The Evolution of an Effective Wellness Program

Presented by:

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Did you know?

- 40% of all surgeries are unnecessary
- 2000 people die every day from cardiovascular disease
- Cigarette smoke contains 4,800 chemicals, 69 of which cause cancer
- A can of soda contains 10 teaspoons of sugar
- Most cancer can be found in fat cells
- 2 million deaths a year occur due to preventable risk factors
87.5 % of your outcome is determined by lifestyle choices
Healthiest Population

Secret of long life in Okinawa
15 Questions Start with 79

1. What is your gender? Females +1, Males -2

2. Do you have an annual physical exam? Yes +3, No -3

3. Do or did you have parents, grandparents above 85? +2 for each

4. Do you volunteer on a weekly basis? Yes +2

5. Do you live alone? Yes -3

6. Are you able to laugh and learn from your mistakes? Yes +1, No -3

7. Do you have a confidant who listens to your concerns? Yes +1, No -2
8. Do you engage in daily mental exercises (i.e. puzzles)? Yes +2
9. Do you do aerobic exercise daily (run, bike swim)? Yes +4
10. Do you eat a balanced diet (fruits, veg., whole grain)? Yes +2, No -3
11. Do you smoke? Yes Females -10, Yes Males -5
12. Do you control your blood sugar level (100)? No -3
13. Do you control your blood pressure (120/80)? No -2
14. Do you own a pet? Yes +2
15. Do you practice good oral hygiene (daily floss, brush)? Yes +1, No -2
Seven Steps to Longevity

1. Optimism
2. Engagement, (Iki-Gai) have a reason for being, hobby
3. Activity/Mobility
4. Beat the big killer (Cardiovascular disease)
5. Social connectedness
6. Adaptation to loss
7. Healthy habits (Less sugar and fats, eat to 80% full)
Shearer’s Wellness Journey

- Who we are
- Why wellness?
- Our 10 year history of wellness programs
- Shearer’s Comprehensive Wellness Plan
Privately owned by Management, Ontario Teachers Pension Fund and Wind Point Partners

Headquarters in Massillon, OH

Better Together Everyday
Who is Shearer’s

Shearer’s Foods is a customer-centric, values based organization, that is the leading private label and contract manufacturer of snacks in North America. The company is known for industry leading quality.
Full Line of Quality Snack Products

Potato Chips
- Flat potato chips
- Kettle cooked potato chips

Sheeted Products
- Triangle cut tortilla chips
- Blue corn tortilla chips
- Multi-grain sheeted chips

Extruded Products
- Cheese Curls
- Butter Puffs

Cookies
- Sandwich Creams
- Wire cut
- Premium

Crackers
- Saltines
- Snack Crackers

Wafers
- Sugar Wafers
- Enrobed Bars
Unique Position in Snack Food Market

<table>
<thead>
<tr>
<th>Segment:</th>
<th>Co-Pack</th>
<th>Private Label</th>
<th>Branded</th>
</tr>
</thead>
</table>

Representative Customers / Brands:
We have 3300 associates working in 8 plants!
Sustainability at Shearer’s

The World’s First
USGBC LEED Platinum®
Food Manufacturing Plant
Massillon, Ohio
Why Wellness?
It’s not about the money
Historical Context

1. For most of human existence on earth, calories were scarce and exercise was plentiful
2. Now, exercise is scarce and calories are plentiful
3. Through safety engineering (things like air bags and safer consumer products) and basic medical prevention (antibiotics and vaccinations) we have extended life

Due to 1, 2, and 3 above, human beings are faced with more and more chronic and complicated medical conditions, in many (most) cases due to poor life choices
Macroeconomic Trends

- **Average benefits cost per covered employee has been steadily rising**
  - $11,938 in 2013
  - $12,535 in 2014

- **Rate of inflation in employer sponsored health care plans has slowed**
  - 4.1% in 2013 (lowest rate of increase since 1999)
  - 4.4% in 2014

- **Affordable Care Act**
  - New taxes, more complexity, more employer responsibility
  - Opportunity to increase wellness incentives, especially regarding tobacco use

Source for Non Shearer’s data sited in this presentation:
Towers Watson 2014 Benefits Survey

2014 Shearer cost per covered employee was 36% below national average
Cost Mitigation in Employer Sponsored Healthcare Plans

What have employers done to control their costs of benefits?

