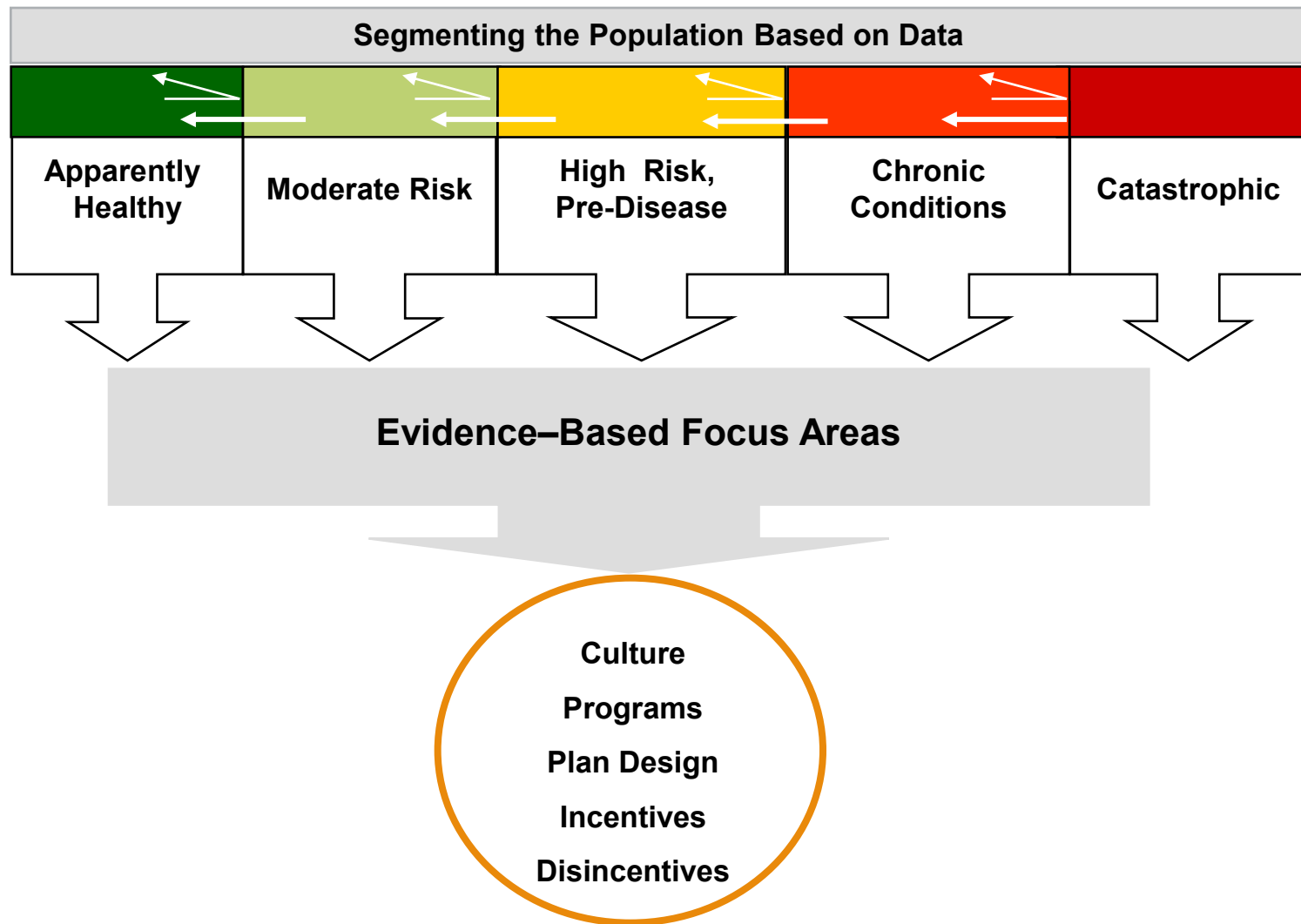
Manage Risk—Impact Cost



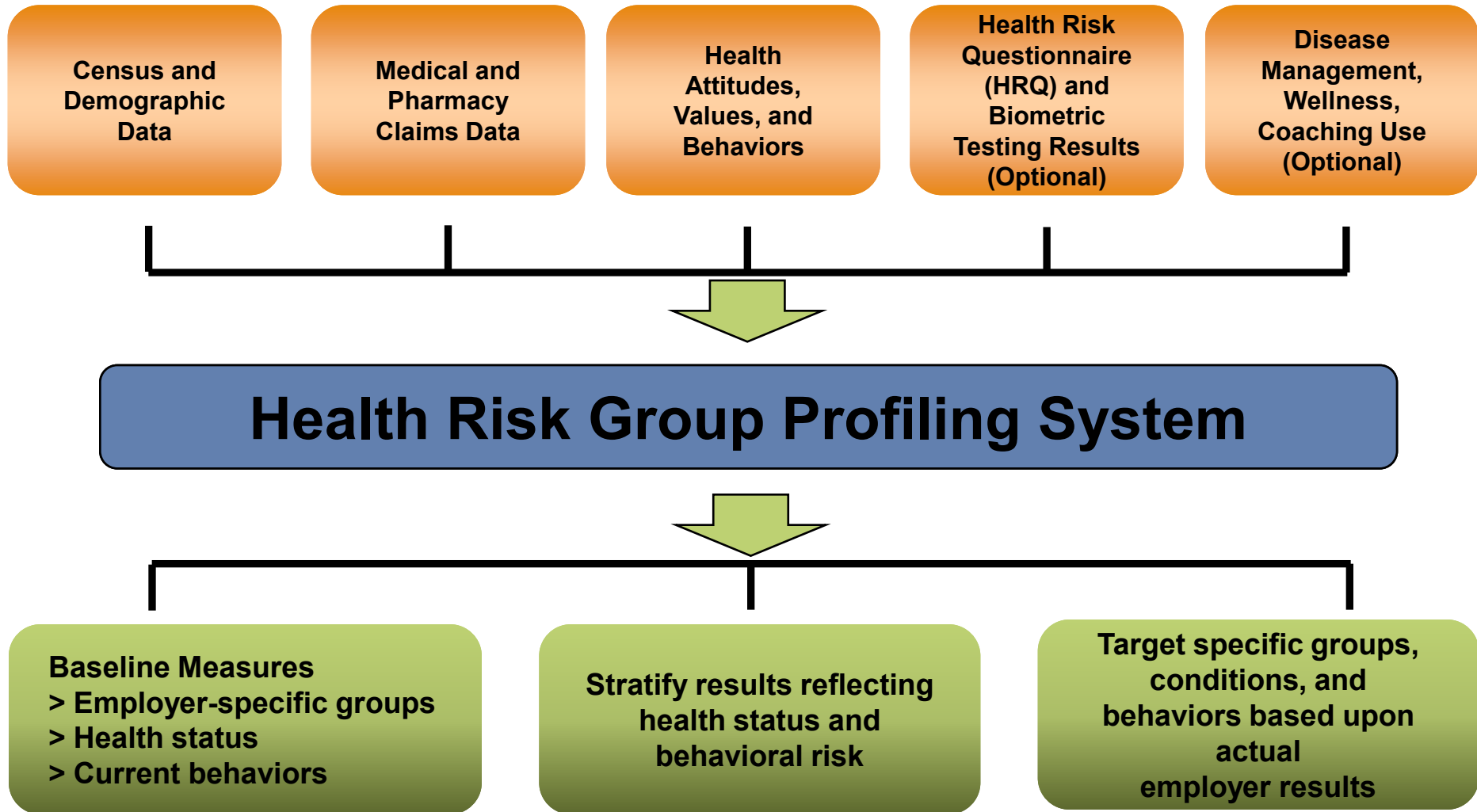
Data on What Your People Do

- Risks, conditions, utilization, and participation
- Health care costs and productivity

Manage Risk—Impact Cost



How We Do It – Bringing data together



Health Risk Group Profiling System - GPS

HRQ Risk Evaluation ▼	Chronic Disease Risk Evaluation ▶	Healthy/Low	Moderate	High	Extreme
No/Low Risk	Total participants	1	2	3	
	Total medical/Rx plan costs				
	PEPY medical/Rx plan costs				
	Percent of population				
	Percent of total plan costs				
	Average pay				
Medium Risk	Total participants	1	2	3	
	Total medical/Rx plan costs				
	PEPY medical/Rx plan costs				
	Percent of population				
	Percent of total plan costs				
	Average pay				
High Risk	Total participants	1	2	3	
	Total medical/Rx plan costs				
	PEPY medical/Rx plan costs				
	Percent of population				
	Percent of total plan costs				
	Average pay				
Average age					
Percent Rx compliance					

Use Risk Assignments to Stratify Employees

- ▣ Segment 1: Monitor
- ▣ Segment 2: Focus on condition and case management
- ▣ Segment 3: Address specific behavior- and lifestyle-related risk factors

Health Risk GPS—Cohort Analysis

Baseline

HRQ Risk Evaluation ▼	Chronic Disease Risk Evaluation ▶	Healthy/Low	Moderate	High	Extreme	Unknown
No/Low Risk	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					
Medium Risk	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					
High Risk	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					
Unknown	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					

Subsequent Years

HRQ Risk Evaluation ▼	Chronic Disease Risk Evaluation ▶	Healthy/Low	Moderate	High	Extreme	Unknown
