

Employee Productivity Strategies



Real Challenges. **Real** Solutions. **Real** Results.

Today's Discussion

- Introductions
- New Disability Research Findings:
- Worker Productivity as the Next Frontier in Benefits Cost Management
- Sidelined Workers: Strategies for Getting Them Back in the Game
- New Disability Research Findings:
- The Market for Integrated Health Care & Disability Management
- Integrated Benefit Reporting & Analytics
- How Can We Help You?

New Disability Research Findings

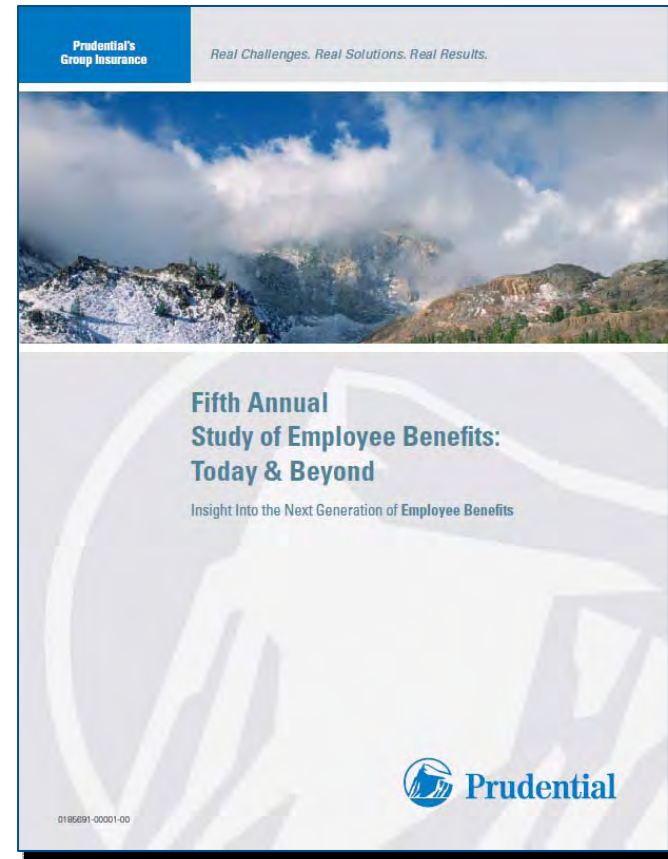
Worker Productivity as the Next Frontier
in Benefits Cost Management



New Research on Employee Benefits

Fifth Annual Study of Employee Benefits: Today & Beyond

- **When:** March – April 2010
- **Who:**
 - 1,400 Plan Sponsors
 - 1,200 Plan Participants
 - 700 Brokers / Consultants
- **How:** Online Surveys



Conducted for Prudential by the Center for Strategy Research, an independent market research firm.

Key Themes

- The Rise of the Employee-Driven Benefits Model
- **Worker Productivity as the Next Frontier in Benefits Cost Management**
- Redefining Benefits Enrollment to Help Workers Make Better Choices
- Addressing the Benefits Needs of an Increasingly Diverse Workforce
- The Realities of Getting Ready for a Secure Retirement

Source: *Study of Employee Benefits: Today & Beyond*, The Prudential Insurance Company of America, 2010.

Employee Benefits Objectives

1. Control health care costs
2. Retain valued employees
3. Reduce benefits administration
4. **Increase employee productivity**



49%

Source: *Study of Employee Benefits: Today & Beyond*, The Prudential Insurance Company of America, 2010.

Wellness, Preventative, and Work / Life Balance Initiatives

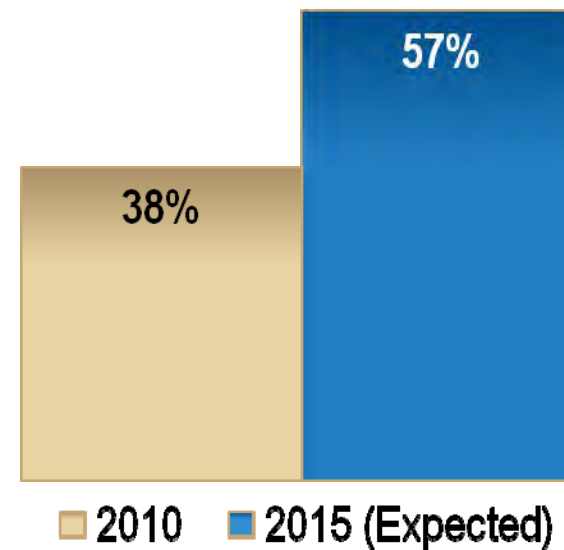
Employee Concerns about Wellness

% "Highly Important"*

69%	Maintaining a healthy lifestyle
67%	Reducing stress level and improving emotional well-being
60%	Achieving better work / life balance

