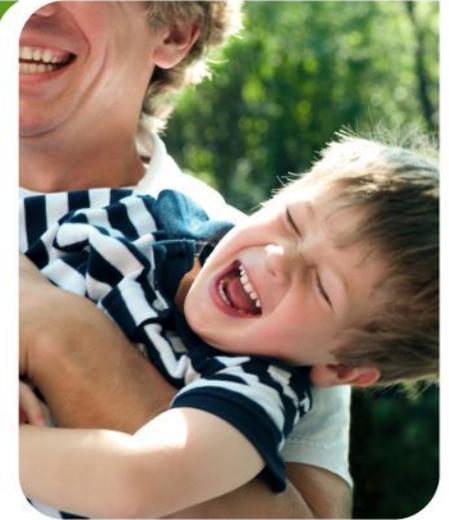




The Time Is Now: Willing Wellness in the Workplace



Thomas J. Van Gilder
Market Vice President
October 5, 2012

Humana



Health, wellness and your business

Health, wellness and your business:

- Definition of health and well-being.
- The business of health today
- Financial impact on business
- Challenges
- New paradigm
- Workplace scenarios
- Results
- Next steps



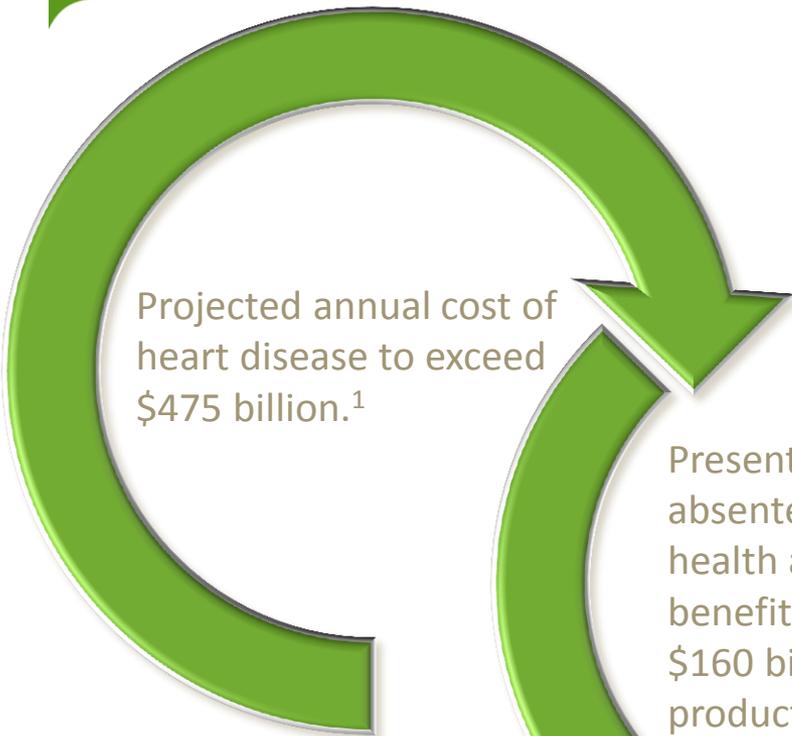
Our vision: Helping people achieve lifelong well-being at all stages of life and health.

Humana's well-being definition and model

- The Full Spectrum of Well-being
 - Living happily with a balanced sense of purpose, belonging, security and health



