

Principal *HealthyEdge*SM

Wellness Toolkit



Welcome!

Employers have many options when it comes to a health improvement program. How do you know when you've found a health improvement program that really delivers results?

We've been in the wellness business for a long time. We understand you need to be armed with data – case studies, facts, testimonials and proof points to see the value a wellness program can deliver. You also need a team you can count on to give you the support you need to put the program in place.

As an industry pioneer and proven wellness expert, Principal Wellness Company delivers unparalleled health improvement services with discernible, positive results. The goal of our program is to impact the health of individuals. We can prove that our wellness programs work. Few competitors can match our wealth of knowledge and effectiveness.

Use this resource to understand the Principal *HealthyEdge*SM program, what sets it apart, and what makes it so effective in positively influencing individual behavior. Ensure your clients choose a program that really works for them.

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1. Why Wellness?

As an employer, you're faced with serious business management concerns: rising health care expenses, workforce concerns – productivity levels, absenteeism, and morale – as well as recruitment and retention of a highly effective work force. And you're looking for short- and long-term solutions to address these concerns.

Principal Wellness Company's wellness programs can help employers impact the health and productivity of their employees and the financial stability and viability of their businesses by reducing claim costs and absenteeism, and by increasing productivity and boosting morale.

Wellness programs present a true win-win for employers like you because they are a sound business investment that sends a message of commitment and caring to the employees that are so vital to the success of their organizations.

According to the Washington, D.C.- based National Coalition on Health Care, health-related expenses continue to rise at the fastest rate in the history of the industry. Consider these statistics from the coalition:

- In 2006, employer health-insurance premiums increased by 7.7 percent — two times the rate of inflation.
- Firms with fewer than 24 workers experienced a premium increase of 10.5 percent.
- Health-insurance expenses are the fastest growing cost component for employers.

2. What is Wellness?

In today's health climate, the term "wellness" can carry many connotations, and they can be confusing.

Your company might have a wellness program in place that consists of health-club membership discounts or a calendar of health-related activities. Although these programs may bring some value, they aren't effective, long-term, in addressing the needs of employees at varying risk levels, changing behavior or identifying high-risk employees. As a result, they aren't likely to improve health.

An *effective* Wellness program must:

- Actively engage employees
- Focus on preventing claims, rather than reacting to claims that have been incurred
- Educate and motivate employees to make healthy choices and avoid risks
- Demonstrate measurable results that impact claims costs
- Closely monitor and report results to employers on a regular basis

Since 1992, Principal Wellness Company has carefully examined processes and extensively researched client programs through long-term studies, actuarial analyses and third-party validation – and we know what works! The knowledge we gain is used to develop and refine our programs and processes, and employers can be confident they are implementing a proven program that employs the most effective techniques to achieve some of the best results in the industry.

3. Studies and Findings

Let's start by talking about chronic illness.

Our research tells us that claims resulting from chronic illness are a significant driver of health-care cost increases. Chronic illnesses also impede workers by increasing absenteeism and presenteeism, ultimately decreasing productivity.

What is presenteeism?

According to the Cornell University Institute for Health and Productivity Studies, presenteeism occurs when a person who is feeling poorly simply "shows up and goes through the motions" at work. An Institute study shows that work slowdowns caused by presenteeism may account for 60 percent of employer health costs.

These chronic illnesses could be adversely impacting your bottom line:

- **Obesity.** According to ObesityInAmerican.org, in 2006 in the United States, an estimated 65.2 percent of adults and 15 percent of children were obese. In 2004, the U.S. Centers for Disease Control and Prevention (CDC) ranked obesity as the No. 1 health threat facing America, resulting in an estimated 400,000 deaths annually and a total estimated cost of nearly \$122.9 billion.
- **Diabetes.** The American Diabetes Association says the total annual economic cost of diabetes in 2002 was \$132 billion. Direct medical expenditures totaled \$92 billion and comprised \$23.2 billion for diabetes care, \$24.6 billion for chronic diabetes-related complications, and \$44.1 billion for excess prevalence of general medical conditions. Indirect costs resulting from lost workdays, restricted activity days, mortality, and permanent disability due to diabetes totaled \$40.8 billion. Nearly 21 million people in the United States, or 7 percent of the population, are estimated to have diabetes.
- **Heart disease and stroke.** According to the Centers for Disease Control, the cost of heart disease and stroke in the United States in 2005 was more than \$394 billion – \$242 billion for health care expenditures and \$152 billion for lost productivity from death and disability. Nearly 930,000 Americans die of cardiovascular diseases each year, which amounts to one death every 33 seconds. About 70 million Americans (almost one-fourth of the population) have some form of cardiovascular disease.

