



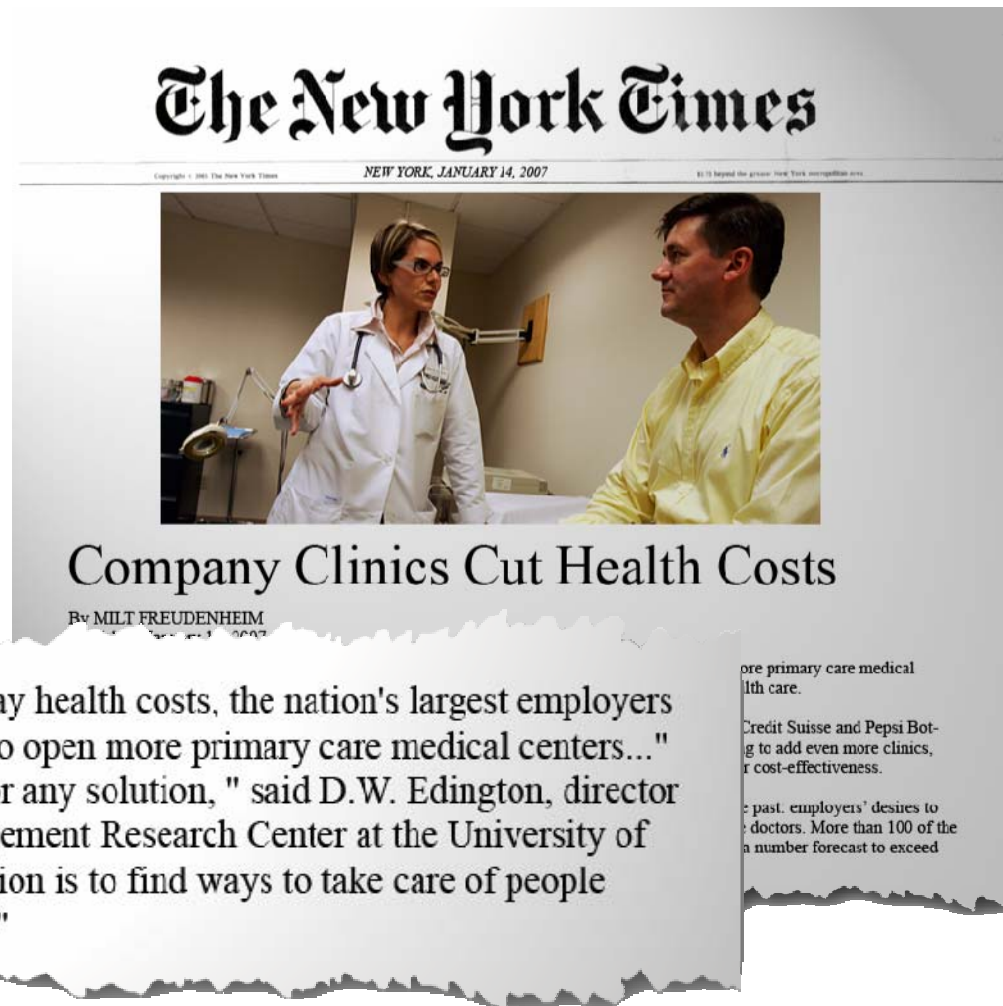
Employers Driving Healthcare: Potential Threat or Business Opportunity?

Sharon M. Gibson
Health Industry Executive

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Employers are more active in employee health management...





- 2005 revenue: \$24.8B
- 58K+ employees in 80 countries; 15K at corporate headquarters in San Jose, CA
- Average 5 years length of service; 93% retention rate
- 33% engineering/IT, 33% sales, 33% all others
- All connected to common internet tools
- Nearly all are Cisco shareholders

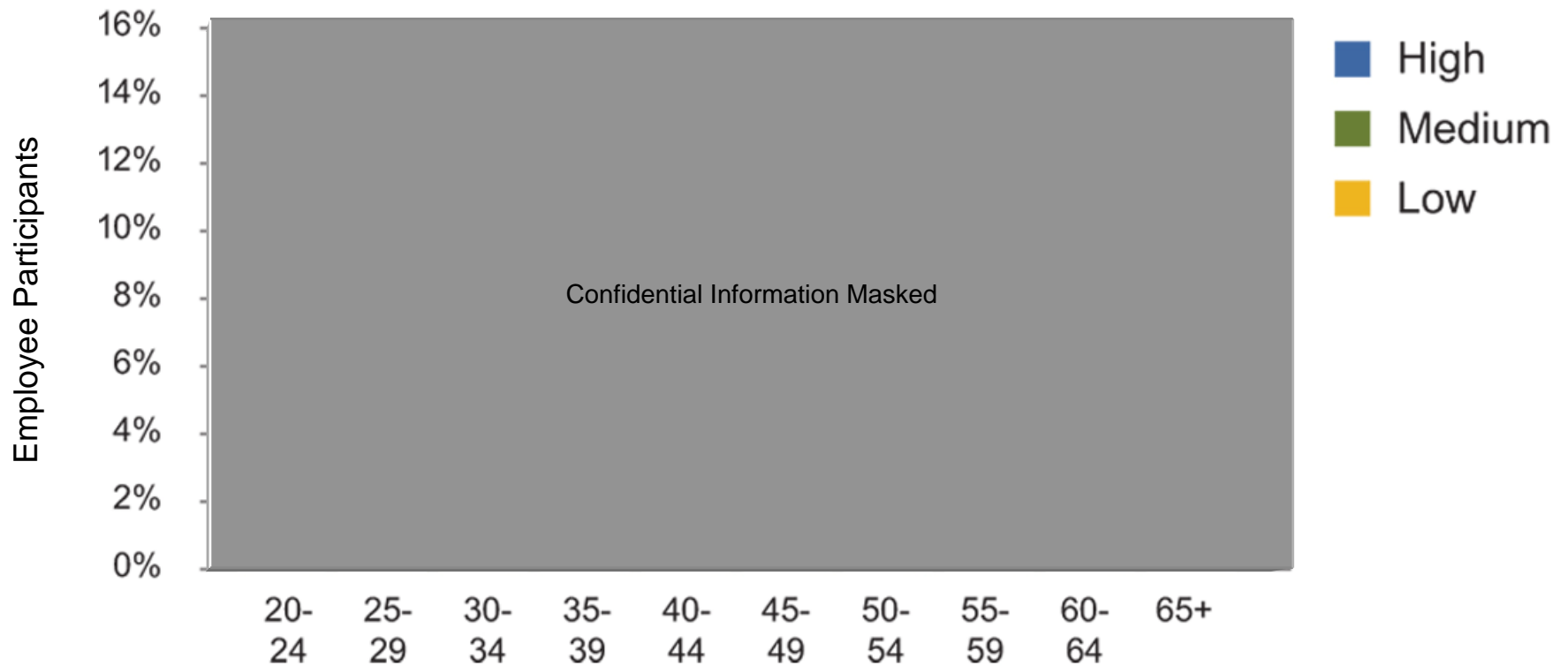
Employees are young – but getting older...