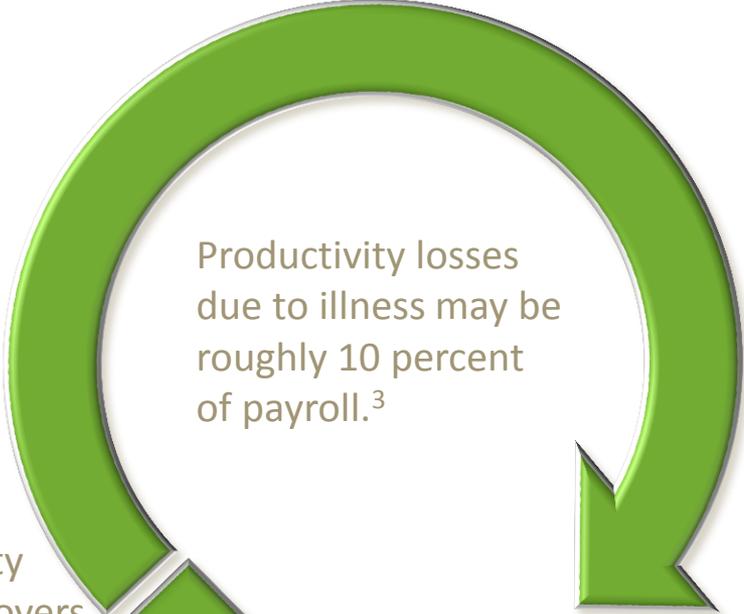
The business of health today: the reality



Projected annual cost of heart disease to exceed \$475 billion.¹



Presenteeism, absenteeism and health and disability benefits cost employers \$160 billion in lost productivity.²



Productivity losses due to illness may be roughly 10 percent of payroll.³

Higher premiums and greater direct healthcare costs for employers and employees.

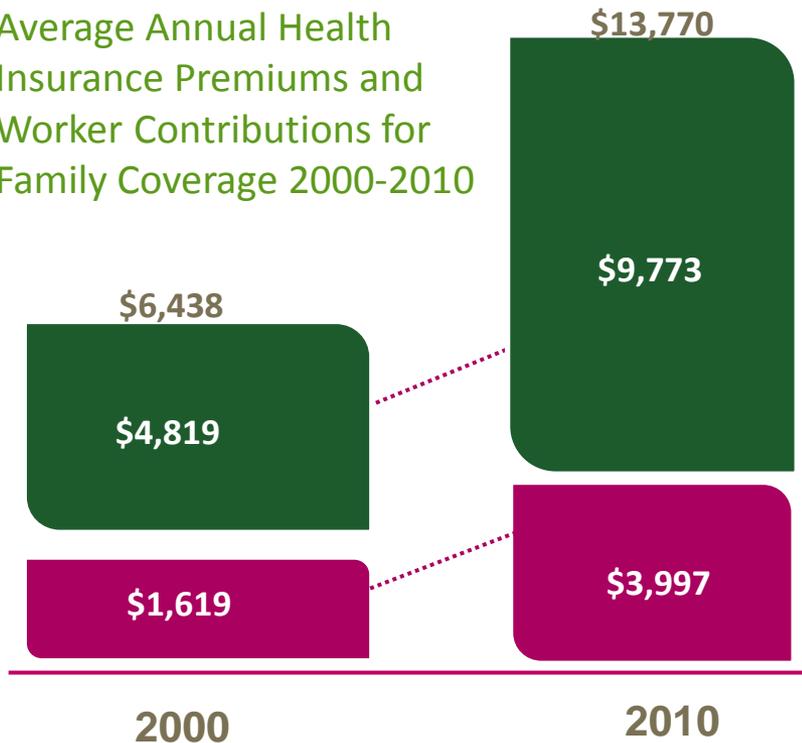
Source: ¹ Centers for Disease Control and Prevention, 2009