Employer Focus on Wellness Programs

% "Highly Important"*

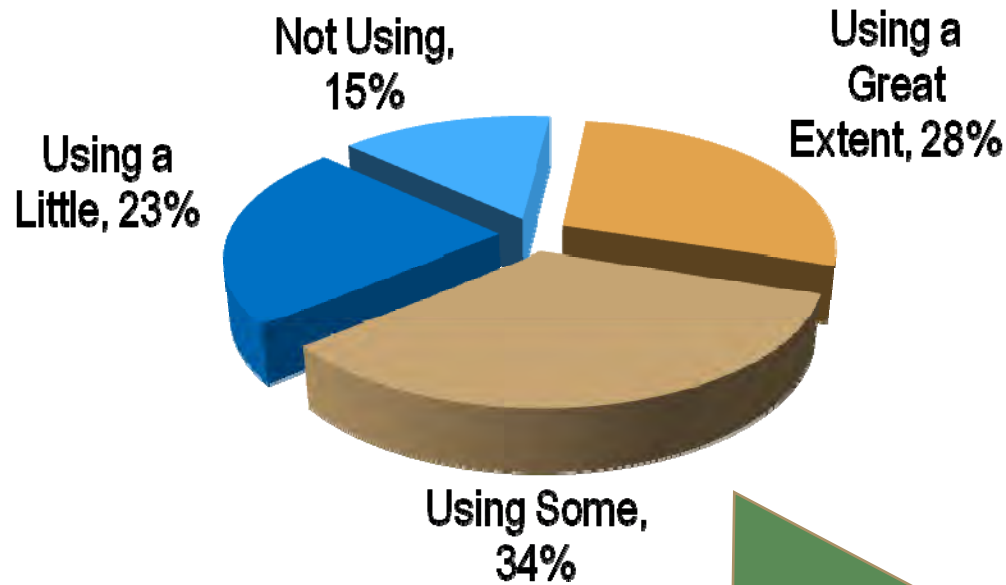


*Percent rating top-2 on a 7-point scale

Source: *Study of Employee Benefits: Today & Beyond*, The Prudential Insurance Company of America, 2010.

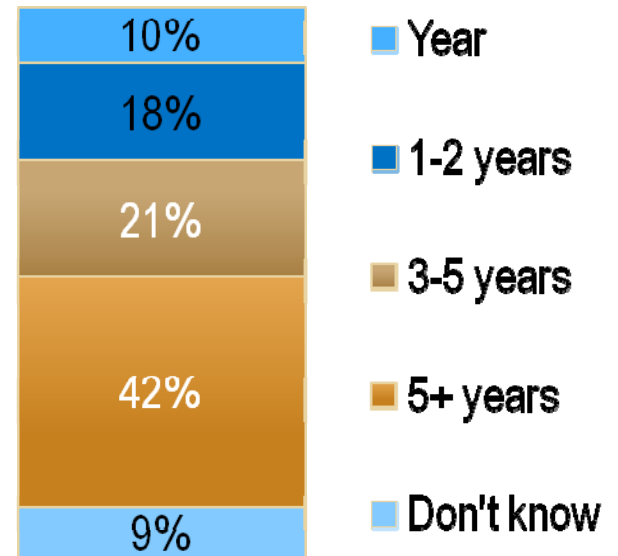
Return to Work Initiatives

Current Degree of Use



% "Highly Successful" in achieving desired cost savings—66%*

Adoption Timelines



*Percent rating top-2 on a 7-point scale

Source: *Study of Employee Benefits: Today & Beyond*, The Prudential Insurance Company of America, 2010.

Sidelined Workers:

Strategies for Getting Them Back in the Game



Today's Discussion

- **The Value Proposition:**
The Costs and Consequences of Disability Absence
- **A Real Solution:**
Strategies to Help Strengthen the Management Link
- **A Real Solution:**
Absence & Productivity Program
- **Questions & Answers**

The Value Proposition:

The Costs and Consequences of Disability Absence

What is the cost of absence?