- Average age of Cisco employee is 38
- Cisco's employee population is increasing about 0.7 years of age each year due to low turnover and older hires
- Over the next 4 years, this will result in health status decreasing by about 0.29 average risks
- 18% of employees drive 81% of cost
- Average healthcare cost increase of 8–11% per year
- Generous benefits, modest cost sharing



HA results indicate that most Cisco employees have low health risks...

Employee Participants by Age & Risk



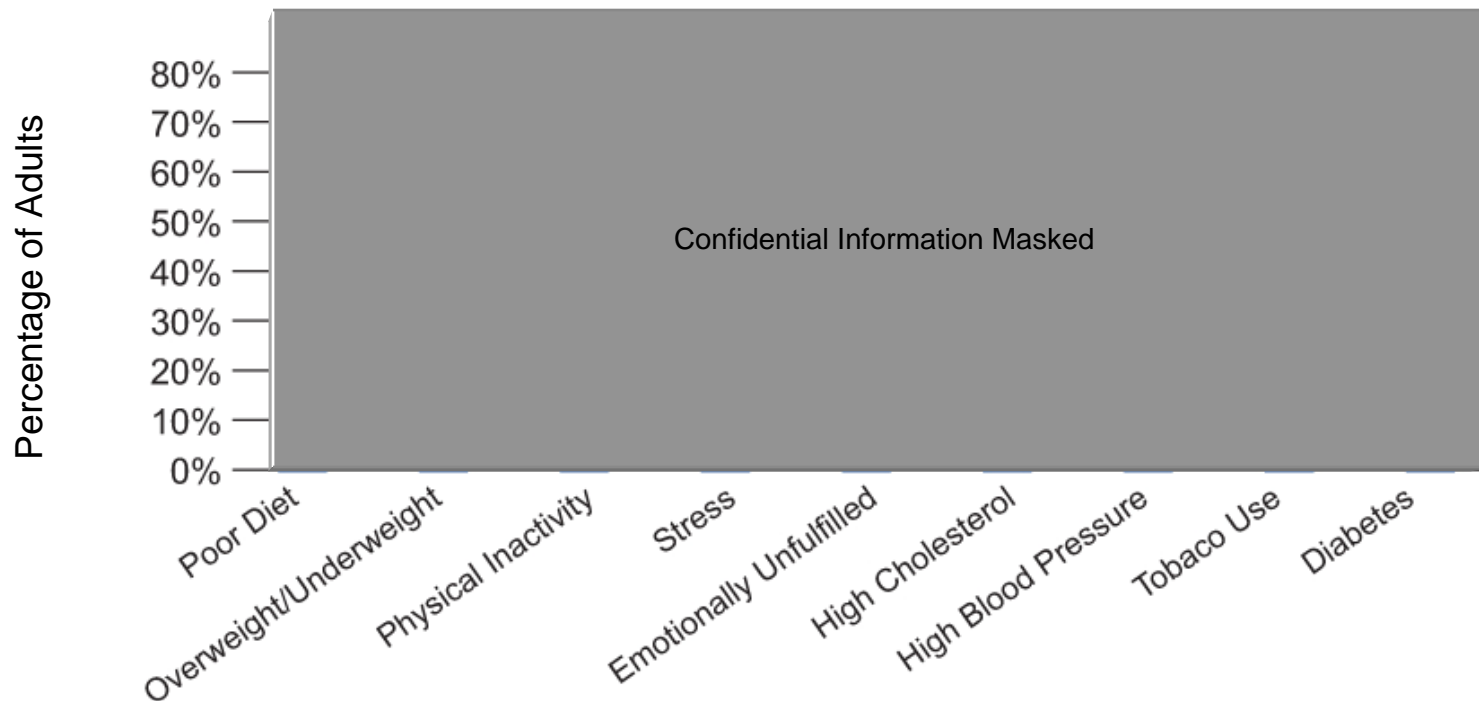
Most employees have at least one health risk



Average number of risks was 1.92 in 2005 (data from WebMD; 10,512 taking health risk assessments)

