Together we can improve health!
THE LANGDALE COMPANY

• 118 Year Old Diversified Forest Products Family Business (http://www.thelangdalecompany.com)
• Self-funded, 1,100 Employees/1,700 covered lives
• Identified Health Plan Cost Concerns Since 1990
• Average Annual Double-Digit Cost Increases
• Lack Access to Credible Data, no Data Integration
• Reactionary Health Plan Design
• No Wellness or Disease Management Programs
• Unknown Economic Development Impact
WHY SELF-ADMINISTRATION?

• 2000 PEPY Cost Trending to >$6,400
• Telephonic DM Program
• Self-Administered in August 2000
  – Collect and Manage Data
  – Identify Trends and Cost Drivers
  – Implement Programs to Control Costs
  – Engage and Educate Employees
  – Take Control of Data = Lower Plan Costs
Data is Power

• Access to Paid Claims Data - Critical
  – Evaluate Plan Performance
  – Determine High Cost Areas
  – Determine Chronic Disease/Cost
  – Evaluate/Modify Plan Benefit Design
  – Tailor a Wellness/DM Program to Manage Chronic Disease (via Health Care Advocates and HRAs (with Biometric Data))
1. Leadership/Management Commitment
   a) Executive Team Buy-in
   b) Management Reporting
   c) Peer to Peer Learning

2. Plan Design
   a) Understand Culture and Goals (develop workplace medical home)
   b) Comprehensive/Proactive
   c) Data driven/Data Integration
   d) Vendor/Partner Integration
   e) Provider Competition and Quality
   f) Employee Education/Communication (Health Care Advocates)
   g) Evaluation/ROI

3. Program Implementation
   a) Employee Engagement
   b) Preventive/Wellness and Rewards/Incentives
   c) Disease Management and Rewards/Incentives
   d) Medical Management
   e) Treatment- value based providers (i.e. MIP, Bariatrics)
   f) Centers of Excellence (Worldwide Care Destinations, Clinics)
Context: Rural area; diverse workforce; sharp increases in health care costs nationwide; blue-collar environment; 116 year old business focused on sustainability; advisors (e.g. insurance, attorney, broker, & other experts).

Langdale Employee Benefits Program Logic Model

**Inputs**
- The Langdale Company – Corporate support
- TLC Benefits Solutions
- Project Partners
  - Lowndes County Partnership for Health
  - Doctors’ Direct Healthcare
- Local Physicians Network
- Annual Budget
  - 1/3 plan costs from employees by way of premium

**Activities**
- Employee wellness education (newsletters and online information) & wellness promotion activities (e.g., gym memberships)
- Face-to-face employee benefits education (at hire & ongoing)
- Employee participation in self insured/self-administered health plan
  - Proactive, focus on prevention
  - Medical management
  - Referrals to cost-effective providers
- Employee participation in population management
- Review claims to ID workers with/at risk for CD & non-compliant patients
- HRAs w/ biometrics & predictive modeling to identify patients with/at risk for CD
- Incentives for HRAs ($10 gift card) and DM (concierge physician & low co-pay meds)

**Short-term**
- Increased awareness of link between behavior and health
- Employees w/ or at risk for CD decrease modifiable risk factors and comply w/ prescribed treatment
- Health Coaching & Intervention for higher risk individuals
- Smoking cessation program offered to all employees
- Workers at risk (broadly defined) for CD receive individual education, counseling & assistance
- Plan members with CD participate in opt-out DM

**Intermediate**
- Decrease in CD rates and complications
- Plan members receive high quality, cost effective care
- Benefits to The Langdale Co.:
  - Lower health care plan costs
  - Improve productivity
  - Reduce absenteeism/preseenteism
  - Improve morale
  - Reduce turnover costs
  - Hire/retain loyal, qualified workforce