No/Low Risk	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					
Medium Risk	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					
High Risk	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					
Unknown	Total participants					
	Total medical/Rx plan costs					
	PEPY medical/Rx plan costs					
	Percent of population					
	Percent of total plan costs					

Did employee behaviors improve?

Were chronic conditions managed successfully?

Manage Risk—Impact Cost



Data on Who Your People Are

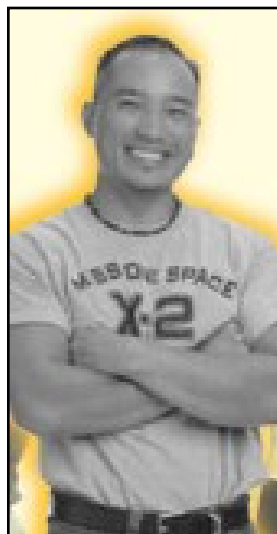
- Culture and environment
- Demographics
- Psychographics (attitudes/preferences)
- Behavioral economics

Identifying how to Better Engage Employees & Members through Consumer Segmentation

**The end to one size fits all.
The beginning of all about me.**

What I Do

Plan participation,
usage rates, other
usage patterns



Who I Am

Personality,
values,
attitudes,
interests,
lifestyles

What I Look Like

Age, ethnicity, role,
income, location

Segmentation will allow us to develop messages and approaches to better REACH your employees

Why Consumer Segmentation?

To design, frame and communicate with more impact.

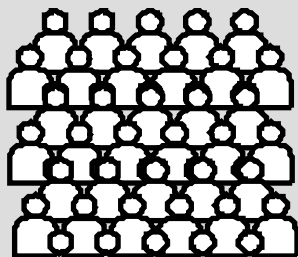
- ▶ Our ideas about “health” and “wealth” are as diverse as we are
- ▶ People don’t have time for the blah, blah, blah
- ▶ Everyone matters...but not everyone matters equally to your bottom line



Consumer Segmentation: How We Do It

SEGMENTING YOUR EMPLOYEES

Hewitt provides your employees' and adult dependents' names, addresses, and birth dates to The Futures Company. Each person is assigned to a LIVING Well segment via a database append or short survey.