1	15% of payroll?
2	28% of payroll?
3	36% of payroll?

Source: *Survey on the Total Financial Impact of Employee Absences*, Mercer, October 2008.

The Costs and Consequences of Disability Absence

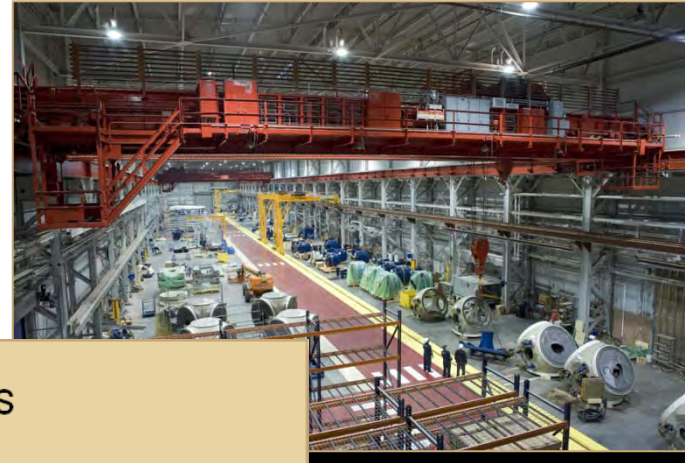
Direct Costs

- Disability premiums
- Disability benefits payments
- Continuing other benefits
- Wages to replacement workers

Indirect Costs

- Reduced productivity
- Increased hours and stress—managers and staff
- Recruitment and training for replacement workers
- Higher medical costs
- Administrative costs

The Benefits of Prompt RTW—Employers



- Helps reduce or end benefits costs
- Helps lower medical costs
- Retains trained work force
- Avoids replacement and training costs
- Pays wages for work instead of paying for benefits
- Helps reduce premiums



The Benefits of Prompt RTW—Employees

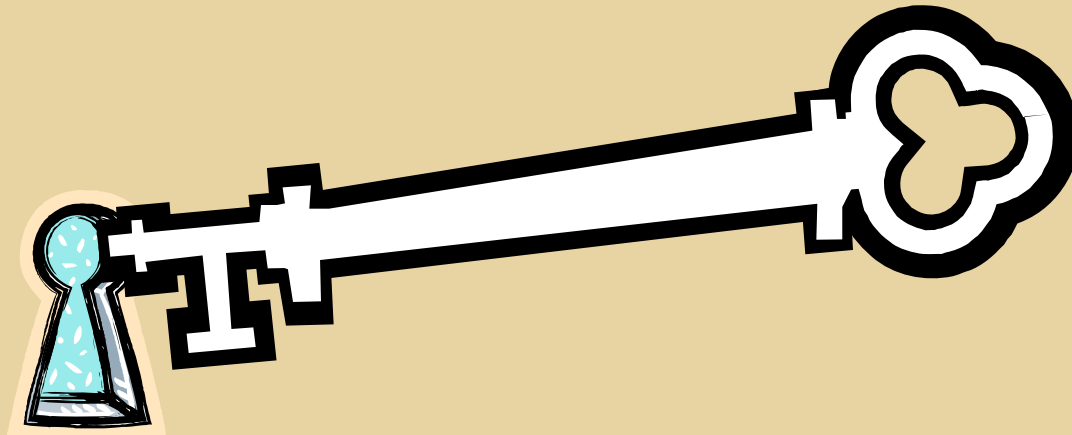
- Shortens recovery time
- Reduces likelihood of secondary complications
- Averts loss of physical fitness due to inactivity
- Requires less medical care and medication



- Retains job skills
- Brings income closer to pre-disability level
- Maintains company benefits and seniority
- Eliminates concerns about continued employment

A Real Solution:

Strategies to Help Strengthen the Management Link



1. Add a RTW Commitment to the Company's Culture

RTW Policy Statement

To All Employees:

[Company] is **committed to providing a safe workplace** for our employees.

If an illness or injury should occur, **our policy is to provide opportunities** for every employee to remain at work or to return to work as soon as medically possible. If you are not able to do all or part of your regular work while you are recovering, **we will attempt to provide other work assignments** in accordance with your doctor's instructions.

You are urged to **talk with your supervisor** to determine what opportunities there are to continue working or what might be done that would allow a return to work following an illness or injury.