² Kalorama Information Study, 2008

³ Institute for Health and Productivity Studies, Cornell University

The business of health today: financial impact

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage 2000-2010



Healthcare costs continue to rise for both employees and employers

- 114% premium increase
- 147% contribution increase

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits 2000-2010

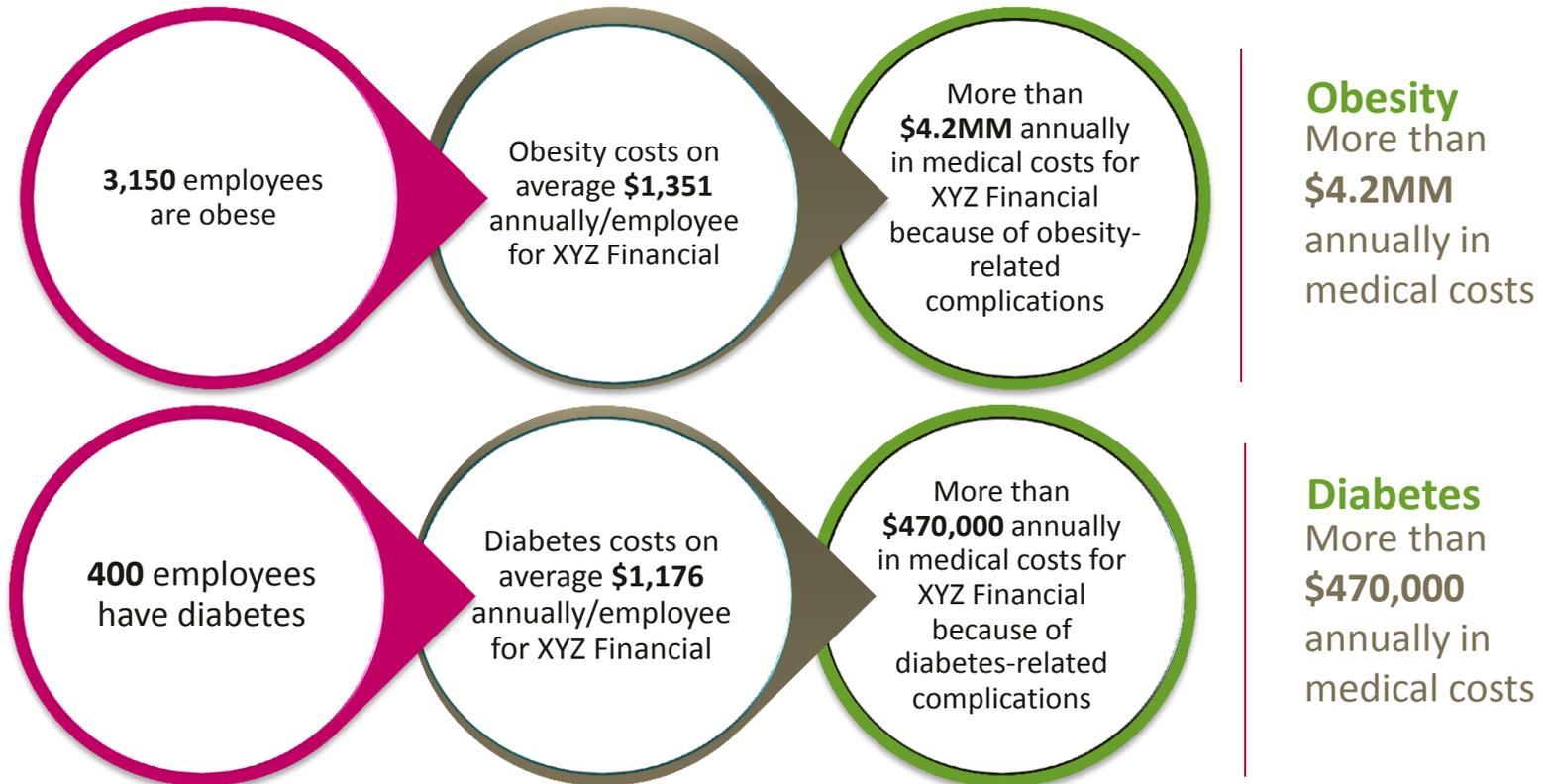
Rising health care costs

- According to the Centers for Disease Control and Prevention (CDC), more than 75% of an employer's health care costs and productivity losses are related to employee lifestyle choices



