



## The Impact of International Health, Safety and Productivity Programs

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## Cultivating the Health and Productivity Approach

- Focuses on full spectrum of employee health status, health risks and prevention
- Focuses on corporate and facility level on direct and indirect cost with regular measurement and goal setting
- Data collection includes administrative and self report sources and are drawn from commonly available data sources
- Matching individuals with health programs and interventions is necessary

## Navistar Case Study

- Focuses on supply and demand management
- Focuses on health outcomes as well as cost
- Major primary, secondary and tertiary prevention efforts
- Data driven

## Background

- 150 year old largest US truck and engine manufacturer
- Older population and three retirees for each employee
- Largely unionized with generous health benefits and five-year negotiations of plan
- Facing financial crisis with FASB 106 changes in 1993, 2001 – fixed retiree benefits in court settlement and health care cost a major financial driver
- Managed by Health and Productivity Group with service center in Benefits Group

## Management Support

- Health care cost major issue for 20 years for Chairman and Board of Directors
- Monthly Health and Safety report with site by site health care cost and analysis to Chairman and Reports
- Yearly report and goal setting with Board of Directors
- Quarterly meetings with UAW and retiree representatives

## Measures Reported Monthly to Senior Management by Facility

- Healthcare Costs (US)
- Disability Costs (US)
- Workers' Compensation Costs (US)
- Absenteeism (Global)
- Audit Scores (Global)
- Safety Measures (Global)
- Energy Costs (Global)

## Analysis of Healthcare Costs

- Data sources are Medical productivity and pharmaceutical claims matched with Human Resource data
- Data compiled by Medstat and internally
- Analytical sample is all US employees in health plans
- Regular analysis of disease trends, pharmaceuticals used, costs by facility

## Other Measures

- Measures of participation are conducted regularly
  - Over 70% participate in Vital Lives health programs
  - Health risk appraisals are offered yearly and incentivized (70-90% participate)
  - Employee engagement surveys are conducted regularly
  - Adherence and persistence data are regularly reported and has been consistently in PBM's highest group
- Quarterly analysis of disease trends are conducted by disease state
- Benchmarking and best practice analysis is regularly conducted
- Productivity as absenteeism is conducted monthly and presenteeism evaluated by questionnaire

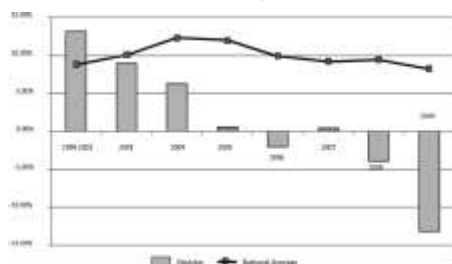
## Assessments

- Written analysis to senior management monthly
- Report and presentation to Board of Directors annually or as requested
- External analysis and studies for publication are conducted
- Yearly health risk appraisals and human capital surveys conducted
- Special analysis is conducted for clinic, hospital and pharmacy utilization
- Due diligence conducted for acquisitions

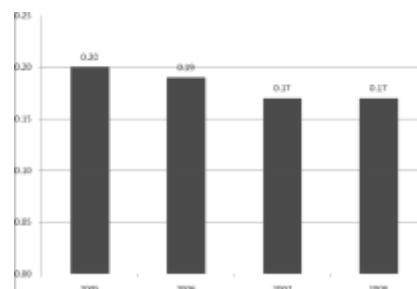
## Assessments

- Compliance / persistence data is reported by PBM (Pharmacy Benefit Manager) regularly
- Regular formulary reviews are conducted and appropriate modifications are based on the data
- Yearly changes in health plan design are made based on the data

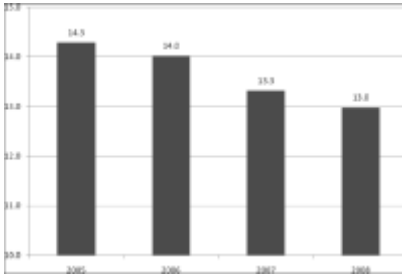
U. S. Hospital Cost Trend per Employee/Retiree