About the Database Append

- ▣ Uses TFC's consumer marketing database of 240 million Americans, already assigned to segments
- ▣ Uses publicly available data sources
- ▣ Matches your people to their database using name, address, and birth date
- ▣ Over 90% match rate

LIVING Well

Leading the Way

Traditional Responsible Proactive

In It for Fun

Sporting Wealth-Oriented Driven

Value Independence

Ambitious Hardworking Leisure-less

I Need a Plan

Traditional Home-Oriented Self-Assured

Not Right Now

Entertainment Downtime Family

Get Through the Day

Cautious Handy Cash-Strapped

Focus for Improved Results



Teva Pharmaceuticals: Who we are

- World's largest generic pharmaceutical company specializing in the development, production and marketing of generic and proprietary branded pharmaceuticals and active pharmaceutical ingredients
- Headquartered in Israel
- Over 38,000 employees worldwide
- 2009 Sales totaled US\$13.9 billion with a goal to be \$31B by 2015
- In North America:
 - Headquarters in North Wales, PA
 - 6,700 employees → 200% growth through acquisition since 2007
 - North America represents 62% of sales



ONE GOAL ONE TEVA | 31
EVERYONE

The Opportunity and Challenge

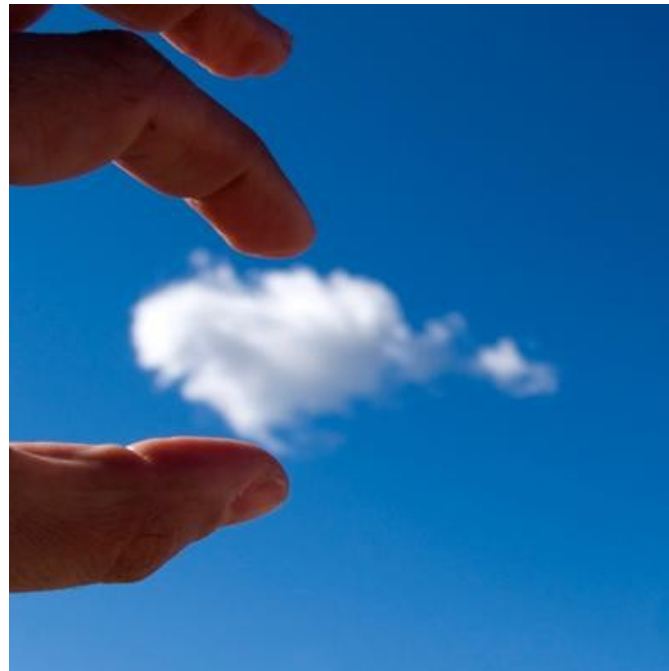


We needed to **embed health into our culture**, and fundamentally **improve quality** and **reduce cost** for Teva and employees

¹ New England Journal of Medicine

We Dared to Dream Big...With High Expectations

- **Improved health** for employees and families
- **Leaders who lead** by example
- **A workforce that knows** how and where to get the care they need, in sickness and health
- **A workforce that believes** that Teva empowers their health
- **A healthcare approach** that provides free preventive care and protects employees and families from catastrophic illness
- **A healthcare transformation** that supports our business—and our future success



We Agreed the Building Blocks for a Sustainable Strategy

Balanced Approach

A simple, relevant, and balanced approach to employee health management

Goals

Specific and measurable short- and long-term goals for cost trends, plan competitiveness, and employee perceptions

Buy-in

Buy-in from business leaders

Incentives

A purposeful set of incentives for better health

Integrated Model

An integrated model for engaging and supporting employees and their families in health management decision-making