[Signature of President / CEO / Manager]

[Title] [Date]

Develop a Successful RTW Program

1

▪ Define the company policy

- Roles and responsibilities for company, supervisor, and employee
- Definitions of light duty / transitional work
- Clear and consistent timelines
- Coordination with other policies and regulations

2

▪ Create job descriptions

- Essential job functions
- Physical and cognitive requirements

3

▪ Develop RTW tools

- Job task analysis
- Possible job modifications for improved safety and productivity

Develop a Successful RTW Program (cont'd)

4

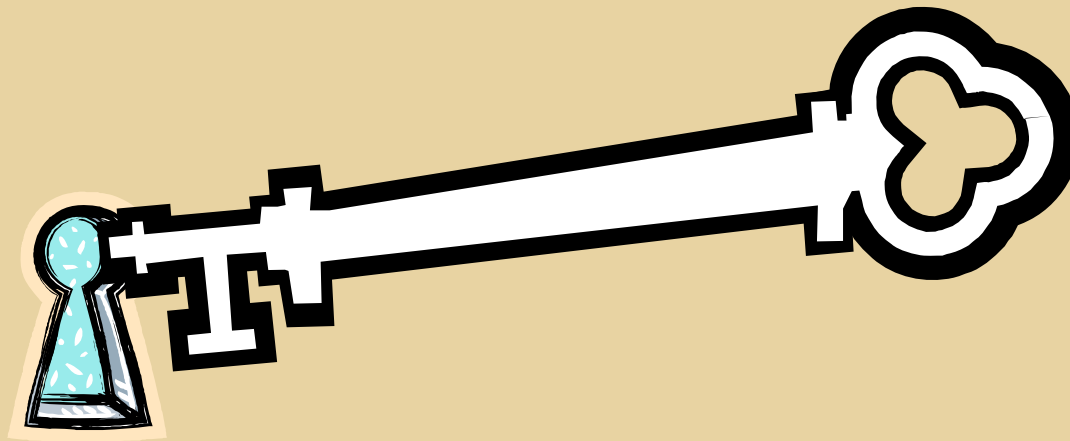
- **Appoint RTW coordinator / vendor manager**
 - Information exchange (supervisor, employee, vendor)
 - RTW coordination

5

- **Track absences and RTW activity**
 - Compliance with policy
 - Success stories
 - Program evaluation

6

- **Tell employees what to do and what to expect**
 - How and when to report an absence
 - How to file a disability claim
 - How company policies and FMLA regulations impact absences
 - Keep in touch
 - Talk to their doctor about RTW plans
 - Expect calls from supervisor and vendor
 - Give assurance that doctor instructions will be followed
 - Advise that the insurance vendor will investigate claims



2. Train Supervisors to Manage Absence and Productivity

RTW Best Practices for Supervisors

Create a Positive Atmosphere

- Make expectations clear
- Listen effectively and communicate clearly
- Evaluate job fit
- Acknowledge good work
- Recognize problems proactively
- Review management style periodically

Prepare for a Planned Absence

- Answer questions about salary and benefits
- Create a communication loop to keep connection to work
- Make a plan together to cover employee's responsibilities

Keep the Workplace Connection

- Send a card
- Make a phone call
- Relay news about work projects and workplace
- Learn about the employee's condition, if appropriate
- Encourage return-to-work planning

Plan for the Return to Work

- Foster productive return to work by talking to all parties
- Consider temporary, flexible options—responsibilities/hours
- Arrange technical support for short-term telecommuting
- Set expectations clearly with co-workers