- Pass along more costs to employees
  Since 2009, employees total premium costs have increased about 32%
- Limit or discourage dependents, for example, spousal exclusion or surcharge
- Consumer driven plans (HSA plans, educational tools)

- Wellness Programs
Its Not About the Money!

Wellness Mission:
We want associates to go home better than when they came.

Providing opportunities to achieve our Wellness Mission will help us to sustain a successful organization with associates who are genuinely proud of where they work.
Shearer’s History of Wellness Plans

2005-2009: Participation Wellness Programs

2009: Introduced On Site Clinics

2010: HRA without Incentives

2010: Benefits plans – “Healthy Options” and “Unhealthy Options”
   *No longer hired tobacco users*

2011: Tied Biometric Results to Healthy Options Plan

2012-2014: Eliminated Unhealthy Option and increased incentive for non-smokers and those that achieved BMI

2015: Biometric Results Based Incentive Program with Wellness Participation Incentive Program
2015 Shearer’s Wellness Plan

Three pronged approach

1. Biometric results based financial incentives
2. Participation based incentives (Healthy Choices)
3. Free on-site clinics
1. Biometric Results Based Incentives

- All associates who take advantage of our benefits plan can earn an incentive based on the results of their health assessment.

- Spouses of associate’s in the Family or Associate and Spouse plan can also earn an incentive based on the results of their health assessment.

- Associate that use tobacco products can also participate and earn an incentive based on the results of their health assessment.
Incentives Process

Registration
September

Health Screen
October

2015 Wellness Incentive

$3.00 per pay discount based on your LDL cholesterol
$3.00 per pay discount based on your Blood pressure
$3.00 per pay discount based on your Glucose
$6.00 per pay discount based on your Body mass index
$18.00 per pay discount based on No tobacco use

*Amounts are doubled for Associate + Spouse or Family benefits plan*
In 2015, we will use moderate standards compared to those used by the National Institutes of Health:

<table>
<thead>
<tr>
<th>Health Care Standard</th>
<th>NIH Standard</th>
<th>Shearer’s Standard</th>
<th>Points Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>LDL Cholesterol</td>
<td>100 or less</td>
<td>115 or less</td>
<td>1</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>120/80 or less</td>
<td>130/85 or less</td>
<td>1</td>
</tr>
<tr>
<td>Glucose</td>
<td>100 or less</td>
<td>110 or less</td>
<td>1</td>
</tr>
<tr>
<td>Body Mass Index</td>
<td>24.9 or less</td>
<td>27.5 or less or 10% reduction</td>
<td>2</td>
</tr>
<tr>
<td>Nicotine</td>
<td>Negative result</td>
<td>Negative result</td>
<td>6</td>
</tr>
</tbody>
</table>

1 Point = $3
Possible Incentives

**Associate Coverage Incentive**

$858.00

**Associate/Spouse Incentive**

$1716.00
## 2014 Results

<table>
<thead>
<tr>
<th>Standard</th>
<th>% of Participants Earning Incentive</th>
<th>Results Compared to 2013 (Aggregate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LDL Cholesterol</td>
<td>66%</td>
<td>4.5% decrease</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>86%</td>
<td>2.3% decrease</td>
</tr>
<tr>
<td>Glucose</td>
<td>88%</td>
<td>1.8% decrease</td>
</tr>
<tr>
<td>Body Mass Index</td>
<td>55%</td>
<td>Lost &gt;3000 lbs</td>
</tr>
<tr>
<td>Nicotine</td>
<td>85%</td>
<td>2.0% decrease</td>
</tr>
</tbody>
</table>
To maintain confidentiality of personal health information, it is critical to use a third party for data collection and analysis.
2. Participation Based Incentives