The business of health today: cost drivers

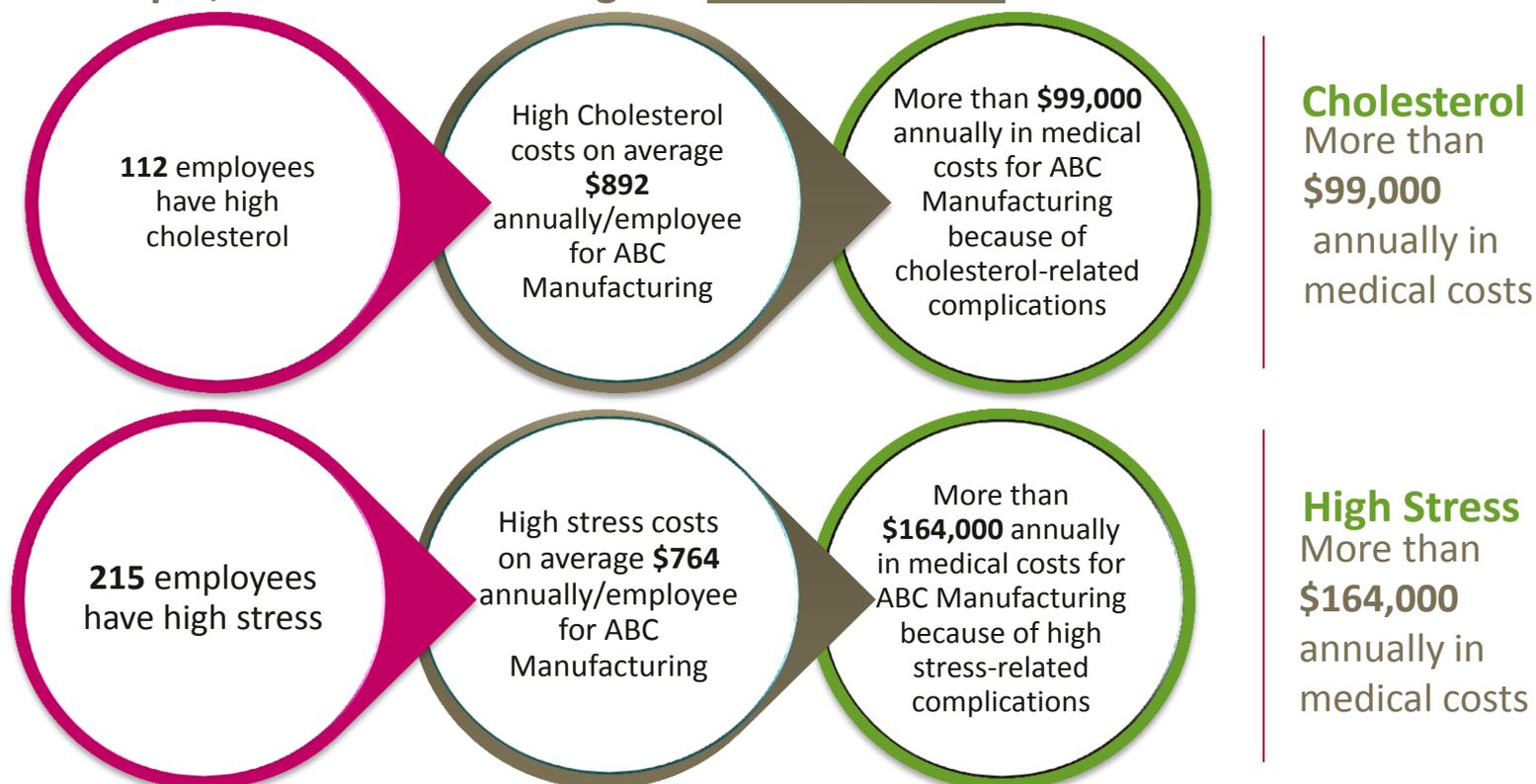
Consider the impact from common health-related conditions.
For example, XYZ Financial has 5,000 employees.



Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, *Promoting Employee Wellbeing*

The business of health today: cost drivers

Consider the impact from common health-related conditions.
For example, ABC Manufacturing has 500 employees.



Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, *Promoting Employee Wellbeing*

The business of health today: cost drivers

Consider the impact from common health-related conditions.
For example, 123 Auto Services has 50 employees.



Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, *Promoting Employee Wellbeing*

Reduce health care costs

“*Good* companies know that their employees are their most valuable asset. *Great* companies adopt policies that support employees’ efforts to reduce health risks and are bold about motivating them through bold strategies, programs and tactics. *Great* companies know that by improving their employees’ health, they can reduce health care costs.”*

David Hunnicutt
President of WELCOA

*emphasis added

The business of health today

- Many health improvement programs have historically lacked employee engagement and sustainability, resulting in undesired outcomes. Common challenges include:
 - Low participation
 - Unclear and disjointed wellness program objectives
 - Employees with risk factors may not be identified
 - Lack of solutions that align with a company's culture
 - Reluctance to invest due to lack of proven ROI
 - Changing healthcare environment
 - Lack of interventions to address the entire person – physical, mental and emotional needs

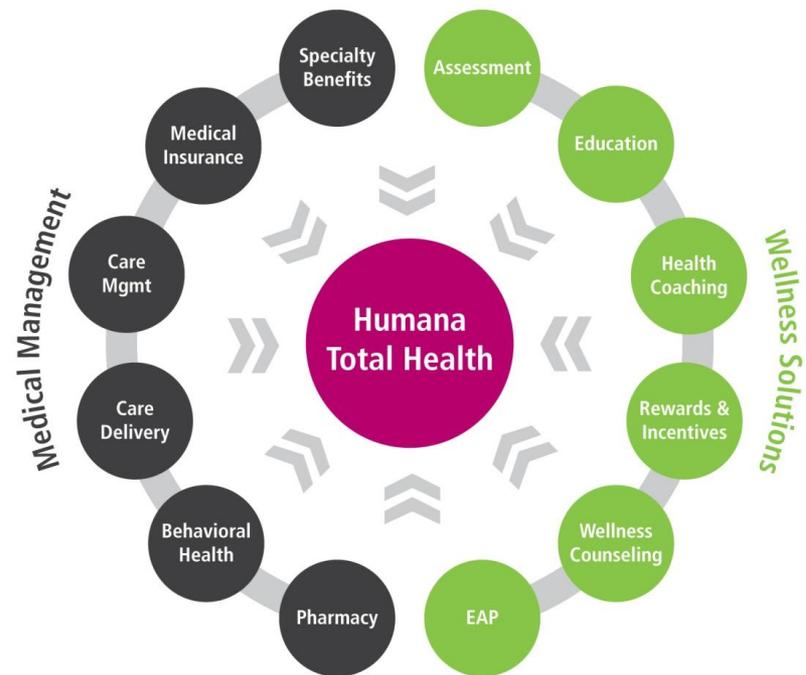


HR and wellness professionals are well aware that little, if any, lasting value including health status improvements, can be achieved without a supportive cultural environment¹

Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, Promoting Employee Wellbeing

The future of health: a new paradigm

- 1** An integrated health and wellness model that assesses all employees to create a personalized pathway for health improvement
- 2** Interventions to address the entire person – physically, mentally, and emotionally – through a variety of contact points
- 3** Scientific data engine to identify the unique health needs of each of your employees
- 4** Sustainable programs, driven by incentives and rewards, to inspire action today, tomorrow, and into the future



A model for success: Medical and Wellness

Opportunity: expanded wellness discounts?

Wellness is the Solution:

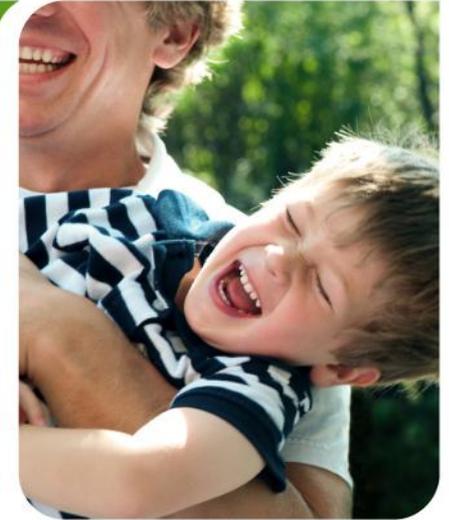
Employee wellness program
discounts might be increased

**An effective wellness program
is the strongest remaining lever.**

Source: "Nondiscrimination and Wellness Programs in Health Coverage in the Group Market, Final rule" Federal Register 71:239 (December 13, 2006) p. 75014. Section 2705



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