

Principal Wellness Company®

Health Improvement that Gets Results



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Director of Sales

Giving You an Edge

What We'll Cover Today

- State of the health industry
- Impact on health care costs
- Transforming the model
- Return on investment
- Building a best in class wellness program
- The Principal Wellness difference

State of the Health Industry

Health Industry “State of the Union”

- Many of your issues are shared across the nation
- Must examine real issues to build a design **that works**
- Public enemy #1: **Declining American health**

State of the Health Industry

Targeting the Real Issue

It's not a **health care** crisis ...



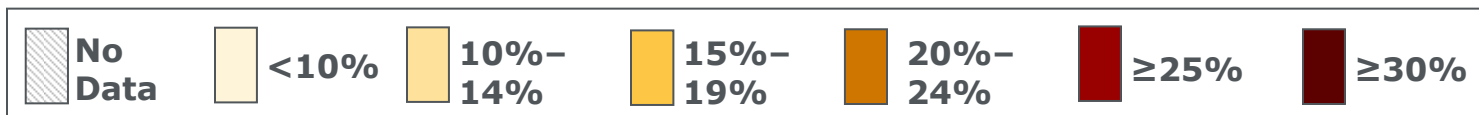
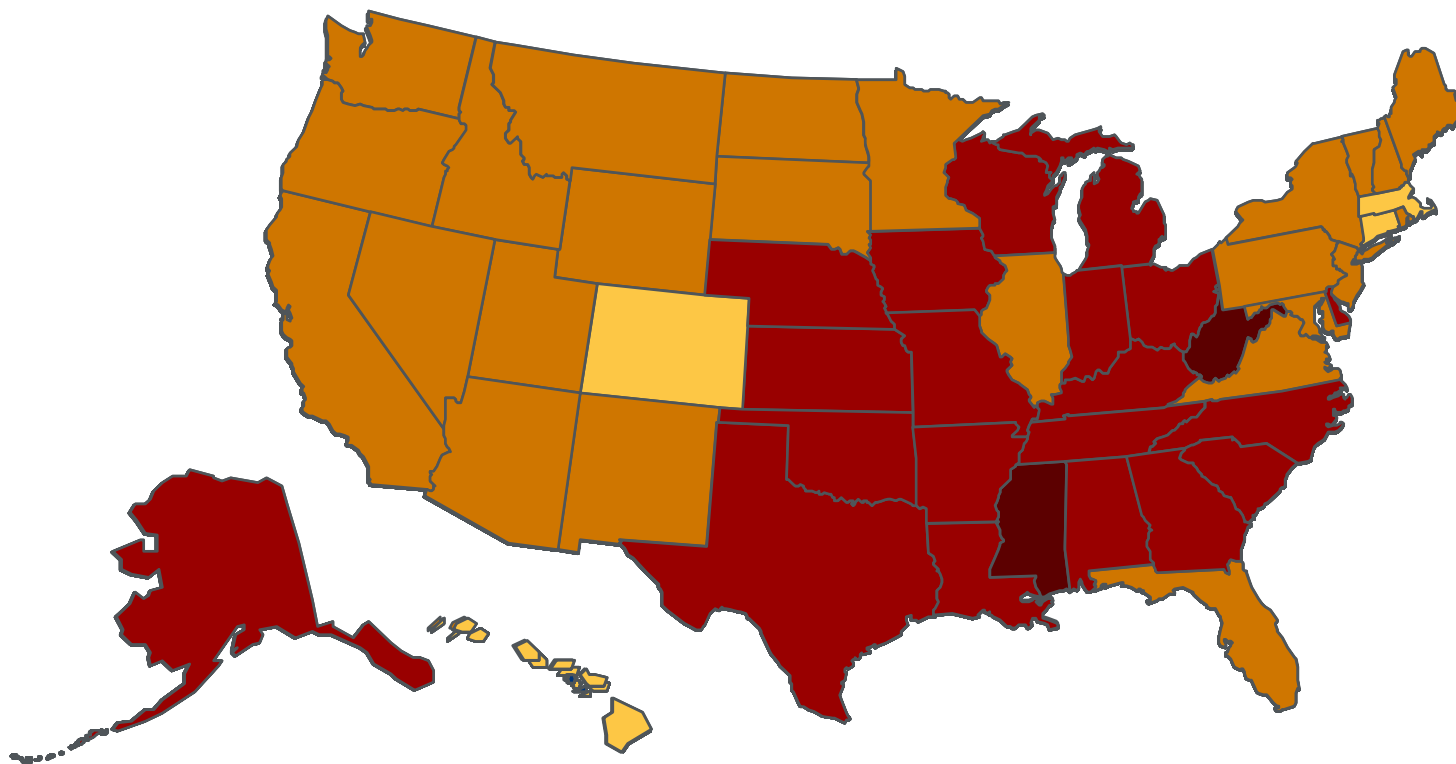
... it's a **health** crisis.