Healthy Choices

- $250 Incentive
- Drive healthy behaviors
  - HRA
  - Annual Physical
  - Annual Dental
  - Activity

Leading a healthy active lifestyle…

- Complete 2 Required Healthy Choices
- Then choose 2 of 8 items on the rest of the list
- 4 total completed Healthy Choices are required
Healthy Choices

In order for you to receive $250 you will need to complete the first 2 Healthy Choices on the menu list and then choose 2 out of the last 8 items on the list.

You need a total of 4 completed Healthy Choices.

<table>
<thead>
<tr>
<th>Required</th>
<th>Healthy Choices</th>
<th>Signature</th>
<th>Phone #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required</td>
<td>Health Risk Assessment or Annual Doctor Physical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required</td>
<td>Annual Dental Checkup</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Optional</th>
<th>Healthy Choices</th>
<th>Signature</th>
<th>Phone #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optional</td>
<td>Health Club or Gym Membership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>(2) Health Education classes- health fair, nutrition, stroke prevention, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>Shearer’s Walking Challenge or Weight Loss challenge completion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>Shearer’s Sponsored Sports Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>Complete a tobacco cessation program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>Participate in a weight management program (i.e. Weight Watchers)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>Complete (8) Fitness class sessions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td>Complete (2) 5K walking/running events</td>
<td></td>
<td></td>
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</tbody>
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3. Free On-Site Clinics

how do they work?

- No work related issues only (separate from workers comp)
- Typically open ½ day, Friday and Monday
- Provide service to employees like a primary care physician’s office
- Staffed by physician or PA, Receptionist & Nurse
- Write and dispense Rx
- Order tests
- Provide referrals
- Conduct annual health assessments as part of our Wellness Program
- No appointment necessary
- Available to ALL employees and their covered dependents
On Site Clinics

Model

- Fixed fee basis for hours staffed
- Variable fee basis for supplies and meds
- For the most part, the clinics are on our premises and we own and provide the equipment (from exam tables to computers)
- The Clinic provider “owns” the data and the provider / patient relationship
Tangible Assumptions
✓ Primary Care Physician Average cost = $110 per visit

*These factors alone tend to make the fixed cost clinic a breakeven proposition for your health care plan finances*

✓ Rx filled at on site clinic is billed at wholesale, not retail
✓ Emergency or urgent care = $2168 per visit

Intangible Assumptions
✓ Employee relations
✓ Productivity
✓ Prevent a large claim / save a life

<table>
<thead>
<tr>
<th>Diagnosis</th>
<th>Average Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sprains &amp; strains</td>
<td>$1498</td>
</tr>
<tr>
<td>Other injury</td>
<td>$2103</td>
</tr>
<tr>
<td>Open wounds of extremities</td>
<td>$1650</td>
</tr>
<tr>
<td>Normal pregnancy and/or delivery</td>
<td>$2008</td>
</tr>
<tr>
<td>Headache</td>
<td>$1727</td>
</tr>
<tr>
<td>Back problems</td>
<td>$1476</td>
</tr>
<tr>
<td>Upper respiratory infection</td>
<td>$1101</td>
</tr>
<tr>
<td>Kidney stone</td>
<td>$4247</td>
</tr>
<tr>
<td>Urinary tract infection</td>
<td>$2598</td>
</tr>
<tr>
<td>Intestinal infection</td>
<td>$2398</td>
</tr>
</tbody>
</table>
In Summary – keys to success

- Managerial courage and commitment
- Lead by example
- Employee engagement
- Drive a culture or health and wellness
- Happy People Phenomenon
Questions?

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