**Long-term**
- Cost savings for The Langdale Co.
- Improved employee health

**Outcomes**
- Decrease in CD rates and complications
- Plan members receive high quality, cost effective care
- Benefits to The Langdale Co.:
  - Lower health care plan costs
  - Improve productivity
  - Reduce absenteeism/preseenteism
  - Improve morale
  - Reduce turnover costs
  - Hire/retain loyal, qualified workforce

**Population Management**
- Review claims to ID workers with/at risk for CD & non-compliant patients
- HRAs w/ biometrics & predictive modeling to identify patients with/at risk for CD
- Incentives for HRAs ($10 gift card) and DM (concierge physician & low co-pay meds)

**Employee participation in population management**
- Review claims to ID workers with/at risk for CD & non-compliant patients
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**Smoking cessation program offered to all employees**
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**Employee participation in self insured/self-administered health plan**
- Proactive, focus on prevention
- Medical management
- Referrals to cost-effective providers

**Employee wellness education**
- Newsletters and online information
- Wellness promotion activities (e.g., gym memberships)

**Face-to-face employee benefits education**
- At hire & ongoing

**Incentives for HRAs**
- $10 gift card
- Concierge physician & low co-pay meds

**Annual Budget**
- 1/3 plan costs from employees by way of premium
Langdale Proactive in 2012

- PEPY Cost Flat Since 2000
- Reinsurance Cost Below Trend
  1.3% Average Trend 2000 – 2011
- Engage Employees, Management Reports
  – Wellness and Disease Management
  – High Tech/High Touch Education
- Community Involvement
  – Lowndes County Partnership for Health
  – Cancer Coalition of South Georgia
- Centers of Excellence, and Direct Contracts

- **Saved over $29M health care plan cost since 2000!**
  (in non-managed care market, without cost-shifting)
# Langdale Annual Plan Cost to Southeast Average Employer Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Southeast Avg. PEPY</th>
<th>Langdale Gross PEPY</th>
<th>Langdale Net PEPY</th>
</tr>
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<tbody>
<tr>
<td>2000</td>
<td>$762</td>
<td>$1,500</td>
<td>$1,500</td>
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<tr>
<td>2001</td>
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<tr>
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<td>2006</td>
<td>$2,267</td>
<td>$3,411</td>
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<tr>
<td>2007</td>
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<td>2009</td>
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</tr>
<tr>
<td>2010</td>
<td>$3,411</td>
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</tbody>
</table>

*PEPY Cost is the Employer Cost of Providing Employee Benefit Plans.*
Comparison of Langdale Trend Cost to National Inflation Rate
(Medical, Dental & RX)

Source: Kaiser/HRET 2009 Employer Health Benefits Annual Survey
## Extrapolation to Total Population

### Contribution of Risk Factors to Avoidable Cases* of Each Disease**: Changes Between Baseline & Follow-Up

### Total Population: N = 1054

<table>
<thead>
<tr>
<th>Risk Sources</th>
<th>Avoidable Cases</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Baseline</td>
<td>Follow-Up</td>
</tr>
<tr>
<td>Weight</td>
<td>37.6</td>
<td>33.5</td>
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<tr>
<td>Blood Pressure</td>
<td>18.1</td>
<td>15.1</td>
</tr>
<tr>
<td>Exercise</td>
<td>11.8</td>
<td>10.4</td>
</tr>
<tr>
<td>Smoking</td>
<td>10.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>13.9</td>
<td>8.6</td>
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<tr>
<td>Glucose</td>
<td>4.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Aspirin</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>98.3</strong></td>
<td><strong>83.5</strong></td>
</tr>
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</table>
**Avoidable cases** is the number of new cases that can be avoided in the next 5 years, if all modifiable risk factors are brought within the normal range.