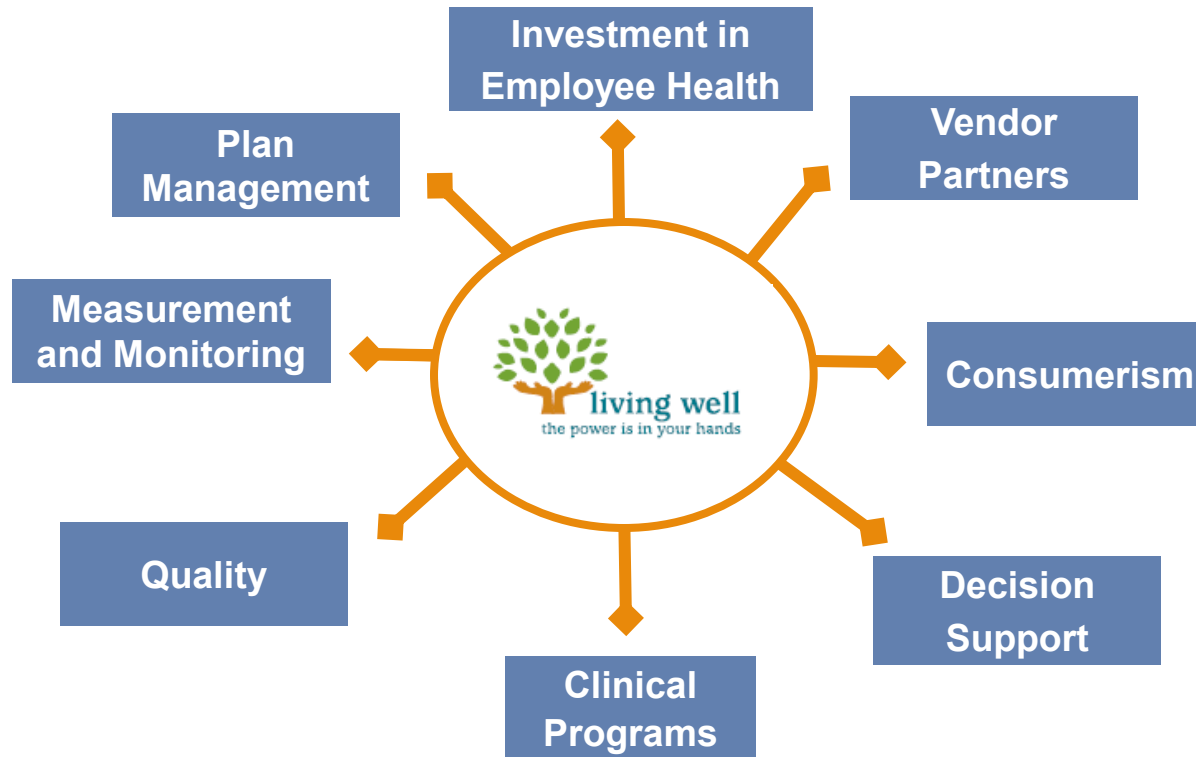
Teva: Our Strategy

Transformation

2010	2011	2011- 2013
Health Engagement	Health Improvement	Sustaining Health
<i>Introduce, market and educate on value of foundational health and support tools and incent new behaviors</i>	<i>Enhance healthy living programs and drive behavior change for improved health care decisions</i>	<i>Refine and adjust health programs and designs to sustain change and drive great results</i>

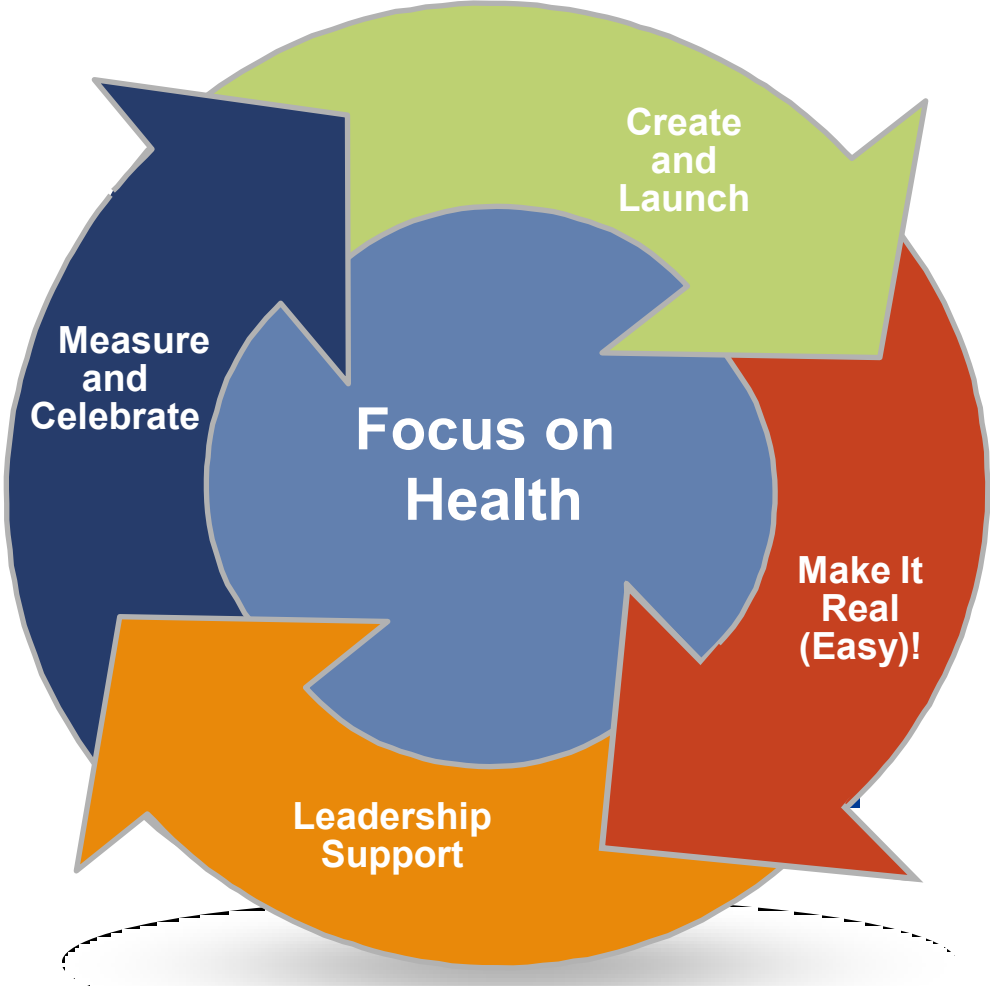
A Strategic Approach to Population Health Management