*And we must focus on **health improvement** to fix it.*

State of the Health Industry

U.S. Adult Obesity Trends

1985-2006



State of the Health Industry

The Scary Truth

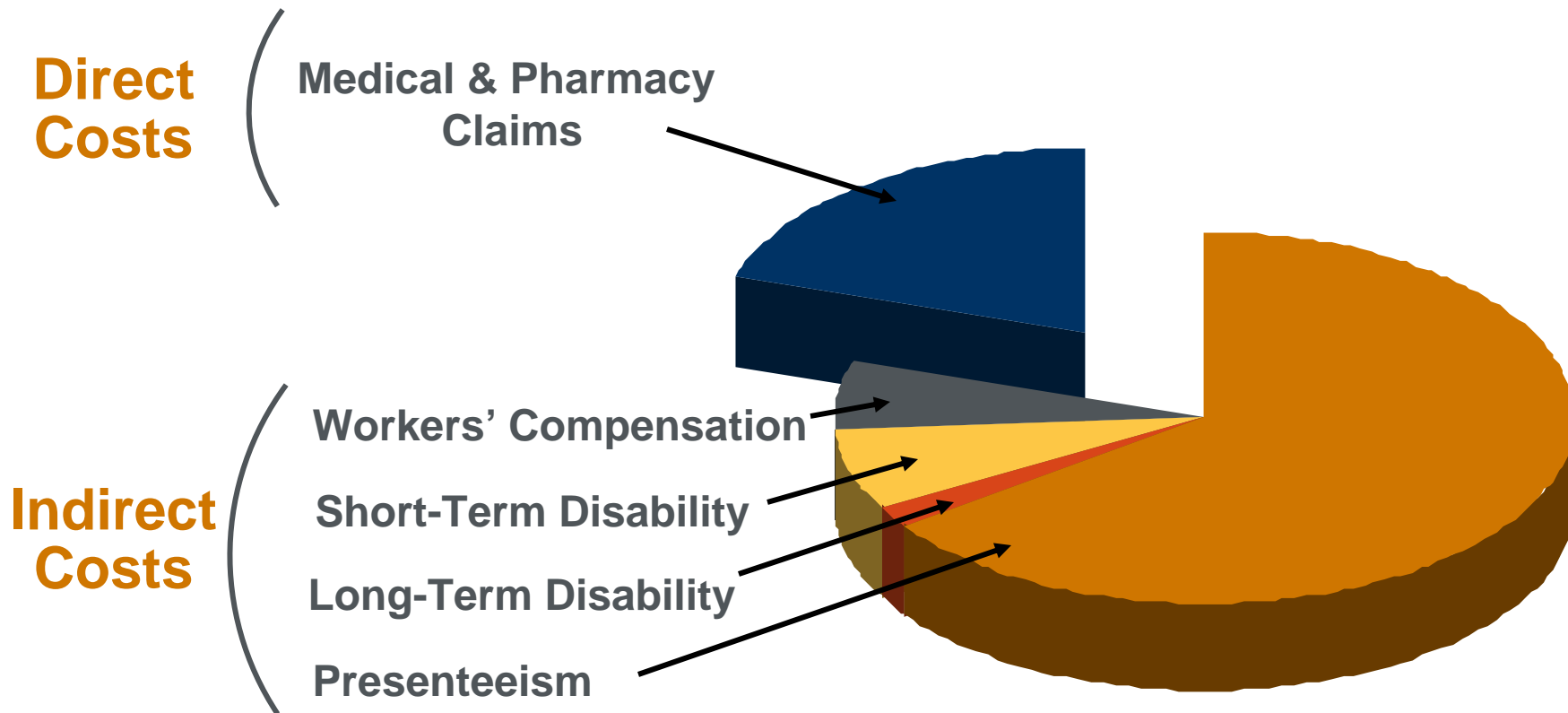
- **1 in 4** Americans eats fast food every day
- **25%** of the vegetables eaten in the US are french fries
- **60%** of Americans rarely or never exercise
- Children are exposed to approximately
 - **40,000** food advertisements per year
 - **72%** of which are for candy, cereal, and fast food
- **66%** of U.S. adults are overweight or obese
- 1 in 4 dogs and cats in US is obese

The Scary Truth, Part II

- **More than 125 million** Americans live with a chronic illness
 - USCDC – Sept. 10, 2004, Indicators for Chronic Disease Surveillance Report
- **50%** average adherence to treatment regimens for these conditions
 - World Health Organization. *Adherence to Long-Term Therapies*. 2005
- **Almost half** of health care expenses are due to chronic conditions
 - U.S. Dept. of Health and Human Services – June, 2006
- **7 of 10** Americans who die each year die of a preventable chronic disease such as heart disease, diabetes and cancer.
 - U.S. Surgeon General, 2006

