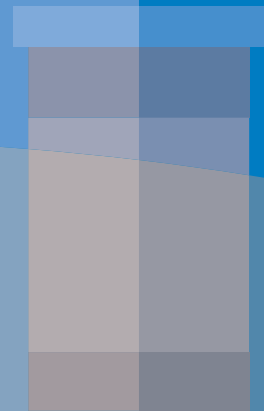


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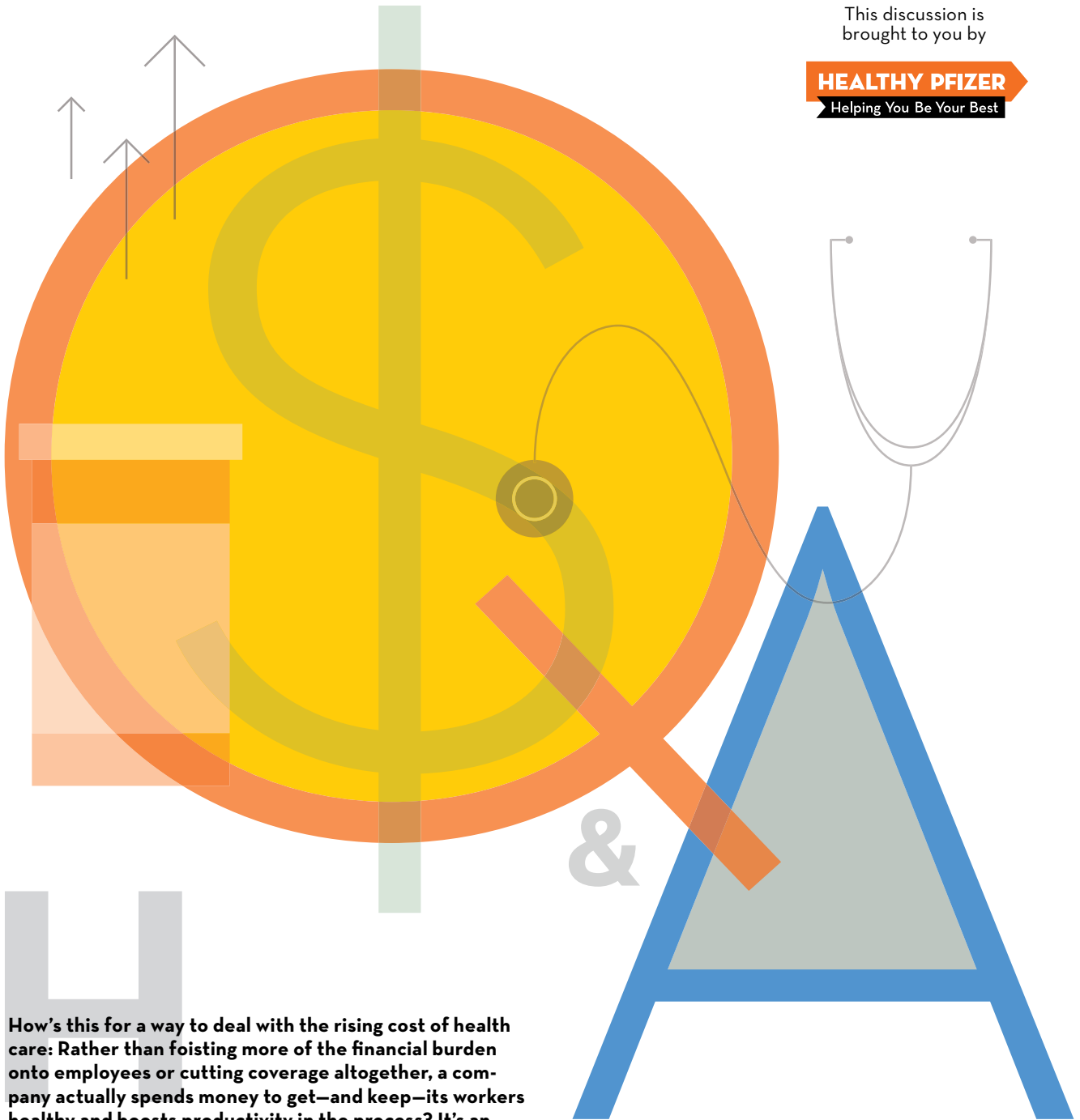
Finding the Right
PRESCRIPTION