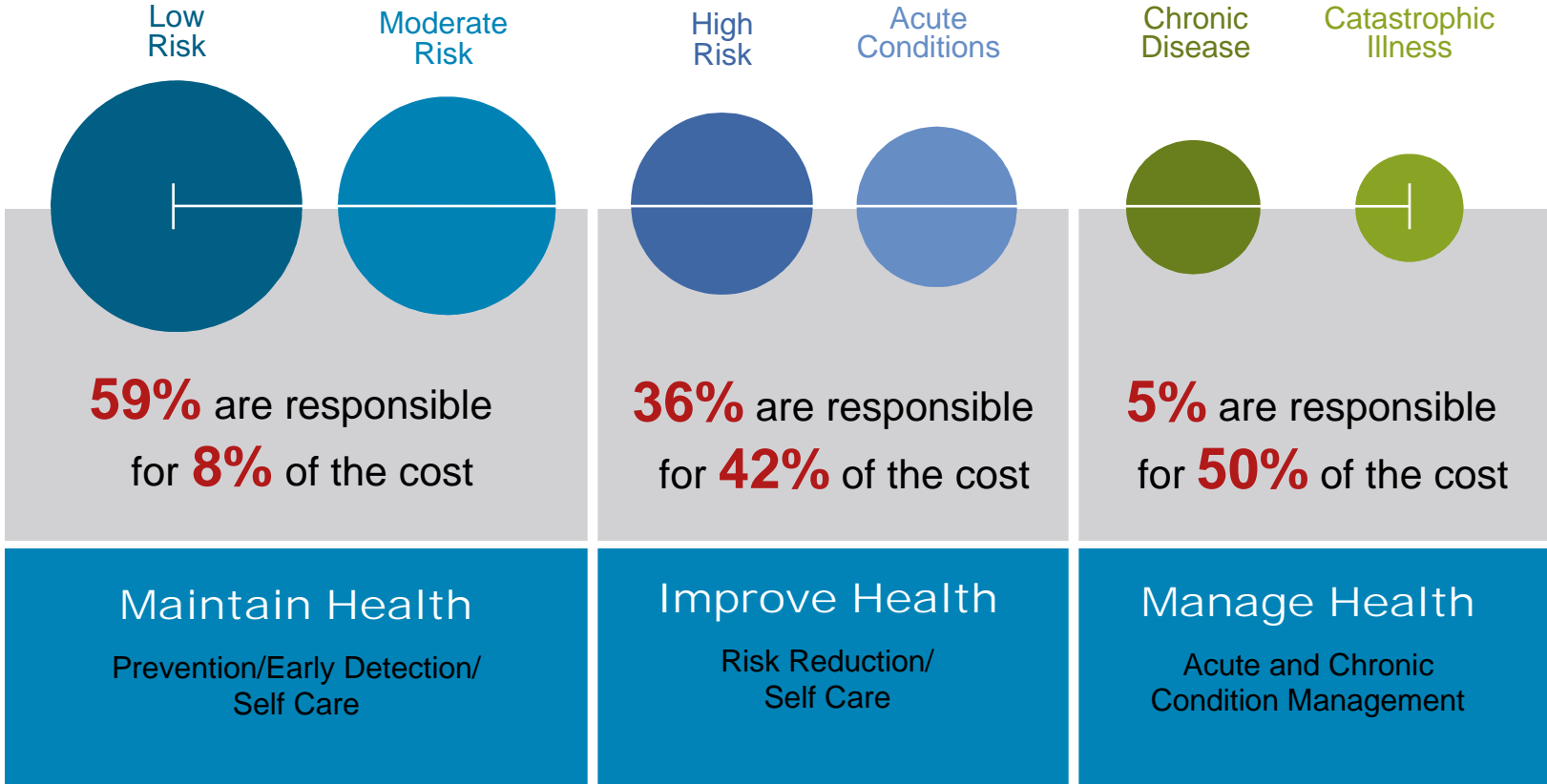
Poor diet, lack of exercise and stress will lead to health problems unless employees take action