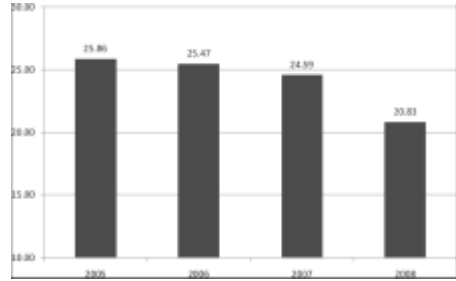
Hospital Admissions per Employee



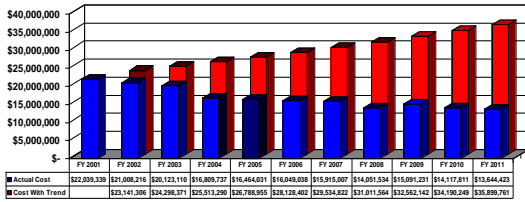
### Outpatient Visits per Employee



### Pharmaceutical Prescriptions per Employee.



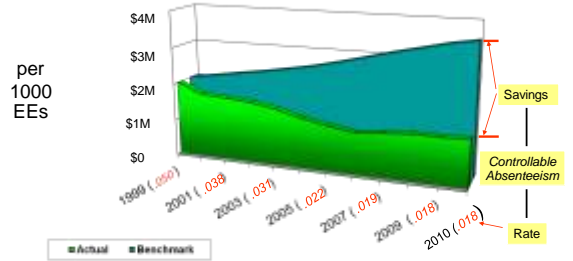
### Ten Year Combined Workers Compensation & Disability Cost - National Trends\* vs. Navistar Actual



2011 costs were \$7.4 Million lower than 2001; \$22 million lower than national trend

\*Assumes only 5% annual combined increase in WC and Disability costs

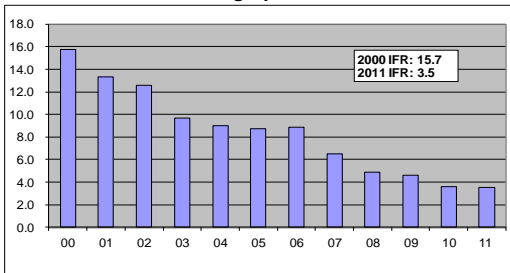
### Controllable Absenteeism Cost Savings: Navistar, 1990-2010 In constant 2005 Dollars Per 1000 Employees



**Conclusion**  
From 1999-2010, Navistar's controllable absenteeism rate dropped from 5.0% to 1.8%. Treating 1999 as benchmark, its annual savings now exceeds \$2 million per 1000 EEs.

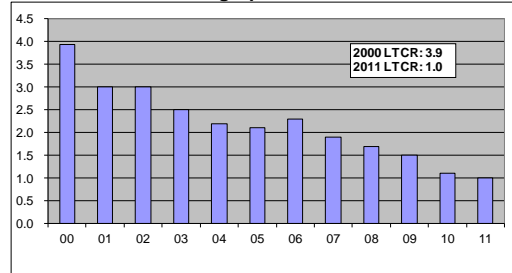
### Safety Results - Incident Frequency Rate

#### Global Manufacturing Operations



### Safety Results - Lost Time Case Rate

#### U. S. Manufacturing Operations



## Discussion

- The results reflect a ten-year positive trend in all measures
- Trends are consistent from measure-to-measure and year-to-year
- Trends are key for Sustainability of the company
- Management of supply and demand
- Regular external analysis of health outcomes
- Ongoing analysis
- Responding to data with actions

## International Healthcare Management

### International Medical Care Evolution

- Rapid increase in insured programs
- Expatriates covered by home country health plans and host country plans
- Travelers with increased private insurance coverage
- Rapidly increasing costs for most industrialized countries

### Host Country: Medical Care

- Historically public health system primary medical provider
- Corporations added on site or free standing clinics, purchased hospital rooms, built hospital facilities
- Limited private insurance for expatriates and country managers
- Rapidly changing in most industrialized countries

### Developing a Three Part Approach to Health Care Internationally

- Understand public health system and its provisions
- Understand interfaces and access to public health care
- Provide needed onsite and free standing corporate clinic needs
- Provide insured care for all or indicated groups

### Role of International Health Care Council

- Understand all components of health care
- Understand drivers of poor health and lost productivity
- Understand the need and demands of international employees
- Design prevention programs that reduce illness and increase productivity
- Design a health care system meeting needs of employees in a cost effective way