Strategic Health Management Levers

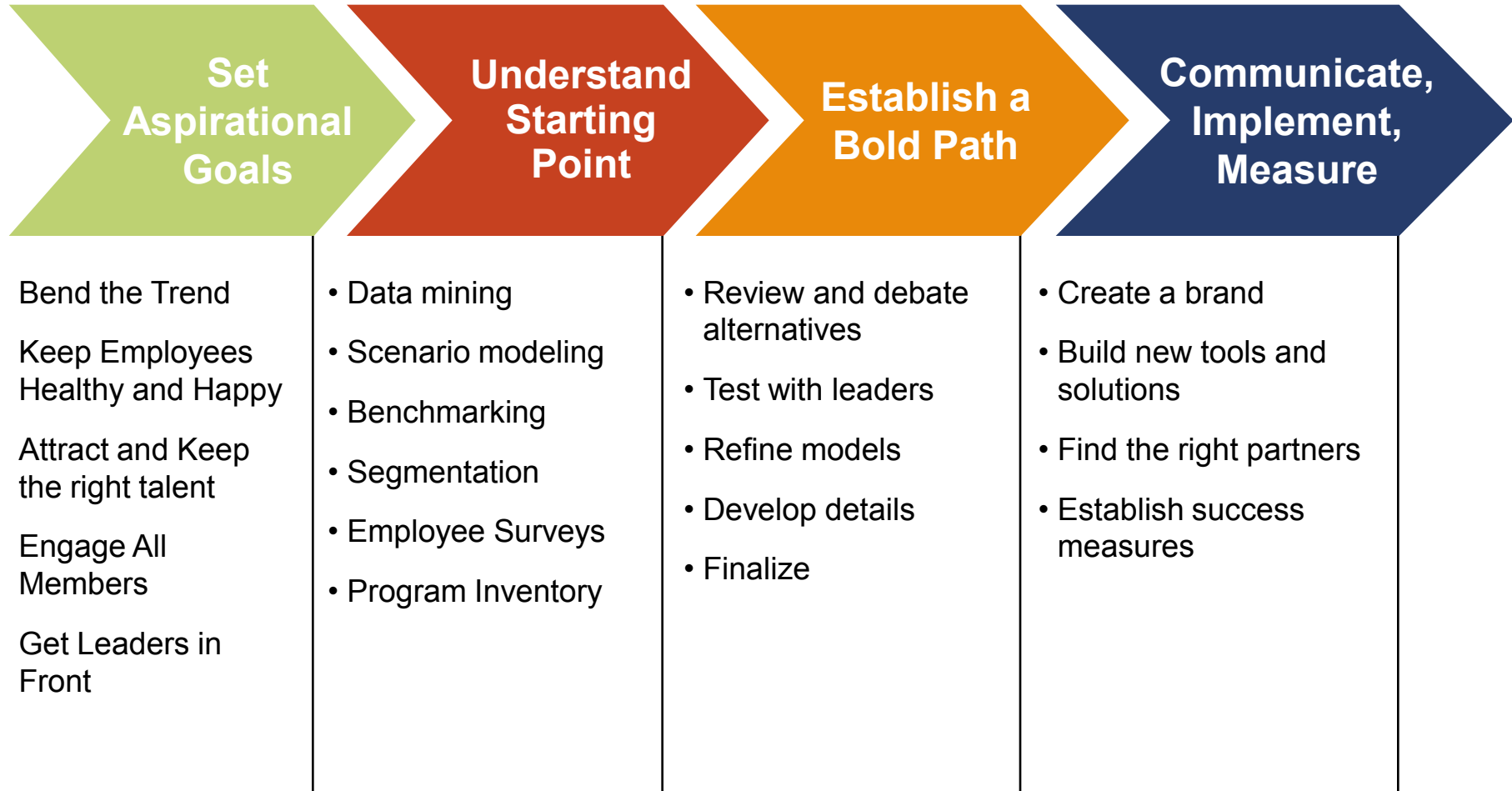


Our strategy process assessed “Current State”, articulated “Desired State”, and identified key barriers and catalysts to program success

Making Behavior Change Happen



...And We Have a Plan for Making it Real





**Understand
Starting
Point**

It Starts With Our People – Consumer Segmentation

Teva conducted a Wellness Interest Survey which 50% of our population completed!!

- Significant opportunities to increase fitness, help employees quit smoking and lose weight
- Time and fatigue are the major barriers for regular exercise
- Perceived cost, lack of time and education are the major barriers to eating healthy
- Competition and small financial incentives would be a motivator for employee participation in wellness activities

These are all areas that Teva can address quickly and with minimal investment

Understand Starting Point

It Starts With Our People – Consumer Segmentation

48% of Teva employees are in the *Value Independence* and *In It for Fun* segments

When it comes to health, they want:

- ❑ To be in control
- ❑ Immediate financial incentives
- ❑ To feel good (avoid illness)
- ❑ To have more energy
- ❑ Lower stress

When it comes to communication, they want:

- ❑ Quick, easy, simple, direct and convenient
- ❑ Tech-savvy
- ❑ All in one spot
- ❑ Information from Experts – I'm skeptical
- ❑ Broad-based communication should appeal to Teva's dominant segments

Leading the Way (10%)

Traditional Responsible Proactive

In It for Fun (20%)

Sporting Wealth-Oriented Driven

Value Independence (28%)

Ambitious Hardworking Leisure-less

I Need a Plan (11%)

Traditional Home-Oriented Self-Assured

Not Right Now (19%)

Entertainment Downtime Family

Get Through the Day (11%)

Cautious Handy Cash-Strapped

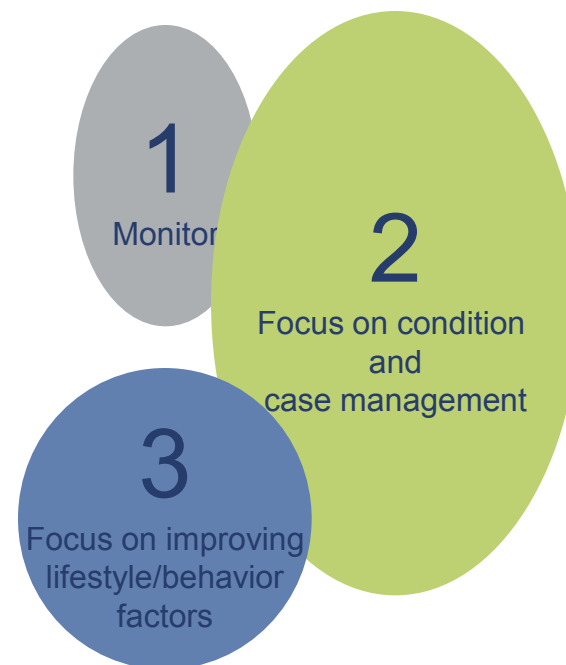
Understand Starting Point

It Starts With Our People – GPS: What Risks are in our population?