Prevalence of Risk Factors and **Modifiable** Health Conditions



Source: Cisco results obtained from WebMD based on HRA participants

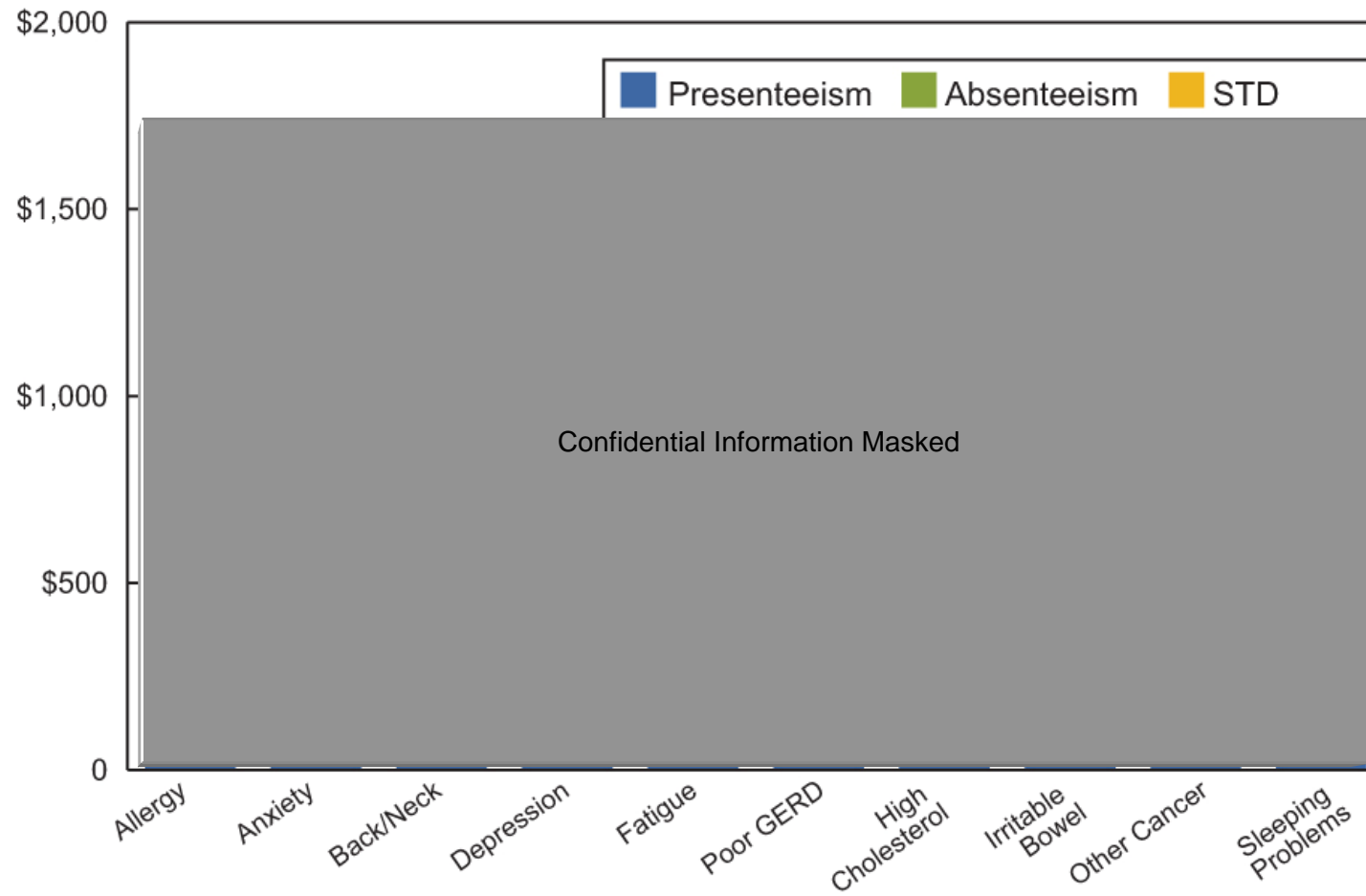
Maintaining the health of low risk employees returns as much as managing high risks



Source of Data: Cisco's medical claims data incurred April 1, 2004 through March 31, 2005 and paid through June 30, 2005

Lost productivity costs much more than direct medical costs

Top 10 Conditions – Baseline 2005



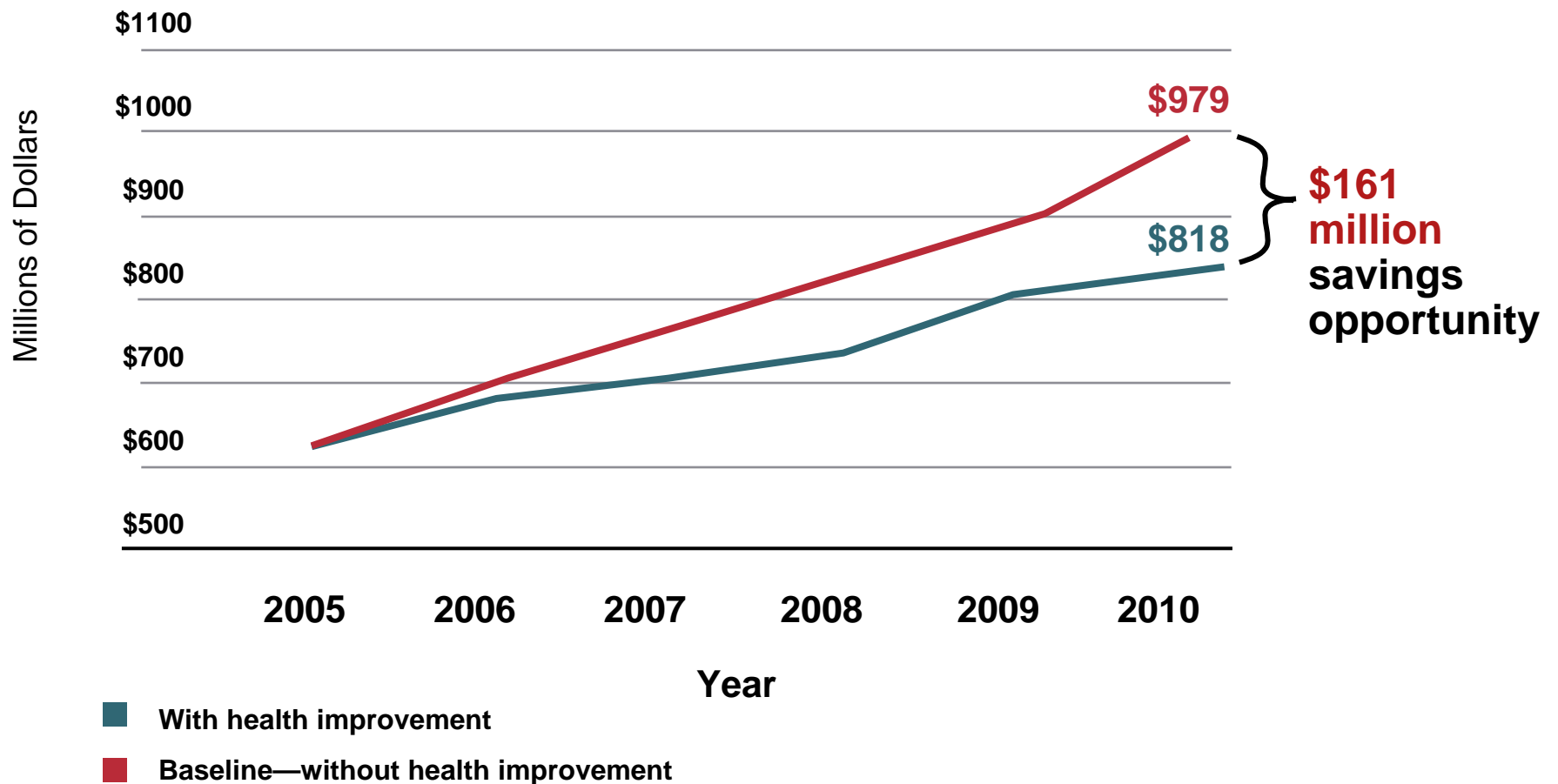
Managing health will have a substantial payout...