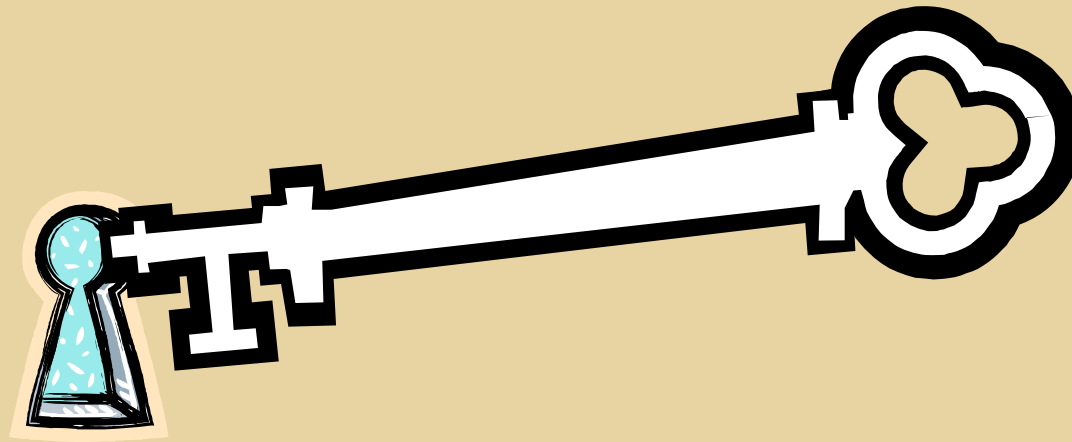
RTW Best Practices for Supervisors (cont'd)

Monitor the Return to Work

- Solicit feedback regularly
- Modify work assignment to suit changing abilities
- Monitor the work team's morale and effectiveness

Build a Productive Work Team

- Share responsibility
- Involve employees in problem solving
- Foster a sense of ownership and self-management
- Strive to retain valued employees



3. Partner with the Disability Vendor

Clarify Company Expectations

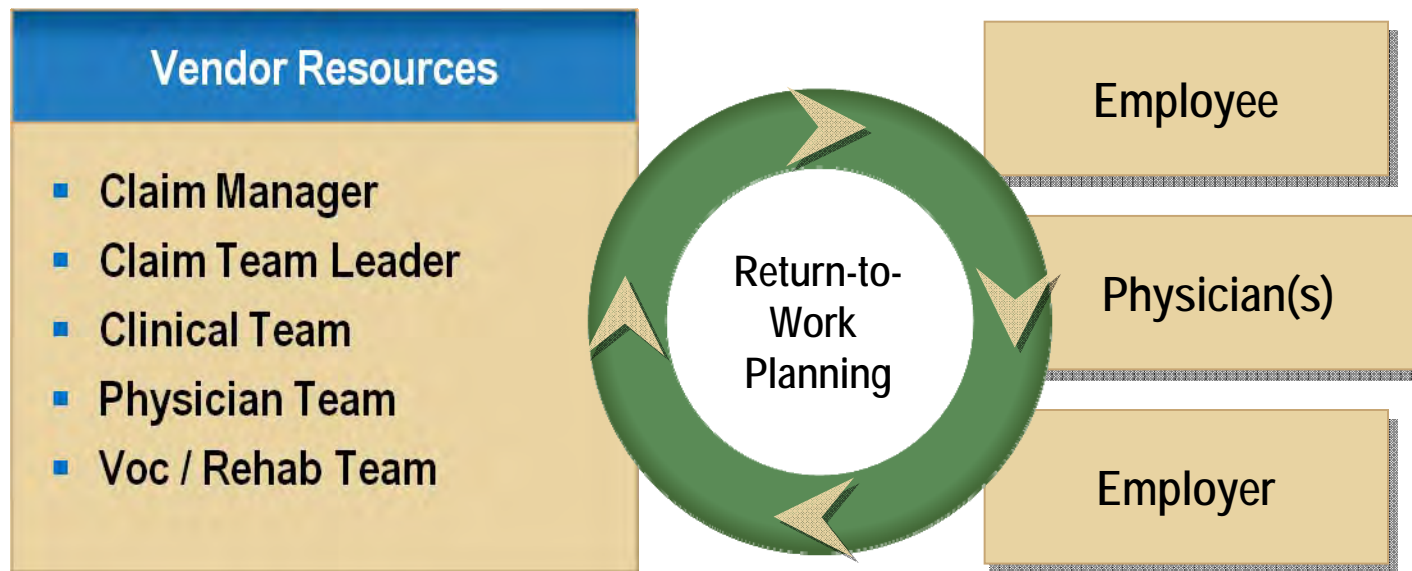
The Primary Goal

- Return injured / disabled employees to original job ASAP

Know the Reality

- Most injuries are sprains, strains, and bruises
- Rarely result in complete inability to perform any work
- Rarely require any RTW expenditure by employer
- Work is an important part of medical treatment

Support Collaborative RTW Planning



1. Set Expectations
2. Assess Capabilities
3. Identify Options
4. Build Partnerships
5. Educate Claimant
6. Communicate Plans

Identify the Right Work Assignment

Doctor's Input

- What can the employee do / not do?

