H-E-B
San Antonio, Texas

This retailer's fresh approach to wellness and prevention produces a fruitful yield: Medical costs are scaled down when employees get "Healthy at H-E-B"

San Antonio-based food and drug retailer established in 1905
Largest privately held company in Texas with more than $15 billion in annual sales
An innovative industry leader and strong corporate citizen

Employee Demographics
- 72,000 Partners (aka employees) at manufacturing plants, distribution centers, pharmacies and food/general merchandise stores located throughout Texas and Mexico
- Health plan covers more than 74,000 U.S. Partners, retirees and dependents

Health Benefits Challenges
- At-risk employees: 77% are overweight or obese, 81% are hypertensive or pre-hypertensive, 43% have borderline high to high glucose levels, 32% have borderline high to high cholesterol
- 36% of employees are at high risk for at least one clinical risk factor
- 9% of employees are at high risk for two or more clinical risk factors
- Healthcare costs of employees with diabetes are 2½ times the cost of all plan members combined
- Workforce culture and customs favor foods that are high in fat and low in nutritional value and attitudes toward health and healthcare that are laid-back and relaxed

Healthy Workforce Objectives
- Control health-related costs with design elements that support personal responsibility and accountability for continuous health improvement
- Encourage employees to complete health risk assessments to raise awareness and engage individuals in personal lifestyle and health management
- Encourage every employee to set a health-related goal and to commit to a company-wide challenge or program tailored to help with a personal health risk identified in the HRA
- Encourage employees to participate in health promotion activities to prevent disease and promote timely interventions
- Improve compliance/consistency of treatment of people with diabetes and reduce care-related expenses
- Establish framework to measure impact of value-based health plan management strategies
Value-based Benefits and Wellness Strategies

- Provide "healthy action" monetary credits for completing health risk assessment and participating in at least three health promotion initiatives annually
- Promote and conduct annual Know Your Numbers screening campaign using our in-store Pharmacy screening teams
- Launch short-term company-wide team challenges designed to encourage peer support and motivation with focused health promotion goals. Challenge themes focus on improving prevalent lifestyle health risks like eating better and moving more
- Support individual action plans based on philosophy that changing behavior to improve health status is a personal matter requiring awareness, commitment and empowerment over the long-term
- Recognize "Wellness Champions" who serve as local ambassadors for health promotion programs and provide continuous feedback for program development and improvement
- Engage all plan members with diabetes in H-E-B’s Disease Management Program, initiate personal coaching at H-E-B’s in-store pharmacies, remove financial barriers to Rx compliance, and adopt a culturally-sensitive communication plan to educate the workforce and physicians on the need to reduce the risks for Type II diabetes and obtain timely and appropriate care
- Provide a variety of health improvement resources, including motivational success stories, information on local wellness programs, and discounts through “HealthyatHEB” website on corporate Intranet

Outcomes

- Reduction in health risks
- 76% average company-wide participation in health promotion activities, including 91% of border-area employees
- Over 12,000 H-E-B Partners set a 2011 health goal
- Significant improvements in medication compliance and care management resulting in 25% reduction in medical costs for employees with diabetes
- Over the past few years annual PPO cost increase trend per employee was 3.5% vs. 6.5% national average

Impact of Risk Factors on Health Care Costs at H-E-B

<table>
<thead>
<tr>
<th>Risk Factors</th>
<th>Health Care Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$1,563</td>
</tr>
<tr>
<td>1</td>
<td>$2,052</td>
</tr>
<tr>
<td>2</td>
<td>$2,698</td>
</tr>
<tr>
<td>3</td>
<td>$2,966</td>
</tr>
<tr>
<td>4</td>
<td>$3,650</td>
</tr>
<tr>
<td>5+</td>
<td>$6,317</td>
</tr>
</tbody>
</table>
Next Steps

- Pilot new diabetes risk reduction and care management program in Laredo to benefit high-risk Hispanic community through focused engagement of trained promotores and H-E-B Pharmacists
- Enhance value-based benefit design initiatives, including evaluation of tiered provider networks to promote utilization of high performance physicians and facilities and removal of financial barriers for medical and pharmaceutical care of chronic conditions
- Pilot test a patient-centered onsite clinic which facilitates proactive, coordinated patient care management
- Promote effective medication therapy management initiative with in-house pharmacists to consult on medication adherence and chronic care management to help bridge gaps in care
- Use financial incentives to encourage participation by spouses in health risk assessments and other relevant health support programs
- Deliver consistent, integrated, year-long communication campaign using multiple modes of delivery, which include: nutrition and fitness tips from the Corporate Wellness Coach, health-related text messages, posters, tool kits for leaders and Wellness Champions, and comprehensive online tools and health and wellness content
- Institute vendor health management scorecards with performance guarantees tied to clinical improvement
- Identify other strategic opportunities to increase plan effectiveness and lower medical costs

On the Road to Value

A predominantly young Hispanic population, with health risks largely attributable to poor diet and inactivity, has posed significant challenges for San Antonio-based H-E-B, a 105-year-old supermarket store chain known for its fresh food, low prices, variety, and convenience.

Analyzing data from health risk assessments and medical claims, H-E-B found that 85% of its employees did not consume enough fruit and vegetables and ate foods high in unhealthy fats, 42% were not exercising regularly, 11% used tobacco and 49% reported that they have moderate to high stress.

These lifestyle choices were contributing to an increasing incidence of hypertension, overweight and obesity among H-E-B’s employee population and their dependents, as well as elevated levels of cholesterol, blood glucose and triglycerides.

The company realized that the cost of treating these conditions could eventually exceed total corporate income!

Using extensive data from its own resources, as well as published reports and benchmarking and best practices from other employers, H-E-B took steps to address the prospect of rising costs with a long-term strategic benefit design focused on wellness education and disease prevention and management.

Medical Claims and Health Risk Assessments Reveal Risky Life-Style Choices

- 85% do not consume enough fruit and vegetables and eat a diet high in unhealthy fats
- 42% do not exercise regularly
- 11% use tobacco
- 49% reported that they have moderate to high stress
On the Road to Value (continued)

H-E-B engages employees and dependents to adopt behaviors that will improve their health and well-being. The company also participates in community-wide health improvement efforts, including the Texas Medical Association’s Physician Centric Disease Management pilot and the Houston Health Care Collaborative’s “Bridges to Excellence Pay-for-Performance” project, designed to compensate physicians for providing high quality health care. H-E-B was also involved in a 12-week Cultural Adaptation Initiative to improve health plan communication and outreach activities to eliminate disparities caused by cultural differences or language barriers.

“Our goal is to improve the lives not only of our Partners, but the lives of their families, and eventually the lives of South Texans. We feel that H-E-B is uniquely positioned to help make this possibility a reality.”

Brooke Brownlow, Vice President of Compensation, Benefits, and HR Technology, H-E-B