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HEALTHY PFIZER

Helping You Be Your Best



How's this for a way to deal with the rising cost of health care: Rather than foisting more of the financial burden onto employees or cutting coverage altogether, a company actually spends money to get—and keep—its workers healthy and boosts productivity in the process? It's an approach that's being tried by a growing number of companies that recognize that healthy employees not only cost less money but are also often more productive. Considering that employer-sponsored health-insurance premiums increased 7.7% last year—having risen an astonishing 87% since 2000—it's no wonder that companies are searching for a better way.

To examine the link between employee health and enhanced business performance, we brought together several organizations that are leading the way. In a wide-ranging discussion at this spring's Health Management conference sponsored by the Institute for Health and

Productivity Management, FORTUNE Custom Projects writer Susan Caminiti spoke with John Sory, vice president of Pfizer Health Solutions; Dr. Catherine Baase, Global Director, Health Services, of the Dow Chemical Co.; Rebecca Main, senior manager of benefit plans for Marriott International; and Sean Sullivan, CEO of the Institute for Health and Productivity Management (IHPM), a nonprofit that promotes the connection between employee health and productivity. Here are some excerpts. ▶

Illustrations: Erik Mausser

Left to right:

Catherine Baase;
Rebecca Main;
John Sory; and
Sean Sullivan.



► **Why are companies suddenly viewing employee health and wellness as a key to productivity rather than simply a business expense?**

John Sory, Pfizer: With costs rising significantly in recent years, many employers have chosen to shift those costs to their employees by reducing benefits, increasing co-payments, raising deductibles, and restricting access to pharmaceutical coverage. Pfizer believes in a different approach that aims to increase productivity, encourage employees to seek care promptly and consistently, and empower an overall “culture of health” within the organization. We directly connect comprehensive health services with a supportive health benefit plan. Since employees represent the largest item on any corporate balance sheet, it stands to reason that a business strategy of investing in employee health can further optimize a corporation’s investment in its human assets, as well as yield other long-term benefits.

Catherine Baase, Dow Chemical: It’s an accumulation of factors. First, the cost of health care is forcing companies to look at the whole issue differently. The second thing is competitive pressure. Globalization means we’re competing with companies all over the world that have a different way of viewing the health of their workers. Third, there have been huge advancements in technology and in understanding the science of prevention and the impact of health on work.

Rebecca Main, Marriott International: Employers understand that healthy employees and healthy families lead to higher productivity. As employers struggle with rising health-care costs, they’re looking for innovative ways to mitigate these expenses. Marriott is focused on long-term strategies to manage high-risk illnesses, improve patient safety, and increase productivity.

Sean Sullivan, IHPM: Business is coming to see that we’re in the age of human capital and that health is an asset on the human capital balance sheet that has not been properly valued or funded. That’s the mind shift that’s going on in boardrooms today.

► **To what extent are corporations able to influence employee lifestyles?**

Baase: They have an impact, but it’s important to remember that health isn’t something that gets accomplished by edict or mandate. If you want to be successful in altering employee behavior, you want people to feel it’s a sincere and real effort, and that whatever you’re doing is really in their best interest. That has to be sustained for a long time to earn the trust of your employees and their families.

Main: It is possible to educate employees on how to live a healthier lifestyle and incent healthy behavior through plan design and communications. We introduced a value-based formulary in 2005 to encourage essential treatment by reducing prescription drug co-pays for certain chronic conditions like diabetes, heart disease, and asthma. We also offer free preventive care with many of our health plans and a free smoking-cessation program.

Sory: As employers we have a tremendous opportunity to create an environment that supports healthy choices. The foundation of Healthy Pfizer is self-knowledge and self-awareness. Integrated services including on-site health services, health assessments, on-line education programs, integrated telephonic access to care professionals, and better choices in our cafeterias, all drive home the point that Pfizer cares about the health of its employees. If they know we pay attention to it and make tools available to encourage healthy lifestyles, employees have been more inclined to take advantage of them.