	Company
Number of Member-Years	14,282
Average Allowed Claims PMPY	\$3,805
Average Out-of-Pocket PMPY	\$332
- Percent Paid by Employer	91%
- Percent Paid by Member	9%
Average Rx Compliance	73%

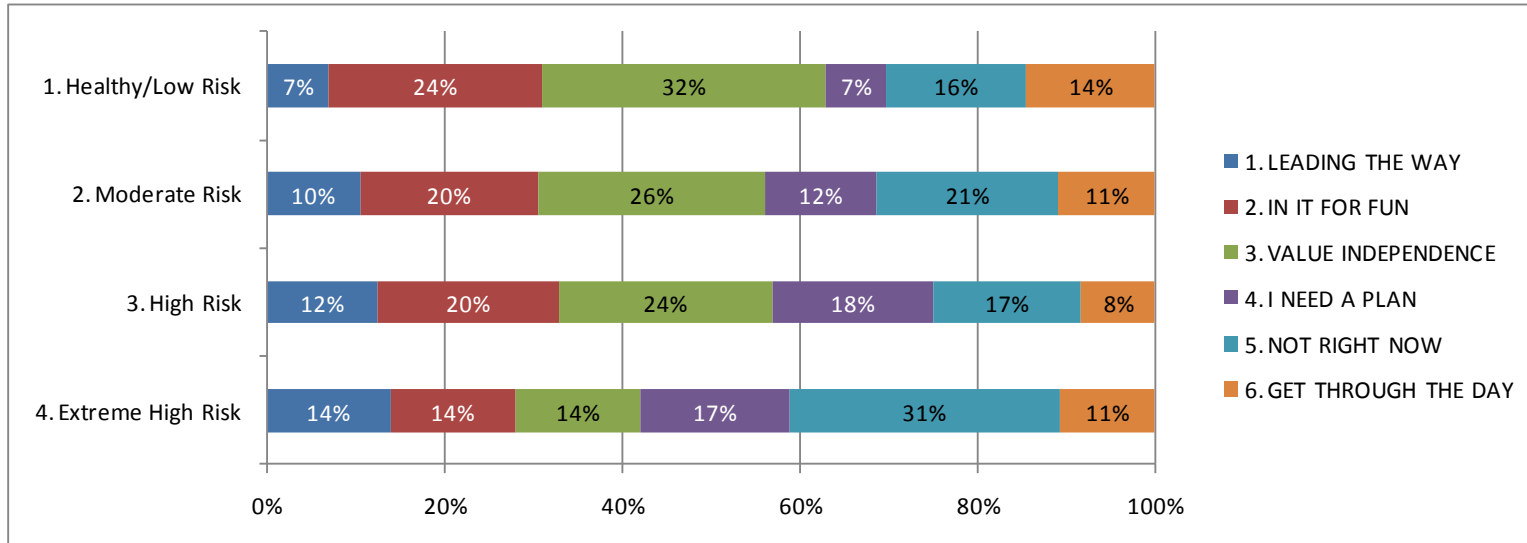
- Includes active employees, spouses, and other dependents

- 1. Monitor:** About 2% of members are classified with “low” lifestyle/behavior risk and “healthy/low” health risk (note that only 12% of members completed the HRQ)
- 2. Focus on condition and case management:** Just under 7% of members are classified with “high” or “extreme” health risk, accounting for over 35% of 2008 allowed claims (\$18.5 M)
- 3. Focus on improving lifestyle/behavior factors:** Of employees who have completed the HRQ, 45% are classified with “medium” or “high” lifestyle/behavior risk