**Diseases include type 2 diabetes, coronary heart disease, stroke, heart failure, COPD, and lung cancer.**
### Extrapolation to Total Population****

<table>
<thead>
<tr>
<th>Diseases</th>
<th>Baseline</th>
<th>Follow-Up</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 2 Diabetes</td>
<td>$1,103,673</td>
<td>$902,327</td>
<td>-$201,346</td>
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<tr>
<td>Coronary Heart Disease</td>
<td>$1,067,919</td>
<td>$904,188</td>
<td>-$163,731</td>
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<tr>
<td>Stroke</td>
<td>$776,394</td>
<td>$762,278</td>
<td>-$14,116</td>
</tr>
<tr>
<td>Heart Failure</td>
<td>$164,150</td>
<td>$154,301</td>
<td>-$9,849</td>
</tr>
<tr>
<td>COPD</td>
<td>$72,181</td>
<td>$73,061</td>
<td>$880</td>
</tr>
<tr>
<td>Lung Cancer</td>
<td>$44,370</td>
<td>$35,496</td>
<td>-$8,874</td>
</tr>
<tr>
<td>All Diseases</td>
<td>$3,228,686</td>
<td>$2,831,650</td>
<td>-$397,036</td>
</tr>
</tbody>
</table>

* Predicted costs = probability of disease onset (KYN) x 2.5 years x annual cost of disease (noted below).

** Study population is the population who participated in Know Your Number.

*** Difference = follow-up estimated costs minus baseline estimated costs.

**** The study population is considered to be a representative subset of the larger total population.

The annual costs (per patient) were as follows: type 2 diabetes = $9,943; coronary heart disease = $9,775; stroke = $11,293; heart failure = $6,586; COPD = $3,521; and lung cancer = $35,496.

Estimates include direct and indirect medical costs associated with occurrence of each disease and were calculated using current national average annual costs, as reported by the American Diabetes Association, the American Heart Association, the American Stroke Association, the American Lung Association, and National Cancer Institute.
The Big Picture

- Data Analytics is Key to Success
- Data Integration (Medical, Rx, HRA, DM/Med. Mgt.)
- Proactive Plan Benefit Design
- Develop Strategic Partnerships with Vendors
  - Medical Management
  - Reinsurance Relationship
  - HRA/Wellness/DM
- Measure Health & ROI (Business and Community)
- Determine Economic Development/Jobs Impact
PARTNERSHIPS

• Doctors Direct Healthcare (DDHC)
  – Physician Leadership
  – Medical Management
  – Disease Management – Opt Out Program
  – Data/Reporting Capabilities

• Lowndes County Partnership for Health
  – Health Risk Assessments
  – Wellness Screening
  – D/M Face to Face Interaction with Employees
  – Collaborate with Doctors Direct

• Cancer Collation of South Georgia
  – EAP-type Assistance/Education

6.8:1 ROI
Lowndes County Partnership for Health

- Partnership for Healthy Living
- Improving the Health of the Community
- Local Resources
- Regional Resources
- State/National Resources
- Partnership Cancer Fund
- Pharmacy Assistance
- Wellness and Disease Management
The Chronic Care Model

Community
- Resources and Policies
- Self-Management Support

Health Systems
- Organization of Health Care
  - Delivery System Design
  - Decision Support
  - Clinical Information Systems

Improved Outcomes
- Informed, Activated Patient
- Prepared, Proactive Practice Team

Productive Interactions
## Health Care Transformation

**Current System**
- **Provider-centered**
- **Price-driven**
- **Reactive**
- **Hidden price and quality information**
- **Knowledge-disconnect**
- **Slow diffusion of innovation**
- **Disease-focused**
- **Paper-based**
- **Process-focused**
- **Limited choice**
- **Disconnected, sporadic care**
- **Costly**
- **Quantity and price measured**

**21st Century System**
- **Individual/patient-centered**
- **Value-driven**
- **Proactive**
- **Transparent price and quality information**
- **Evidence-based, Knowledge-intense**
- **Rapid diffusion of innovation**
- **Prevention and health-focused**
- **Electronically-based**
- **Outcomes-driven**
- **Increased choice**
- **Continuity of health and care**
- **Cost-effective**
- **Quality of care and quality of life measured**

Adapted from [Center for Health Transformation](http://www.centerforhealthtransformation.com), 2005
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