► **What types of programs are having the biggest impact?**

Baase: There is good evidence that individual programs—such as tobacco cessation and weight management—work well. But there is also tremendous benefit to having a comprehensive program that addresses multiple risks and to making sure these programs are continuously available, because people’s individual readiness occurs at different

times. If you just run a program once and nothing is available again, you defeat the purpose.

Main: The University of Michigan is studying our value-based formulary program, and the preliminary numbers look good. We also measure the impact of our programs by looking at an increase in preventive-care usage and a decrease in hospital and emergency room visits.

► Can you measure the return on a wellness program?

Sory: The return on investment will be seen over the long term, and we believe our argument is both compelling and convincing. When we compare the cost of preventive screenings and timely interventions to the costs, both financial and quality of life, to treating a full-blown, long-term chronic disease we see a compelling argument for this kind of investment in employee health.

Baase: We measure the total economic impact of health-care costs, but we're also interested in outcomes and how our employees feel about the wellness programs we offer. With the multiple things that are happening, it's very difficult to tie increases or decreases in costs to a particular activity. But if we know that the overall health of people is improving, then we know that the wellness programs are going to have long-term impact.

► Are incentives the way to go?

Main: We found that education and financial incentives, such as eliminating co-pays for a doctor's office visit or an essential prescription, are a good beginning. On-site health fairs have also been very useful. We know reduced co-pays work for us, and we will continue to evaluate the use of incentives in our plan design.

Sory: We have found frequent program communications, testimonials from colleagues, and financial incentives to be very helpful in encouraging employees to participate. We offered a \$100 gift card to employees who completed a health-risk assessment, among other incentives. The result is nearly 80% of our employees and 50% of their dependents have enrolled in Healthy Pfizer. Many have subsequently participated in risk reduction and disease management coaching programs.

Baase: We're not a strong user of financial incentives.

We believe that health is a shared responsibility. And if you create a culture that encourages healthy behaviors, you might not necessarily need incentives. We have a participation rate in our health-assessment program of near 90%. We don't provide a cash incentive for that, and it has been going on for years.

► Can you make a connection between employee health and improvements in productivity?

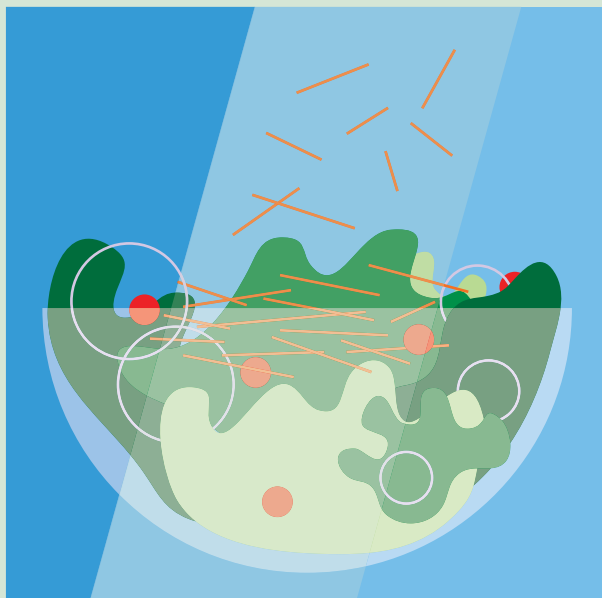
Sory: The first thing is to define productivity. We used to think of it in terms of the impact of employees who were absent or on short-term disability. But the reality is that we have not had a strong sense of how to track productivity at all. For the first time, we're investigating the links between health, claims costs, and absentee rates. Studies have shown that for every dollar invested in wellness and prevention programs, there is a savings of \$3.50—not only in medical costs but also in lost productivity because the employee isn't at work or isn't working up to potential.

Baase: We're trying to build a bridge between the words "health" and "human performance." Health is the leading indicator, so as health improves we expect performance to improve. But I'm careful not to make too great a link because, while health is an important component of productivity, it is not all there is to it.