Understand Starting Point

It Starts With Our People – Putting the data together

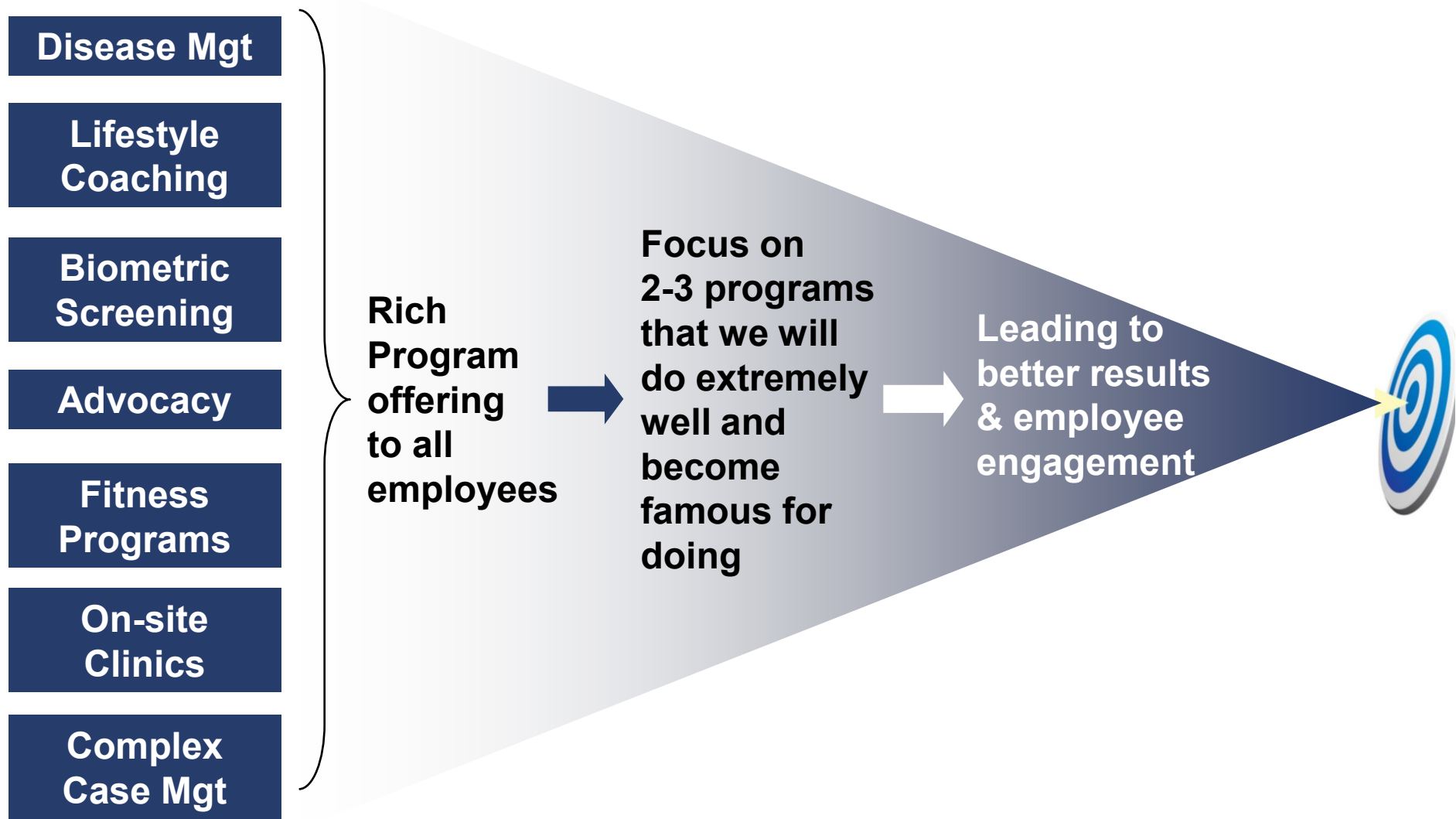


- ▶ “Leading The Way” and “I Need A Plan” are more prominent as health risk increases
- ▶ “In it For the Fun” and “Value Independence” are less prominent as health risk increases
 - This is good news!!! “Leading the Way” and “I Need a Plan” are generally receptive to health coaching and condition management
- ▶ Of concern, “In It For Fun” do not show a favorable pattern change in consumer attitude as health risk increases
 - These members may respond best to competitive rewards and financial incentives

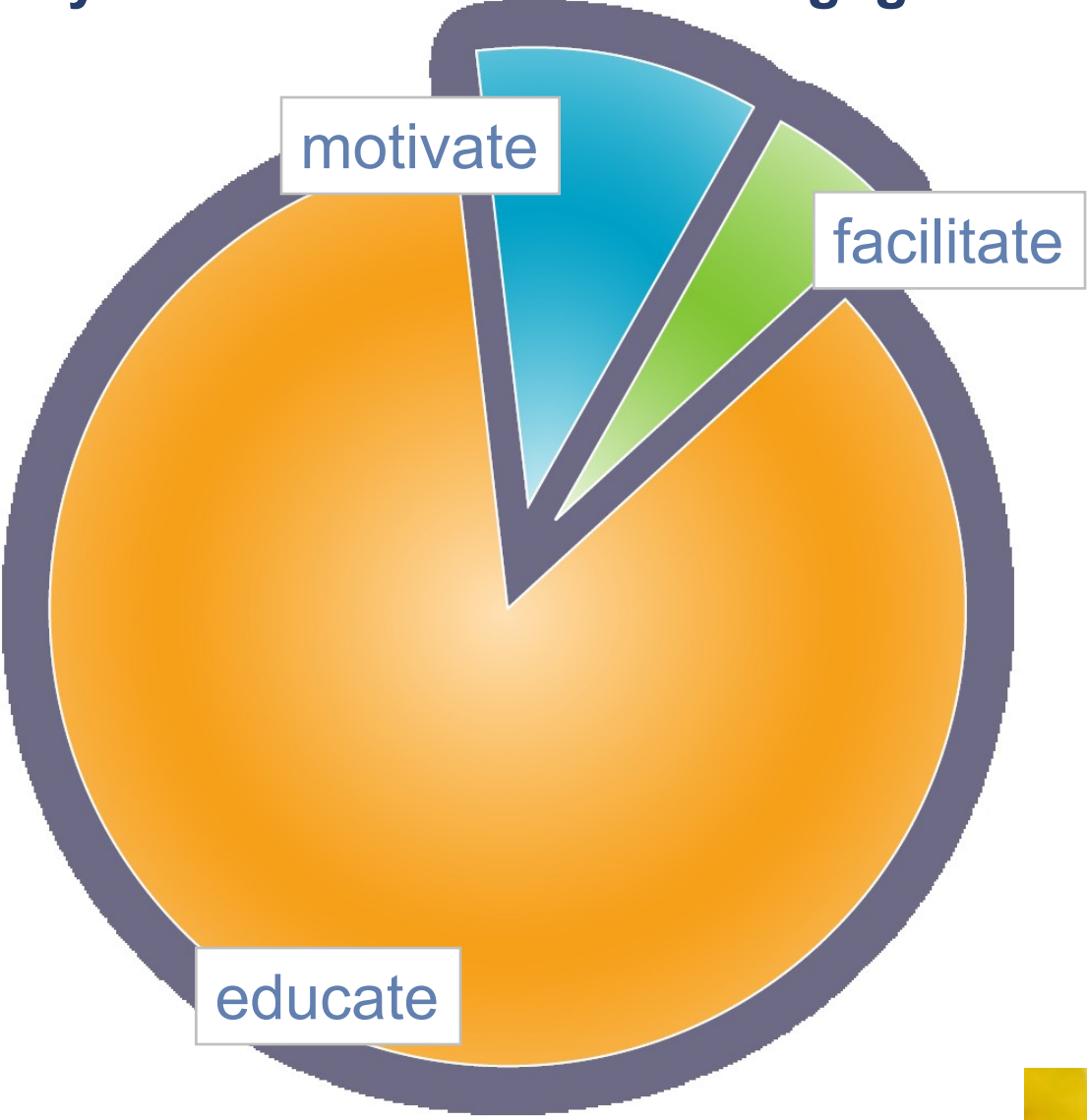
Teva's Universal Learning: Diagnosis Before You Prescribe!