- Save as much as **\$23** million a year in claims
- Save another **\$14.2** million in disability and presenteeism
- Total annual savings of **\$37.2**

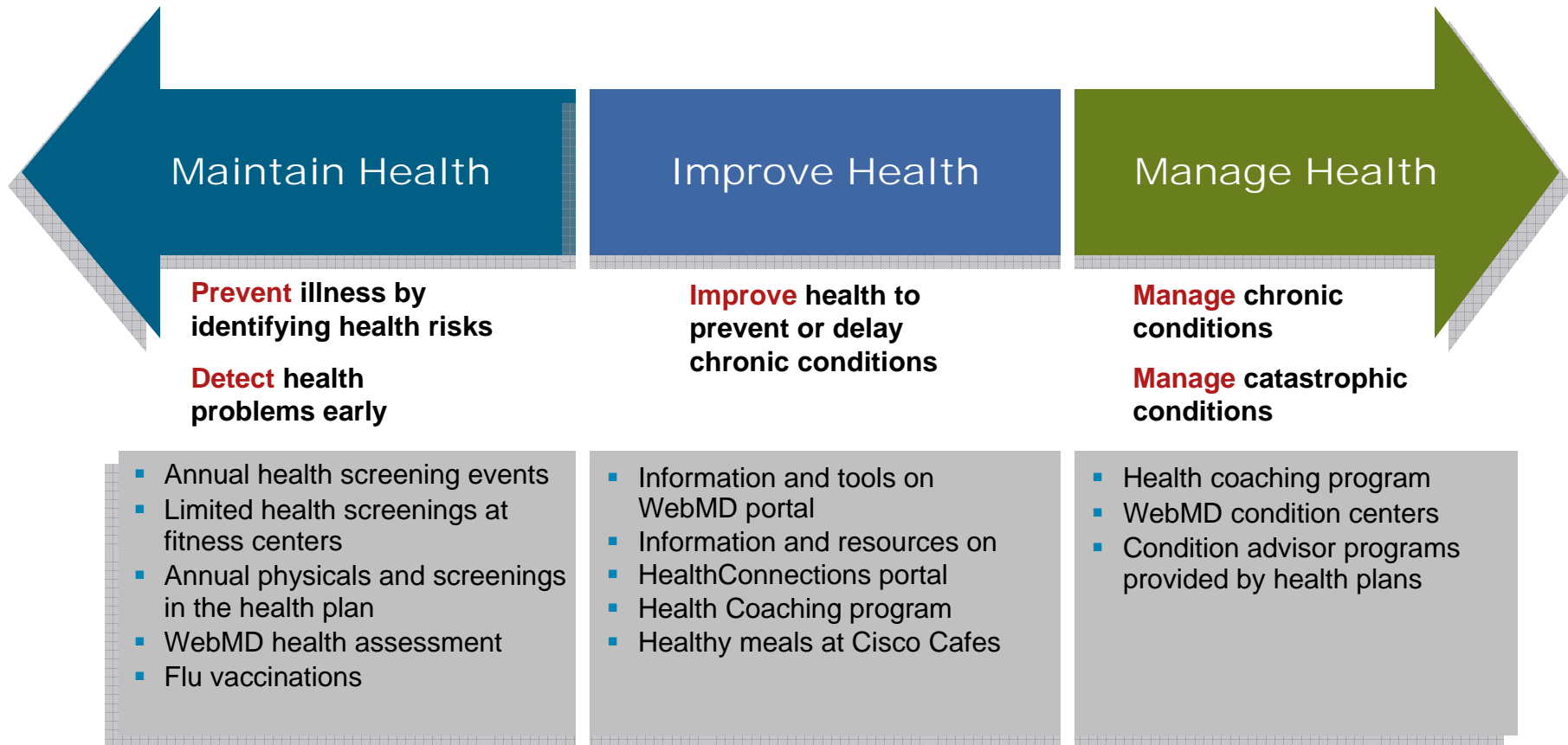


\$161 million savings by 2010

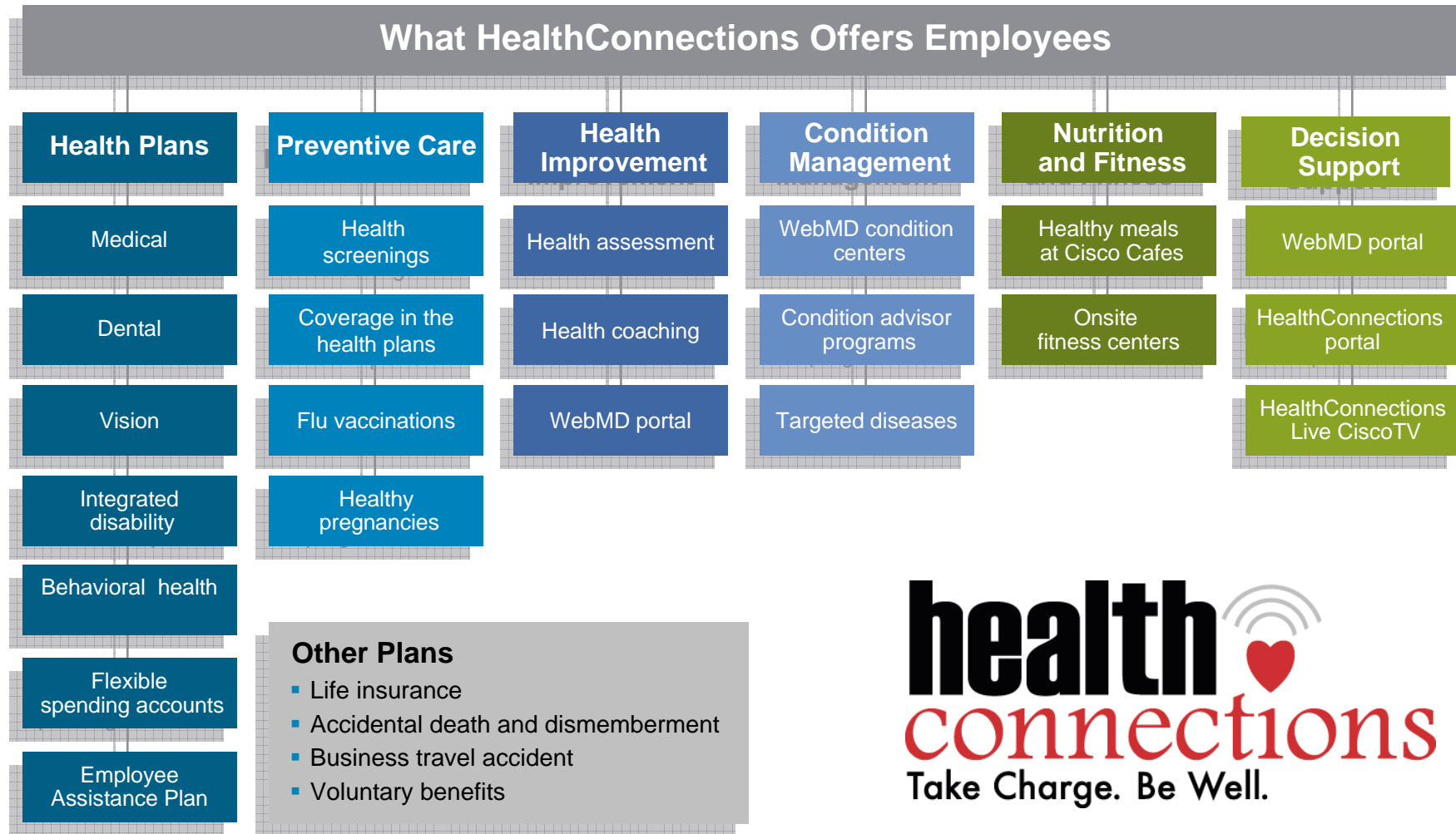
Cost of Health Care, Absence and Presenteeism