► Can senior management have an impact on employee participation in wellness programs?

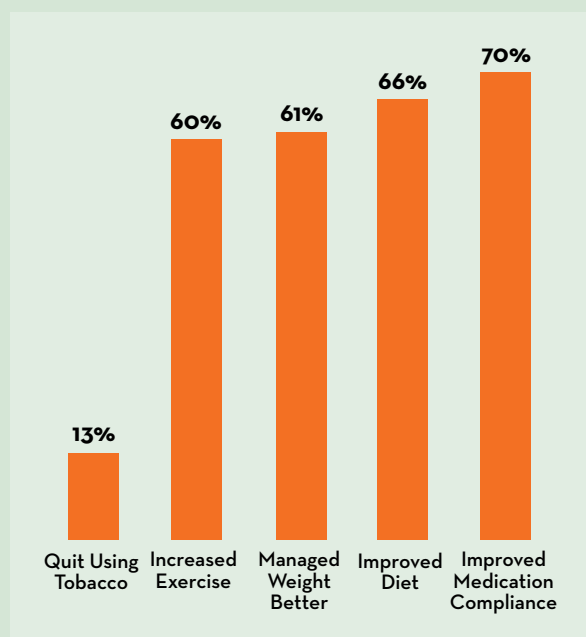
Sory: Pfizer is a health-care company, so our employees come to work every day trying to develop new ways to improve the health of people who are sick. Turning this perspective on ourselves did require cultural change. It definitely starts at the top with our chairman and support he has given to the program. But it's also important for different levels of managers to cascade all this information down to the next level, so employee health is not just seen as important at the top.

Baase: Leadership has a key role in the success of health programs. People have a sense that their health is a personal factor, and they don't necessarily want their supervisor to manage it for them. So it's important that the message be one that says to employees: "We know this can be difficult—we're all in this together, we need each other, and we need to support each other in being healthy." That's the kind of message from the top that resonates with employees and helps these programs be successful. ■



Turning Information into Action

Pfizer employees who completed a health risk assessment not only learned the value of preventive care; they also acted on the information. Two years after the assessment, the number of participants who eat three or more daily servings of fruit and vegetables has increased 37%, a total of 45% report a decrease in their alcohol intake, and 53% say they are getting more sleep. Other changes:



Source: Matria

With Pfizer's Help, Angela Lucas is Dealing with Diabetes

"I was diagnosed with type 2 diabetes a few months before I got remarried in August 2005. I know diabetes runs in my family, but I really wasn't ready to hear the news.

"The Pfizer program gave me a health coach and a dietician who helped me understand what diabetes is all about and the questions to ask. For example, what are proper eating habits? What are the best carbohydrates I can eat? Why aren't grilled fish and a salad good enough?"

"I found out I needed carbohydrates. Now I

add carrots to my salad. I also include half a baked potato each day, and eat the skin for protein. This kind of practical advice is so helpful.

"I lost 10 pounds during the past eight weeks, but I know my life depends upon keeping up my new lifestyle. Diabetes is a life-long illness, and I'm going to do whatever it takes to make sure I'm the healthiest I can be.

"I know I have to lose more weight, and I will. My kids are watching, and I want them to see me do the right things."



"I'm going to do whatever it takes to be the healthiest I can be."



Think of it. Americans are living longer and spending more on healthcare. In fact, spending has risen to more than two trillion dollars a year. At Pfizer we're working on ways to help - with innovative medicines that help prevent illnesses and reduce the cost of treating them. We also have programs that provide our medicines to people without prescription coverage.

But we know we have to go further. Across America, Pfizer is partnering with health care providers, state governments and local communities to bring personalized, quality, preventive health solutions to patients; measures like providing personal care managers, 24 hour-a-day nurse call centers, and health education

such as diabetes workshops and other group health classes. And the results are clear. These programs are helping keep people healthy and reducing the economic burden of disease, in some cases decreasing hospital stays by as much as 52%.

Today, Pfizer is working toward solutions that mean a happier, healthier tomorrow for us all.



Working for a healthier world™

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