Because these often preventable diseases represent a large portion of your claims expenditures, employees at high risk for chronic conditions represent the greatest potential for future medical claim savings. In short, Principal Wellness Company believes the most effective way to control claims costs is to prevent them from being incurred in the first place. How? Through overall health improvement.

4. Stages of Change

The goal of Principal Wellness Company's goal is to positively impact member health. The Prochaska Stages of Change Model states that a person who is changing his or her lifestyle or behavior will travel through five stages. According to the Prochaska Model, fewer than 20 percent of any high-risk population is ready to take action with a particular area of health. In the United States, more than 90 percent of behavior-change programs are designed to begin with immediate action. That means individuals in the early stages of change who are not ready to take action are participating in "action-oriented" programs. That translates into failure, frustration and high dropout rates.

The chart below identifies Prochaska Model stages as well as common mindsets and intentions for each.

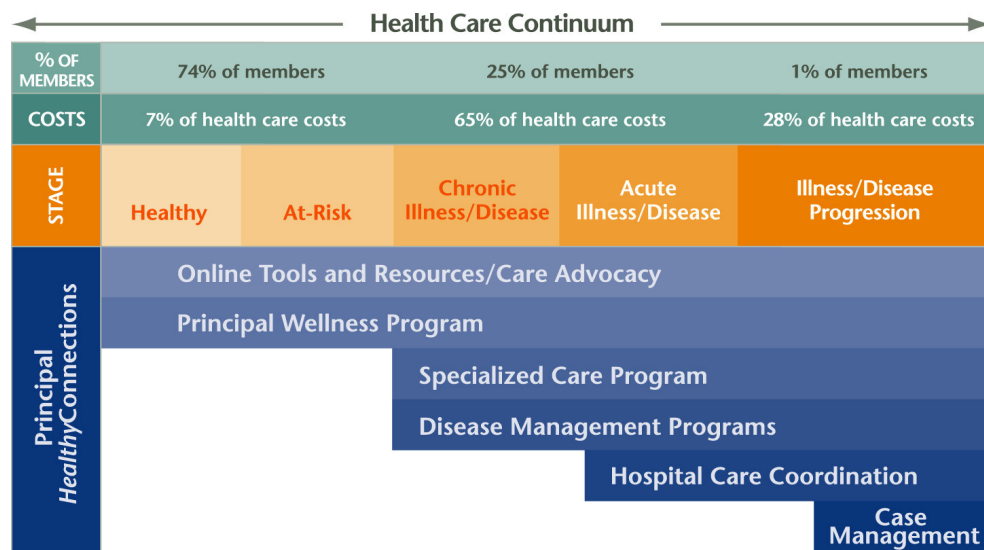
Stage of Change	Mindset/Intention
Pre-contemplation	Not thinking of change
Contemplation	Seriously thinking of change within the next six months
Preparation	Getting ready to make a change within the next month
Action	Actively making the change
Maintenance	Making the change and maintaining it for more than six months

Our program identifies the stage at which a person is regarding each major area of health – exercise, diet, weight, smoking cessation, etc. – and provides helpful consultation and information that makes most sense to the individual. Principal Wellness Company counselors and coaches are trained and certified in identification and counseling using the Prochaska Stages of Change Model and use this information to help each individual set personal health improvement goals.

5. Continuum of Care

The Principal *HealthyEdge*SM program is an important component of a coordinated health improvement strategy. An integrated health-care continuum addresses a broader spectrum of conditions while touching 100 percent of an employee population, enabling better outcomes and increased cost control. Data are examined using data mining and predictive modeling to quickly identify risks and initiate programs that help members control illness and contain costs. Plus, the programs build upon one another, adding resources to address the most serious and costly conditions.