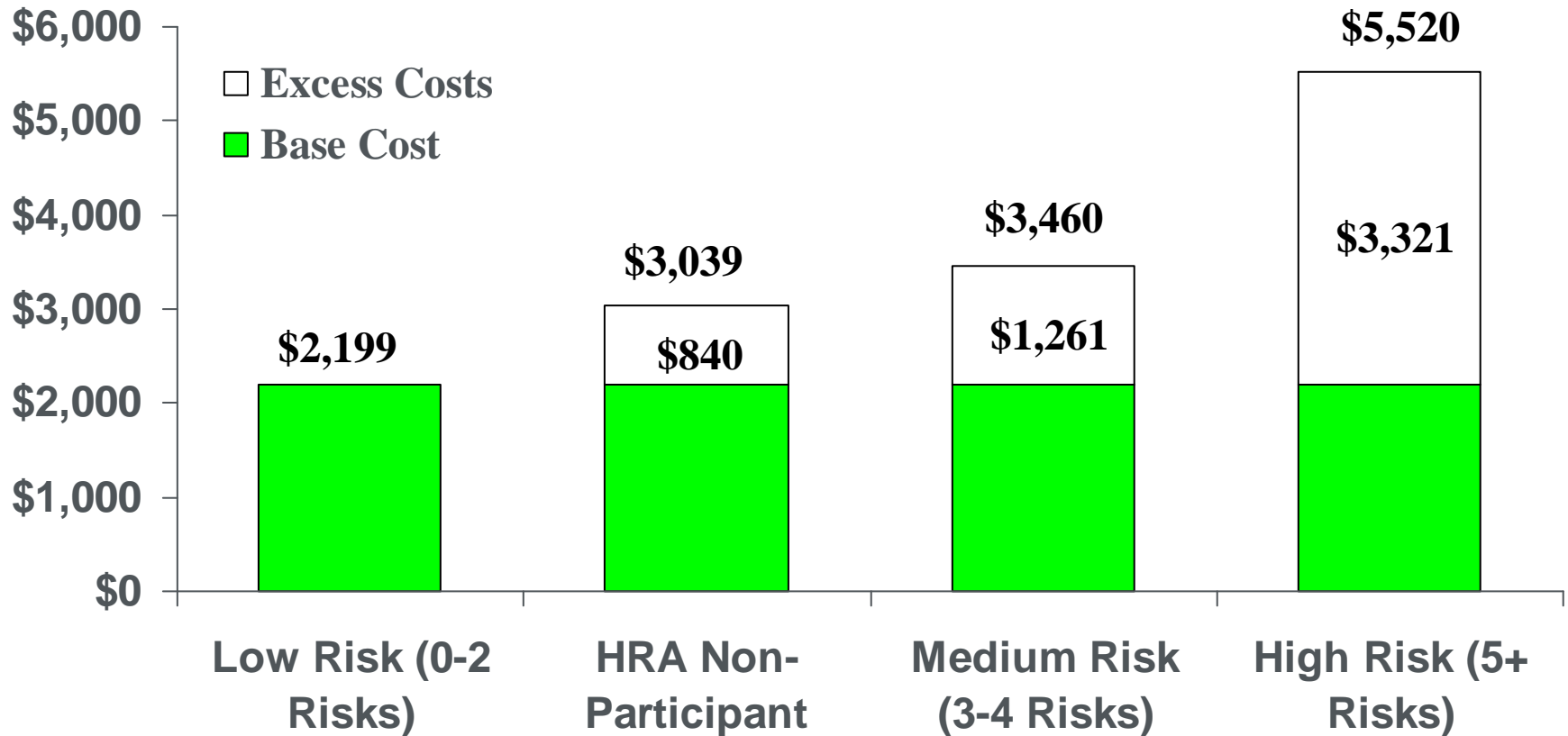
State of the Health Industry

Big Picture Cost of Poor Health



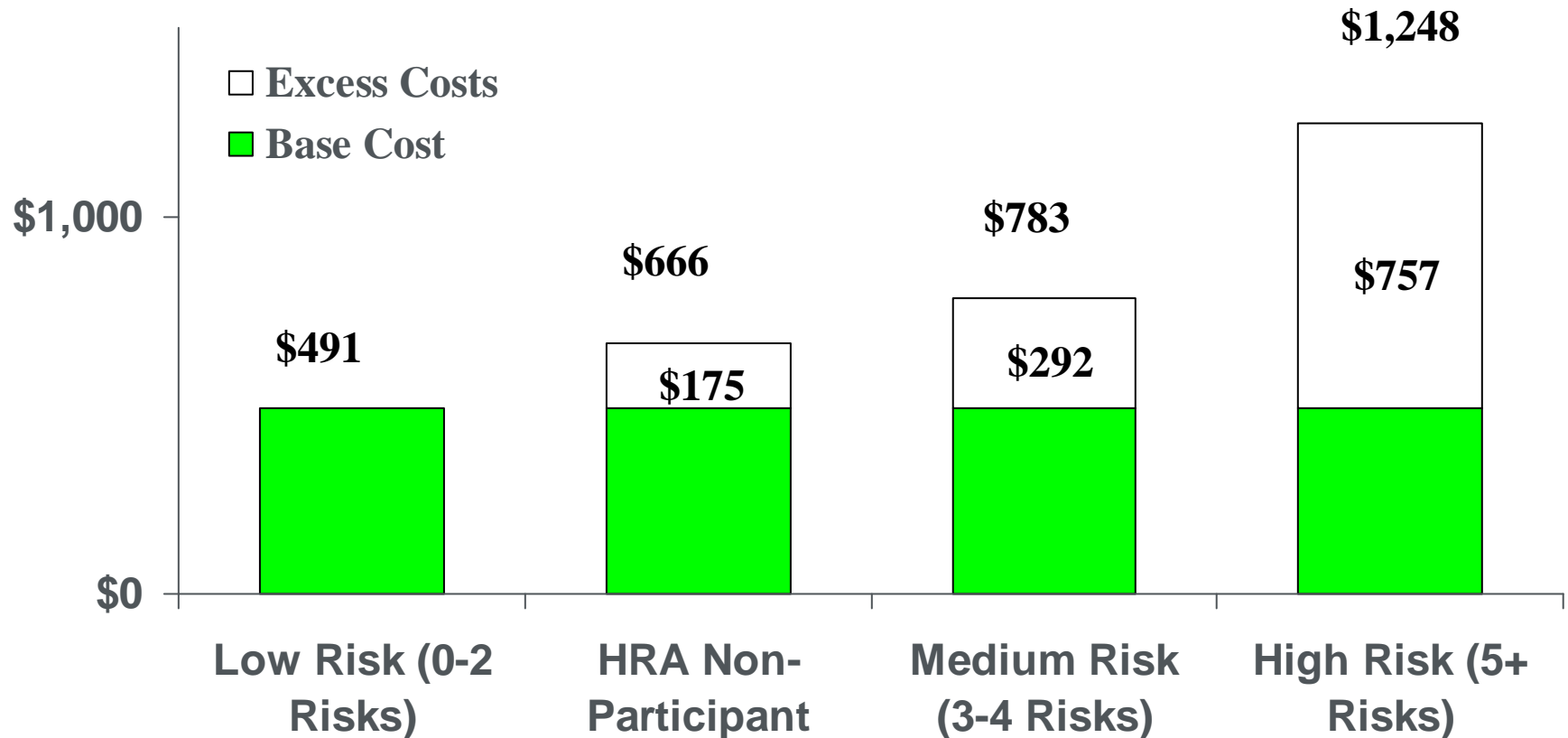
Impact on Health Care Costs

Excess Medical Costs due to Excess Risks