“HealthConnections” targets all stages of health

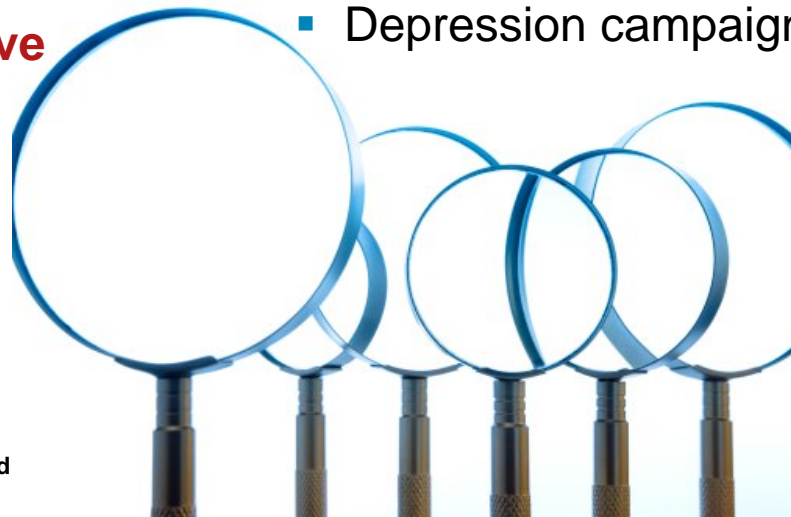


...and integrates programs for seamless delivery

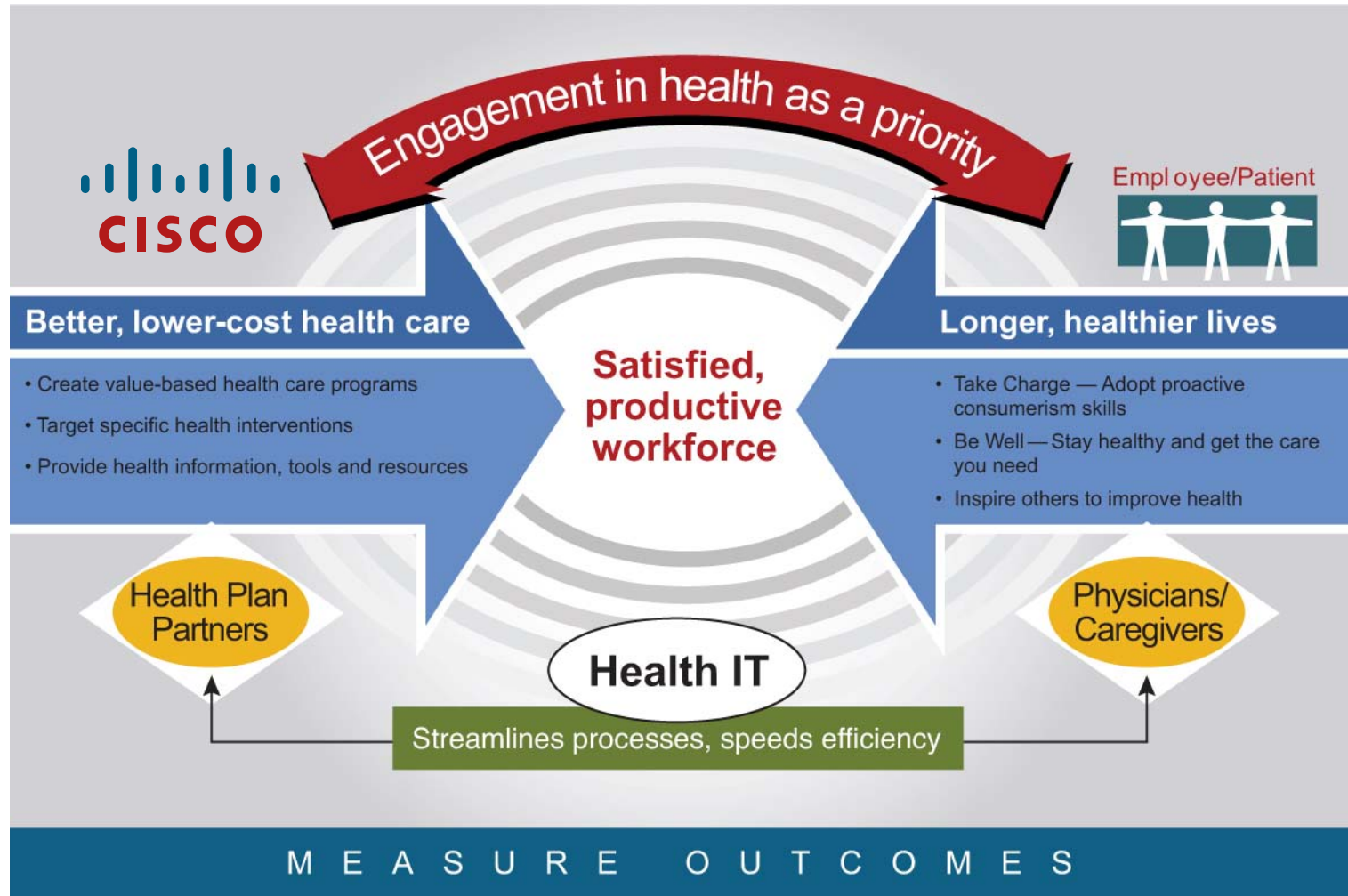


...with special focus top five health risks

- 1. xx% have a poor diet/nutrition**
 - Healthy meals at Cisco cafes
 - WebMD portal
 - Health coaching
- 2. xx% are overweight**
 - Healthy meals at Cisco cafes
 - WebMD portal
 - Health coaching
- 3. xx% are not physically active**
 - Onsite fitness centers
 - WebMD portal
 - Health coaching
- 4. xx% have significant stress**
 - New behavioral health program
 - EAP promotions
 - Depression campaign
 - Pilot study with UBH and Harvard
- 5. xx% are emotionally unfulfilled**
 - New behavioral health program
 - Behavioral health and EAP promotions
 - Depression campaign



Goal is Culture of Health



Strategic initiatives for 2007

- Introduced Healthy Pregnancy and Healthy Babies program