The care continuum below illustrates the services that Principal Wellness Company integrates to achieve optimum health-management efficiency.



Principal *HealthyEdge*SM coordinates well with other health benefit programs. As a member of The Principal Financial Group, Principal Wellness Company can increase its effectiveness by integrating its services with employee benefit programs offered by Principal Life Insurance Company.

Employers benefit from a seamless integration of services that address many aspects of participant health and achieve optimum health improvement results.

6. Principal Wellness Company Approach

To be truly effective, a wellness program must include certain critical components. By incorporating these components into a four-step model, Principal Wellness Company has created a comprehensive initiative that addresses overall health and helps participants manage the conditions that carry the highest claim risks.

This model includes:

1. Observation and evaluation
2. Targeted health management
3. Positive lifestyle information and education
4. Actuarial reporting, administration and program management

Our **observation and evaluation** stage includes:

- A health-risk assessment questionnaire
- On-site health screening (scheduled appointments take approximately 30 minutes per person)
 - Blood-sugar analysis
 - Lipid profile/cholesterol analysis
 - Blood-pressure and heart-rate evaluation
 - Low-back and hamstring flexibility
 - Height and weight analysis
 - Body-composition analysis
- Immediate results from questionnaire, health screening and body composition
- Immediate, private one-on-one consultation of all health-screening results

Our **targeted health management** programs for high-risk conditions are comprised of:

- Cholesterol, blood pressure, blood sugar, weight management
- Risk-specific interactive workbook (sections with education, recipes, charts and logbooks)
- Personal coaching by a personal wellness consultant
- A monthly newsletter
- Consultant access via e-mail and toll-free phone

Our **positive lifestyle and educational materials** and events include:

- Biweekly wellness education (sent via e-mail, payroll stuffers or Internal mail)
- Quarterly corporate health-awareness campaigns
- Monthly national observance newsletter (sent to your wellness coordinators)
- On-site orientation seminars during the first year of the program

Our **reporting, administration and management** capabilities include:

- Comprehensive reporting package including group aggregate reports
- Actuarial analysis of medical claims impacts
- Consulting, communication and promotion design

7. Principal Wellness Company Advantage

In addition to our four-part model, our program works because of our:

- **Experience.** For more than a decade, Principal Wellness Company has documented the measurable benefits of health promotion and integrated this knowledge and understanding into every program and process. You can feel comfortable placing your trust in us.
- **Broad Focus.** You can count on Principal Wellness Company to understand your particular situations. Our services are built around understanding client needs, and our wellness programs have demonstrated consistent success for any type of company.
- **Personal, fast service.** At the end of each employee's health screening, his or her personalized written report is immediately generated. A health screener meets with the employee to go over the report and suggest changes based on the findings.
- **Continued support.** For participants with health concerns, that dialogue continues via telephone and e-mail. This ongoing communication maintains the direct engagement and personalized support that leads to positive change.
- **Targeted at-home intervention program for high-risk participants.** Some employees will be identified as high risk for chronic illness due to elevated results or a combination of lifestyle risk factors. Some employees' conditions impact current medical claims, while others' will impact future claims. Principal Wellness Company TakeCharge program specifically targets this high-risk group with personalized, consistent communication and intervention.
- **Positive lifestyle and education programs.** The public is bombarded with marketing that supports unhealthy lifestyles. We counter these messages and promote positive lifestyle behavior change through various communication methods provided to employees' households. Our materials provide consistent, relevant, positive lifestyle messages to educate and motivate participants.
- **Online health management resources, powered by WebMD.** Our health-management resources include free interactive online tools, powered by WebMD, that offer you and your employees health-management resources and information 24 hours a day, seven days a week. These resources help members track personal health information, set healthy lifestyle goals and find information specific to health issues of interest.
- **Confidentiality** – Health issues are private matters, and we are committed to maintaining the privacy of your employees. Principal Wellness Company processes and reports are designed to ensure complete confidentiality for each and every participant. Employees can feel confident that their personal health matters and privacy are protected.
- **Company Structure** – As a member of the The Principal Financial Group, Principal Wellness Company is structured for responsive service. A coordinated account management team is assigned to each HealthyEdgeSM client. And every one of our professional coaches has earned at least a four-year college degree and many have advanced credentials as well – a big difference from some wellness providers.