Impact on Health Care Costs

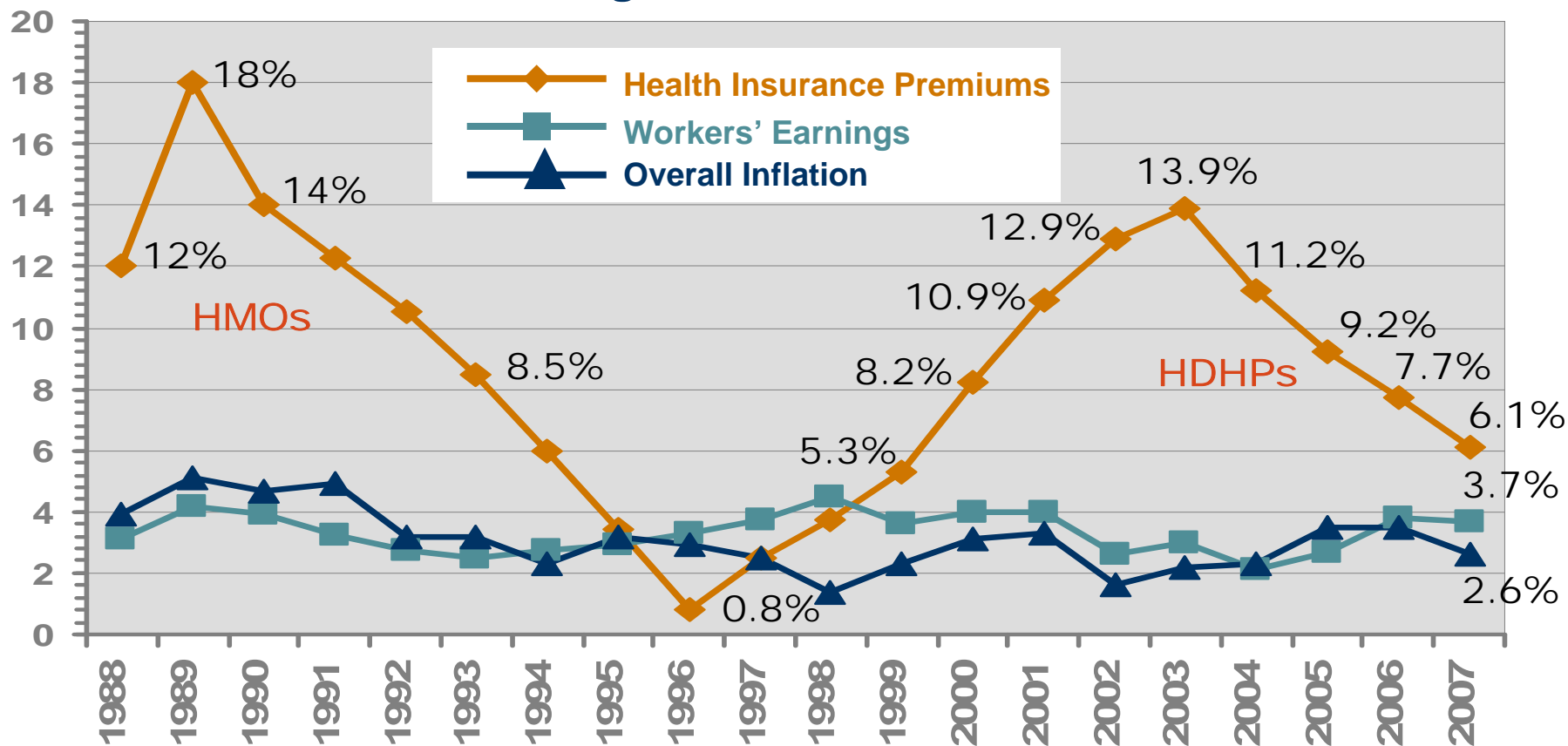
Excess Disability Costs due to Excess Risks



Impact on Health Care Costs

Coverage Cost vs. Other Factors

Percentage Increase, 1988 - 2006



No Time for Exercise?