- Implemented annual Health Assessment
- Formed our Healthy Partners Council
- Launched full suite of WebMD and intranet tools – “Ask Dr. Pam” on Cisco TV
- Partnered with our cafes for healthy eating on site
- Completed first phase of secure messaging pilot
- Designed LifeConnections Center
- Completed first year of P4P with SVHIT



Cisco-PAMF pilot proves value of secure messaging

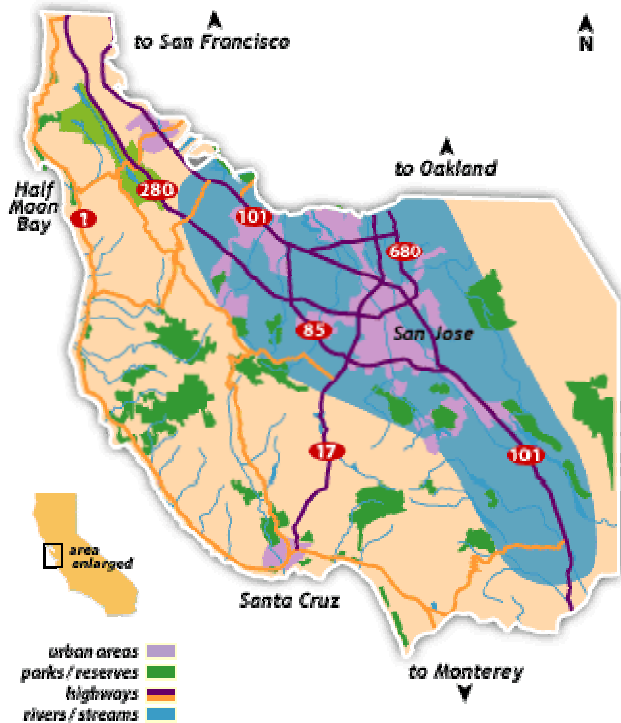
Enrollment open to first 500 employees to sign up

Employee survey after on year revealed:

- Employees avoided office visits, reducing company's benefit costs and improving productivity
- 87% reported spending less time away from work; strong preference for communicating in this way
- Speedy direct access to physician perceived as major benefit
- ROI estimated to be greater than 4:1
- Program extended to all employees in San Jose area; now also open to dependents



Silicon Valley Collaboration began in 2005...