8. Measurable, Proven Return on Investment (ROI)

Delivering on our commitment to improving health and lowering medical costs means we continuously evaluate our wellness-program outcomes through comprehensive studies and analysis developed by our actuarial and data-analytics teams. We know our wellness program works, and we have the studies to prove it!

Principal Wellness Company significantly differentiates itself from other companies through our ability to draw from verified clinical and financial evidence that enhances the effectiveness of our programs. As part of this ongoing commitment, Principal Wellness Company has developed a rigorous methodology to measure the financial advantages and effectiveness of our wellness programs. This methodology is approved and validated by Milliman, Inc., a leading actuarial and consulting firm. Milliman has stated that the resulting methodology is consistent with industry best practices for measuring the financial impact of wellness programs.

Key Components of the Milliman Validated ROI Methodology include:

- Control groups comprised of self-funded medical customers who do not have wellness programs in place
- Participants in the study and control groups are matched on multiple variables, such as time frames, benefit designs and relative risk scores
- Both control and study groups are medical customers throughout the entire study period
- Individuals who participate in a disease-management program are removed in order to better isolate the wellness-program results

The Results!

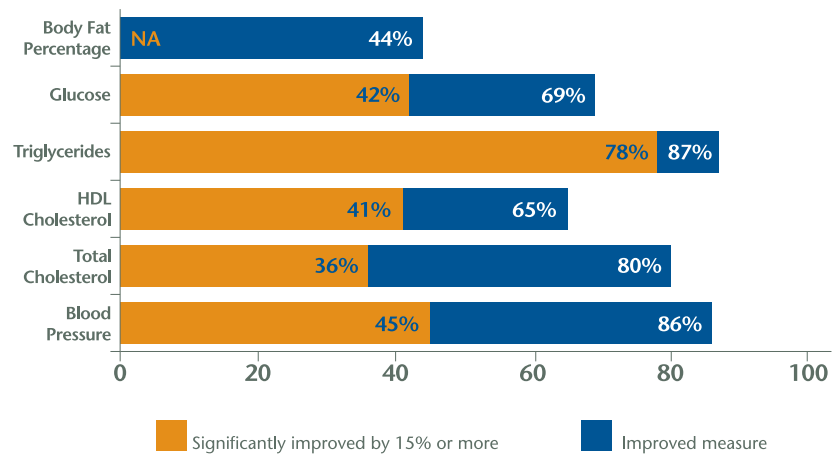
Principal Wellness Company has shown through extensive analysis of our customer base that our well designed wellness program helps control claim costs. A comparison of study to control groups over a three-year period using the ROI methodology validated by Milliman produced the following aggregate results (actual results will vary by group):

- **Trend:** The control-group PMPM trended at 12.5 percent, and the study-group PMPM trended at 5.3 percent annually, an improvement in trend of 7.2 percent annually.
- **ROI:** 2 - 3:1

For most cases, the financial returns began in the last half of second year.

The positive results of an effective wellness program are cumulative over time; the longer the program is in place, the more potential it has to impact your bottom line. Clinical improvements occur even before financial returns become apparent.

Clinical Improvements



Our 2005 – 2006 clinical research demonstrates measurable biometric improvement results.

- 86 percent improved their blood pressure
- 80 percent improved their total cholesterol
- 65 percent improved their HDL cholesterol
- 87 percent improved their triglycerides
- 69 percent improved their glucose
- 44 percent improved their body fat percentage

Furthermore, our results show **improvement in these measures by 15 percent or more!**

- 45 percent improved their systolic blood pressure value by at least 15 percent
- 36 percent improved their total cholesterol value by at least 15 percent
- 41 percent improved their HDL cholesterol value by at least 15 percent
- 78 percent improved their triglyceride value by at least 15 percent
- 42 percent improved their glucose value by at least 15 percent

Risk Transitions

Reduction in health risks* has been proven to reduce health-care costs and sick-day costs. Our 2005-2006 risk transitions research demonstrates measurable health-risk-improvement results.