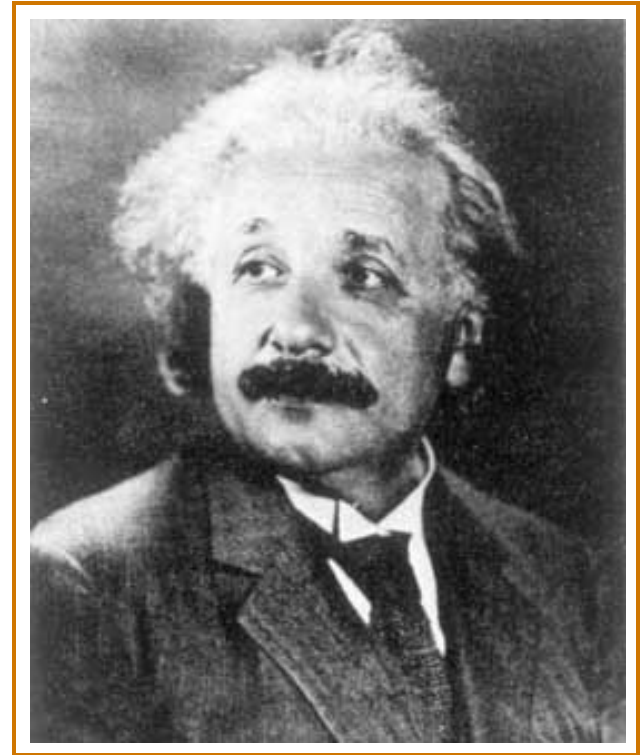


“What fits your busy schedule better, exercising one hour a day or being dead 24 hours a day?”

Insanity:

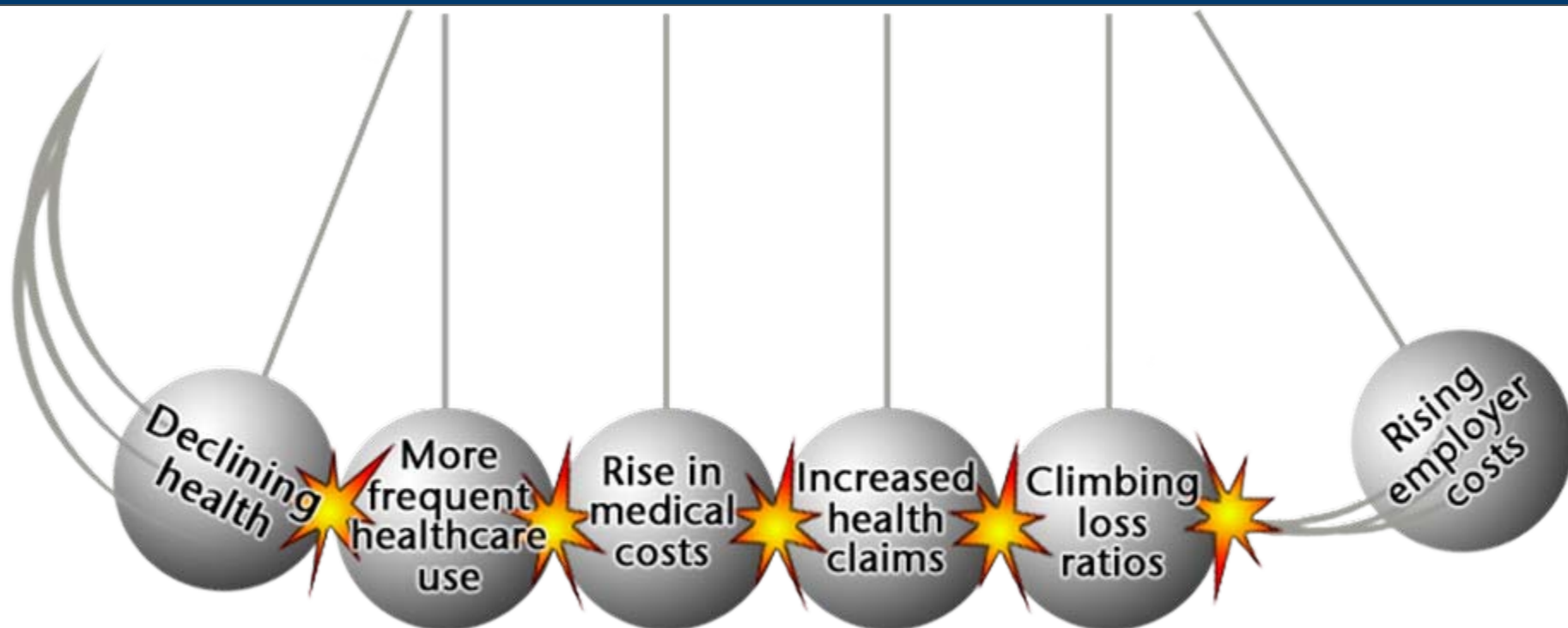
**Doing the same thing
over and over again and
expecting different results.**

- Albert Einstein



Why focus on health improvement?