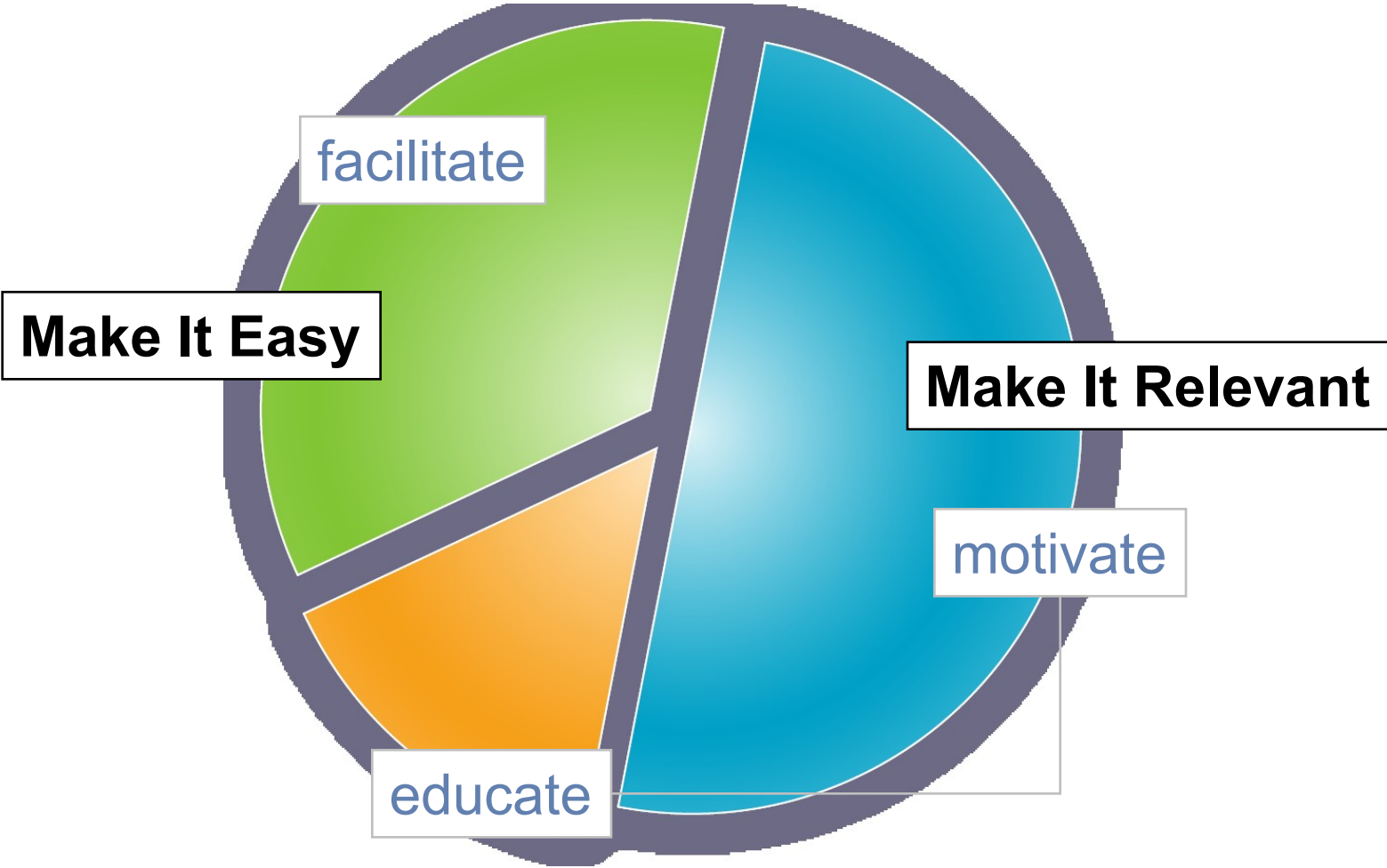
Achieving Real Results: Focusing our Efforts



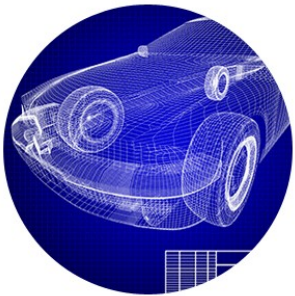
The OLD Way to Think About Health Engagement



A NEW Way to Think About Health Engagement



Facilitate: Clear the Road, Put Up Signs, Provide Services



Review Plan Designs

Review desired behavior from a user perspective

Look for any and all barriers that could be removed

Consider ways to increase the likelihood of the desired health behaviors

Create materials that guide people to do the right things, in as much detail as possible

Consider ALL touchpoints

Closing Remarks

- Think differently, be innovative, be adventurous
- Use all types of data to drive design and decision making
- Move from a one-size fits all to a segment or individual approach
- Health programs and communication approaches are personally relevant
- Motivation and program strategy rules of the road:
 - Right programs based on the data
 - Valuable rewards (WIFM)
 - Simplicity and ease of use
 - Meaningful and actionable information

Questions