Outcomes:

- Average risks per participant decreased from 2.0 in 2005 to 1.7 in 2006.
- Percentage of low-risk participants increased from 67 percent to 73 percent; percentage of high or moderate risk participants decreased by 7 percent.
- Using Edington's assumption that a participant reducing 1 risk factor saves \$231 and increasing 1 risk factor costs \$320, the **group saved an estimated \$136,000 in claim costs in the second year** based on participants' risk shifting.
- Based on clients' risk category transitions, the **group saved an estimated \$128,000 in sick day costs in second year** using self-reported sick days and average daily employee costs.

*Risks defined by Dee Edington, University of Michigan.

Stages of Change

Timely feedback and health coaching are critical to successful behavior change. Our personal-coaching approach is extremely effective in moving individuals through the stages of change, from preparation to action, which results in improvement in biometric values and in risk category.

Keeping healthy people healthy is as important as improving the health of those in moderate to high risk categories – so maintenance is key!

Our 2005-2006 clinical research demonstrates measurable behavior modifications toward health improvement

Outcomes:

- 5 percent more participants maintained an increase in physical activity in 2006
- 8 percent more participants maintained a practice of good nutrition in 2006
- 5 percent more participants were in the action or maintenance stage of stopping smoking
- 10 percent more participants reported action or maintenance stage of practicing stress reduction

9. Value To You

Principal *HealthyEdge* is a good business decision. It provides a common-sense, economic approach to an increasingly critical business challenge: Improve the health and well-being of employees to increase productivity, reduce absenteeism and presenteeism, and, over time, help reduce claim costs and overall health-related expenses.

Still not sure *HealthyEdge* is the right program for your company? Consider these advantages.

- *HealthyEdge* is a complete wellness strategy, proven effective through years of study and third-party validation. It's a program that can enhance any benefit offering, helping you attract the best employees and retain them over time.
- We guide employers and employees through all steps of our program, beginning with orientations that answer employees' questions about the screening process. We know which methods are effective for increasing employee participation, and we know how to help companies understand and use the information we provide.
- The positive effects of the *HealthyEdge* are cumulative. Taking action now is the best way to head off the chronic conditions that will inevitably affect you – and your bottom line – in the future.
- Our wellness program has a proven track record, and the results are outstanding. We know how to influence employees to participate, and more importantly, we know how to help them to improve their health. Our studies validate our processes, and few competitors can match our wealth of knowledge and proof of effectiveness.

10. Testimonials

Broker | Consultant

Bryan K. Brenner

CEO and Consultant

Benefits Associates

"As an employer and benefit adviser, it is important to me that the things we tell employers are really believed by our own people. With that philosophy in mind, we hired Principal Wellness Company four years ago to help us manage an employee wellness program for our own people.

"Over those four years, every employee we've had has made some kind of important change to their health behaviors as a result of working here and participating in our wellness programs. Some are early adopters and some lag behind, but each has been impacted.

"We are delighted to continue our program for the fifth (5th) year and expect only the highest level of service and results from our team at Principal Wellness Company." – **Bryan Brenner**

Employer

Pella Corporation:

Pella Corporation recently completed the health screening process for 2006, and I want to thank those of you who participated. This is a great benefit offered to all team members and reinforces the importance of a healthy lifestyle while also identifying potential risks. I thought I would share a success story from this year's health screening process as it saved the life of a lumber-plant team member.

"A first-shift finger jointer operator didn't realize he was on the verge of a heart attack due to three different blockages in the valves leading to his heart. He used the results of his health screening to challenge his doctor, and that eventually led to an appointment at the Iowa Heart Center in Des Moines. Following his exam at the Iowa Heart Center, he was immediately admitted to the hospital where he went through preventative procedures to treat his condition.

"Following these procedures, the doctor at the heart center told him, He was lucky to be alive. During my conversation with him, he stated, "If it hadn't been for the Pella health screening process, I may not be here right now. My doctor at the heart center told me that I was dealing with a "silent killer" and I am thankful that the Pella health screenings pointed me in the right direction."

–**Tim Tousey, Plant Manager**

Participant

Jackie H.

"I had for the first time taken the Principal Wellness Company screening in 2006, and I was surprised with some results and pleased with others. One surprise that I encountered was a 'flag' for high blood pressure. Since this was only a 'flag' – meaning not extremely high but something I should keep a watch on – I kind of put it 'out of mind'.