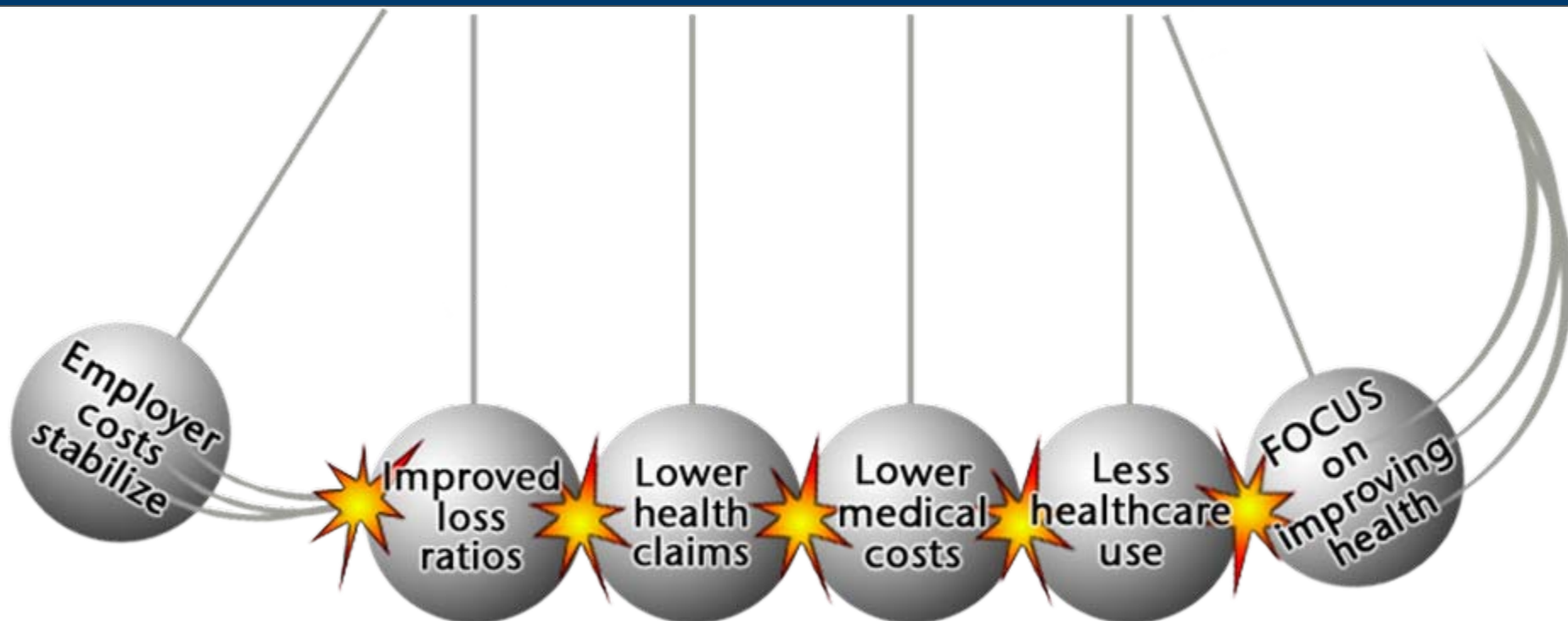
Newton's Third Law of Physics



For every action ...

Why focus on health improvement?

Newton's Third Law of Physics



... there is an equal and opposite reaction.