Consortium designed to connect employers and providers in Silicon Valley...

- 10 IPAs and multi-site medical groups invited--7 accepted and continue to participate
- Represents 25 practice sites with over 1,800 physicians
- Along with rewards, Cisco and Cigna covered portion of NCQA application fee
- Each employer agreed to pay up to \$50K in awards to each group



Intent to align employee's expectations of patient-centered care with their experience



Multiple access modalities	Access in person, by phone and secure messaging
Communication	Multi-lingual and multi-cultural care customized for the patient
Patient engagement	Engage patients through variety of modalities including complementary & alternative medicine
Information systems	Complete information available electronically for all providers and patients alike
Care coordination	Condition advising and health coaching coordinated with specialists and facilities
Integration and teamwork	All providers' access to data and each other
Patient feedback	Follow-up to make sure treatments are successful
Data on providers	Encouragement to use practices that are PPC-recognized

After year one, provider groups reported addition of key patient-centric capabilities to qualify for recognition...



- **57%**
Reminders to patients
- **43%**
Same-day appointments
- **28%**
Electronic Health Record
Disease registries
Reminders to clinicians
Post-hospital follow-up
E-prescribing, E-lab results and
E-radiology results
- **14%**
Secure messaging
Post-visit follow-up

Source: On-line survey conducted by Gibson and Shelton, SVHIT, 03/07/2007

...and improving practice services and processes

- **28%**

- Use of e-messaging
 - Care management process
 - Use of existing EHR
 - Medication lists

- **14%**

- Tracking referrals
 - Progress toward EHR*
 - Streamlined patient work flows



** Four of the groups had EHRs or other electronic process already in place*

Source: On-line survey conducted by Gibson and Shelton, SVP4P, 03/07/2007

Providers also received financial rewards

- **Total:** \$592,000 paid out in first year
- All 7 qualified for some reward
- **Highest:** \$150,000 for groups with higher PPC scores & most SVP4P patients
- **Lowest:** \$13,333 for groups with lower PPC scores & fewest SVP4P patients
- Percentage of 3 employers' claims: from 1% for large group to 9% for small group



To enhance impact, SVP4P enabled groups to leverage PPC recognition

NCQA's PPC recognition for member groups also counts toward:

- California Integrated Healthcare Association (IHA) P4P IT measures
- Bridges to Excellence (BTE) designation; addition of SVP4P's 1,800 physicians **doubled** the number of BTE and NCQA physicians in PPC nationally



Strategic Initiatives for 2008

- Increase WebMD health assessment incentive - \$100 for HRA and \$100 for risk management program
- Implement disease management and integrated disability management program
- Introduce telephonic and e-coaching
- Design an account based health plan
- Open LifeConnections: onsite clinic with enhanced fitness and childcare centers in San Jose and Bangalore



LifeConnections Program: Creating a New Model – Filling a Gap

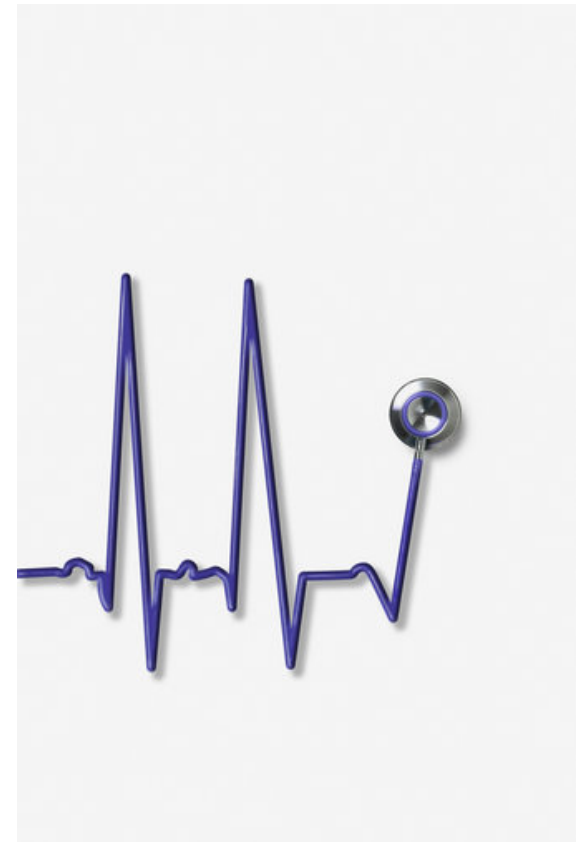
- Change the health experience for employees
 - Customized services and location; complementary med options
 - Online processes and transactions
 - Electronic health management tools
 - Health coaching
 - Wellness programs/therapy tied to fitness center
- Enable cost-efficient, convenient care; reduce benefit costs and increase productivity
- Showcase information technology and interoperability in a healthcare environment
- Help attract and retain top hi-tech talent – initially in San Jose and Bangalore



What's happening here?

Over 250 of the nation's 1,000 largest employers are now planning to more aggressively manage their employee's health.

- What is happening in the Phoenix area?
- What strategies have been successful? Why?
- Which have failed? Why?
- What are the potential threats?
- What are the opportunities?





For More Information Contact:
Sharon M. Gibson
Health Industry Executive
(503)368-3082