"Then I found out that my brother had extremely high blood pressure and my uncle had passed away from high blood pressure. That made me change my thinking. I made a doctor's appointment, had a few things checked, and found that I was borderline for high blood pressure. Some of the symptoms I had, I was placing in another area. For example, I was feeling tired, flushed and warm, so I of course, was thinking this was due to the onset of menopause with my age. Well, these are also symptoms of high blood pressure, and boy, was I blown away. With this also being hereditary, I am now taking preventative measures and this is no longer in the 'out of mind' area; it is in the forefront. I now know why it is called the 'silent killer.' If it was not for my Principal Wellness Company screening, I would've never thought I had high blood pressure.

"I am now looking forward to my next wellness screening to compare last year's and this year's changes. I want to see if some of the lifestyle changes I made (I joined a step aerobics class and feel so much more energy and a couple of other simple life changes like just "listening" to my body) will have changed some of my numbers for the positive.

"I am truly pleased that this is offered free with the TIC insurance and that Principal Wellness Company comes directly to the site. That means NO missed time from work. All I have to do is sign up on the dates announced and fill out the questionnaire. Everything is kept confidential and you get your results immediately on-site. It is that simple! Thank you!"

Participant, cont.

Julie K.

"I want to take the opportunity to thank you for the counsel I received during our company's health screening last year. During the screening it was discovered that my fasting blood sugar was over 300. My screener advised me that I should schedule an appointment with my family physician as a result of the screening. He also gave me some reading materials on high blood sugar, which helped me greatly.

My doctor confirmed that I have Type 2 diabetes. As a result of this diagnosis, I have lost 15 pounds and I am confident that by the end of this year, through diet and exercise, I should be able to maintain my Diabetes without medication.

I am grateful to work for a company that not only states they care for their employees, but back up their words by actions. If it had not been for the company sponsored health screening, I would not have known I had diabetes. Thanks again for the care I received during my screening, it was and continues to be a blessing."

Lisa S.

"Due to what I believed were genetic factors that couldn't be overcome, I had given up on weight loss. But after coming to my second health screening, I saw that after just making a few slight changes, my weight dropped a little and my body composition had improved. That small amount of change gave me the encouragement I needed to take weight loss to the next level. The information that was given to me at my health screening helped me to accomplish my goal of losing 30 pounds. I actually looked forward to coming to my health screening this year and appreciated the positive feedback that I received from my Health Screening Technician. Thank you for giving me the confidence to improve my health and life!"

Virginia R.

"Before joining the wellness program, I was never aware of how poor my health was. I never went to the doctor, never had screenings for cholesterol. I was always tired and didn't have much energy.

After being given steps to improve my health, I decided to stick with the plan. Thanks to this program, I feel much better. I have improved my health, my physical activity and my cholesterol (results) to have a better quality of life. I am so glad my employer has the wellness program."

Participant, cont.

Cathy S.

"I participated in a health screening through my husband's insurance. My results came back with my sugar levels elevated and my cholesterol higher than it has normally been. As a result, I contact my physician. I was diagnosed with Type 2 diabetes. I have learned a lot and lost 20 pounds with some simple diet changes. This early diagnosis has helped me to take control of my diet and watch my sugar levels."

Marcia

"I appreciate that my (employer) participated in the wellness program. This is my second year to do it....This (program) has really opened my eyes to getting my blood pressure lowered. I've seen my doctor and had several blood work tests done and everything came out okay, except my blood pressure is still high, so my doctor put me on some medication and its has helped. This (wellness) program might have saved me from having a stroke or heart problem. Thanks for doing the program for the members of our plan."

Susan M.

"After my health screening last year, I found that my cholesterol was high. I received consulting as to how to lower it. I received recipes and suggestions on how to eat healthier. I used the information I was given, and this year my cholesterol is much lower. I have never given much thought before about what kinds of foods I eat, my weight has never been much of a problem, so learning to eat healthy was new to me.

I am very glad that I participated in these screenings. I feel better and know that my health is very much improved."



WE'LL GIVE YOU AN EDGESM

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

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