Achieving Different Results

We've Transformed Our Priorities



Achieving Different Results

Transforming Expectations

Health care
users

Health care
consumers



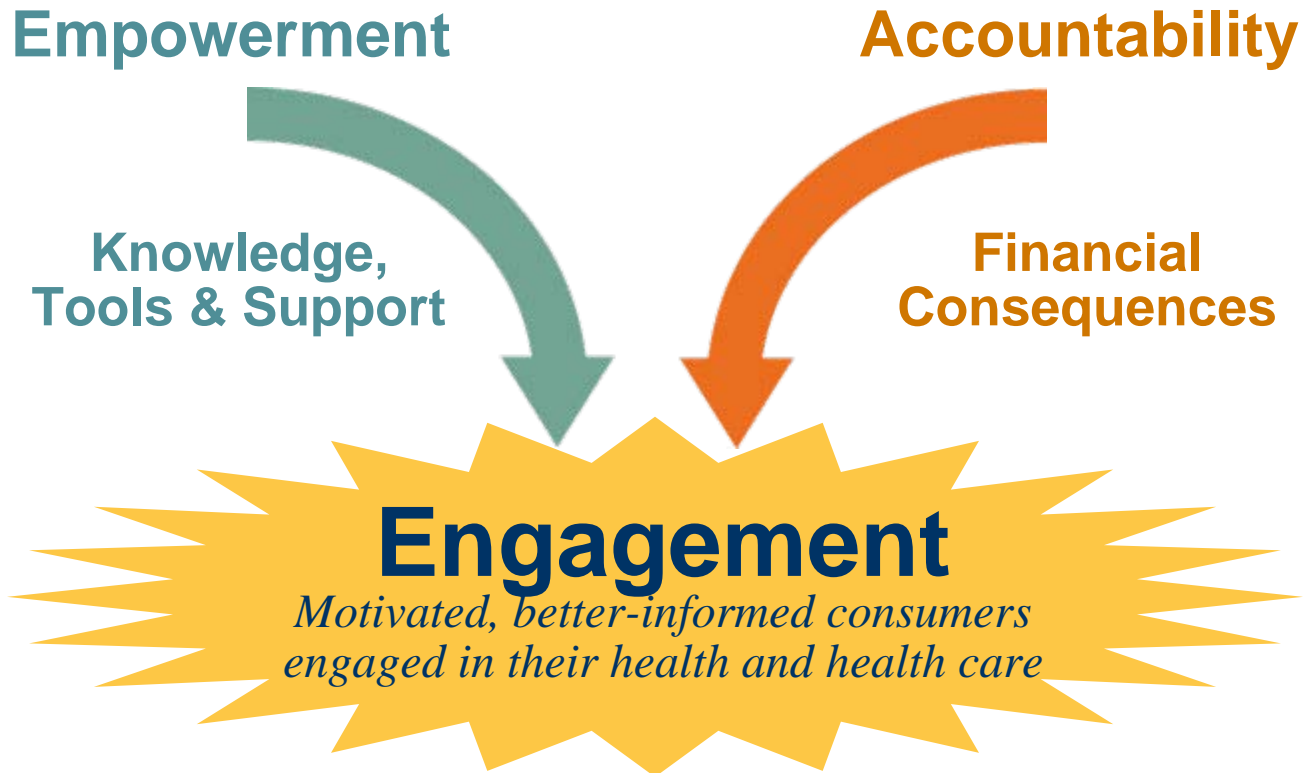
SHIFT

Entitlement

Engagement

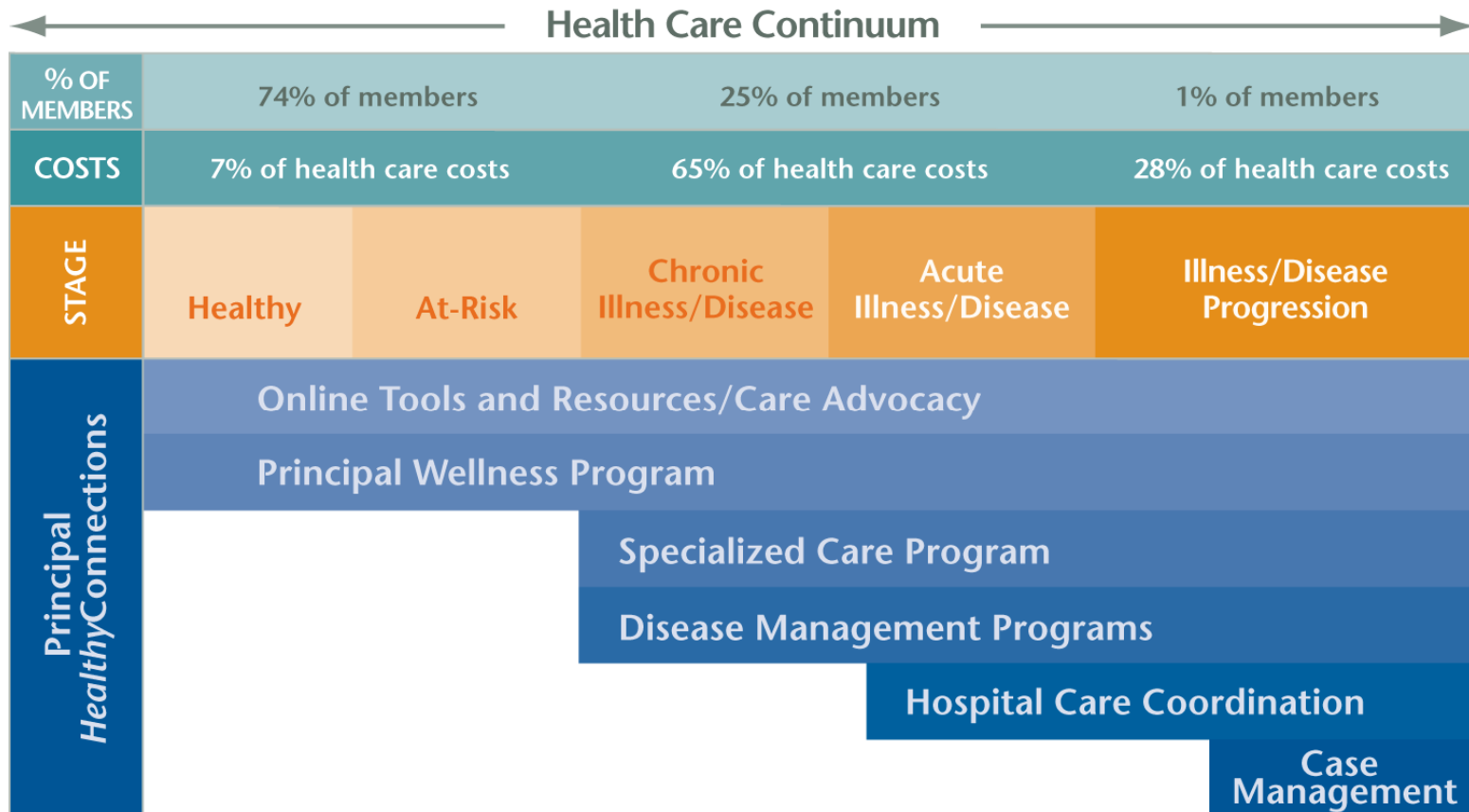
Achieving Different Results

Transforming Roles



Transforming Health

Addressing Every State of Health



A Program Built for Success

What is Wellness?

Wellness programs are:

- Health management programs
- An active process requiring engaged participants
- Education and awareness to help with important lifestyle choices
- Intended to improve the health and welfare of the participant
- A proven tool to help employers reduce costs over time

Wellness programs are not:

- A health fair
- A health questionnaire
- A fitness facility
- A nurse line

Success Defined

Success: Many “wellness” companies have varying ways of defining success.

We use two measures:

- Participant health and welfare improvement
- Reduced health claims and lower medical trends

Proven, Measurable Results

- Financial Return on Investment (ROI)
 - Financial results of group study with and without wellness
- Clinical improvements
 - Health improvement results by health condition
- Risk transitions
 - Movement between high, moderate and low risk
- Stages of change
 - Movement along behavior change stage continuum

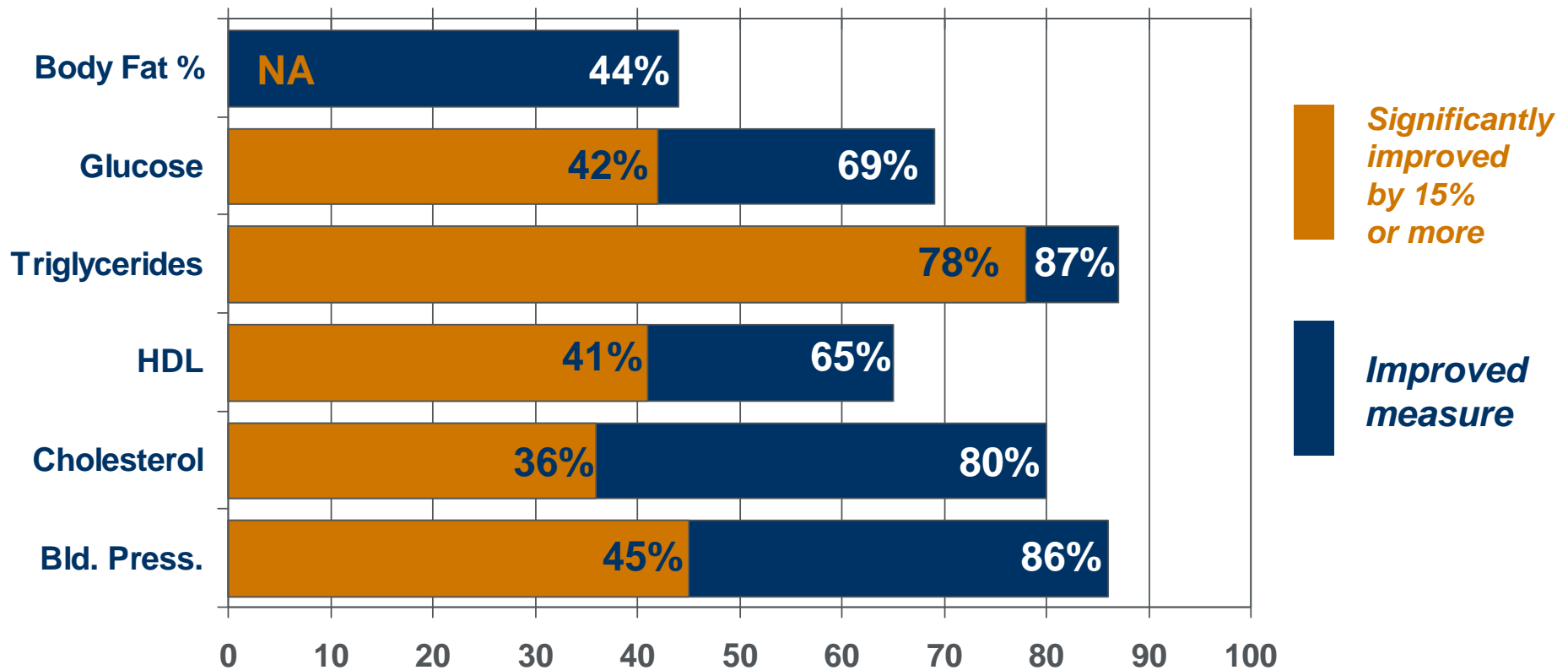
ROI Methodology Results

- Trend:
 - Control group PMPM trended at 12.5% annually
 - Study group PMPM trended at 5.3% annually
 - **57.6% improvement in trend (7.2 points difference)**
- \$2 - \$3 return on investment (ROI)
- For most cases, financial returns began in the last half of year 2

Proven, Measurable Results

Results that Speak for Themselves

13,000 TakeCharge Program Participant Results, 2005-2006



Based on 13,000 *TakeCharge* participants with results available from both 2005 and 2006. Participants based on number of *TakeCharge* participants who met the required levels in that category. Significant improvement classified as 15% or greater change. Improved measure classified as 1 point or greater.

Proven, Measurable Results

It's About People

*“When I found out my blood sugar showed I was pre-diabetic, I got serious about losing weight. I am now **watching my diet** and have started **exercising regularly**. I have **lost 30 pounds** so far and I feel great.”*

*“With the physician’s help, we are getting the **blood pressure to normal levels...the cholesterol levels cut in half**. I am personally pursuing **lifestyle changes in both exercise and eating habits** and have been...**successful...The screening was a great eye opener and ...likely saved my life...it turned my life around.**”*

When an employee tells you that you may have saved their life, you understand it's about more than a return on your investment.

Proven, Measurable Results

Return on Your Investment

Reduced health care expenses

- + Better trend
 - + Reduced absenteeism
 - + Reduced presenteeism
 - + Reduced disability
 - + Lower worker's compensation costs
 - + Increased productivity
- = An improved bottom line**

A Program Built for Success

Steps to Success



A Program Built for Success

Four Key Elements to Behavior Change

- Observation and Evaluation
- Targeted Intervention
- Continuous Education
- Reporting

An Organization that Makes a Difference

Principal Wellness Company

Available Programs:

- Stand Alone Wellness
- Principal Fully Insured Clients
- Embedded Wellness

An Organization that Makes a Difference

Principal Wellness Company

It all adds up to a
Best-In-Class Wellness Solution

Thank you