Regular Job Requirements

- Review actual task requirements of regular job.

Temporary Alternative Work Assignment

- The bridge back to employment through regular job:
 - Schedule changes
 - Reduced hours
 - Sharing parts of work with others
- Involve others to share job tasks with impaired employee.

...and help prevent injury.

Minimize Body Motions

- Bending motions
- Twisting motions
- Reaching motions

Reduce Object Lifting

- The need to lift or lower
- Hand distance

Reduce Object Pushing and Pulling

- The need to push or pull
- Required force
- Distance to push or pull

A Real Solution:

Absence & Productivity Program

Absence & Productivity: Practical Solutions for Managers

Manager's Kit

Manager's Guide ■ Quick-Tips Tent Card ■ Greeting Cards & Pen



Management Training Program

Facilitator's Guide ■ Training Presentation ■ Video ■ Table Exercises



Absence & Productivity: Practical Solutions for Managers was developed by The Prudential Insurance Company of America for its Group Disability Clients.

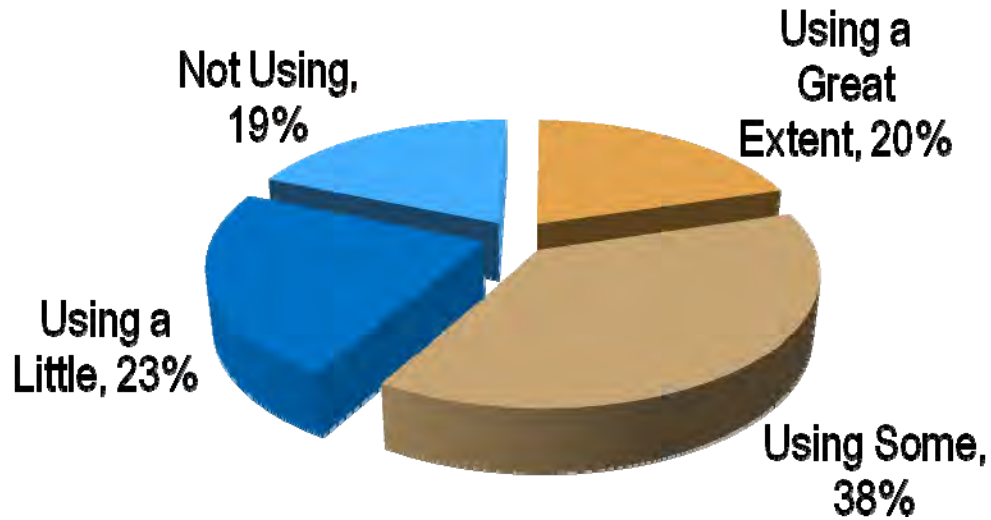
New Disability Research Findings

The Market for Integrated Health Care & Disability Management



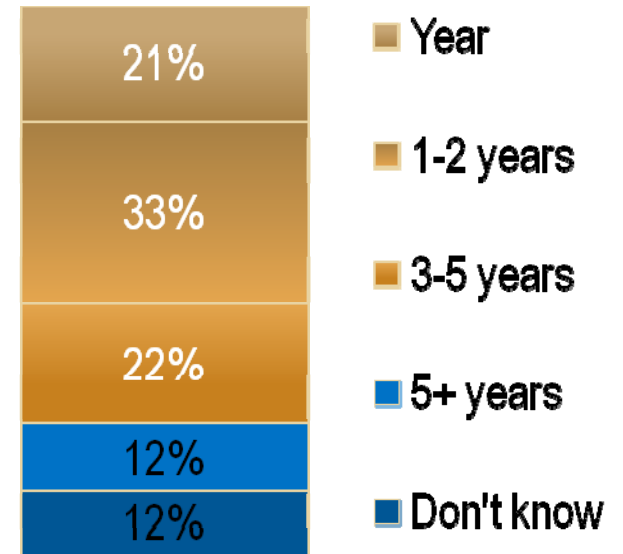
Benefits Integration Initiatives

Current Degree of Use



% "Highly Successful" in achieving desired cost savings—52%*

Adoption Timelines



*Percent rating top-2 on a 7-point scale

Source: *Study of Employee Benefits: Today & Beyond*, The Prudential Insurance Company of America, 2010.

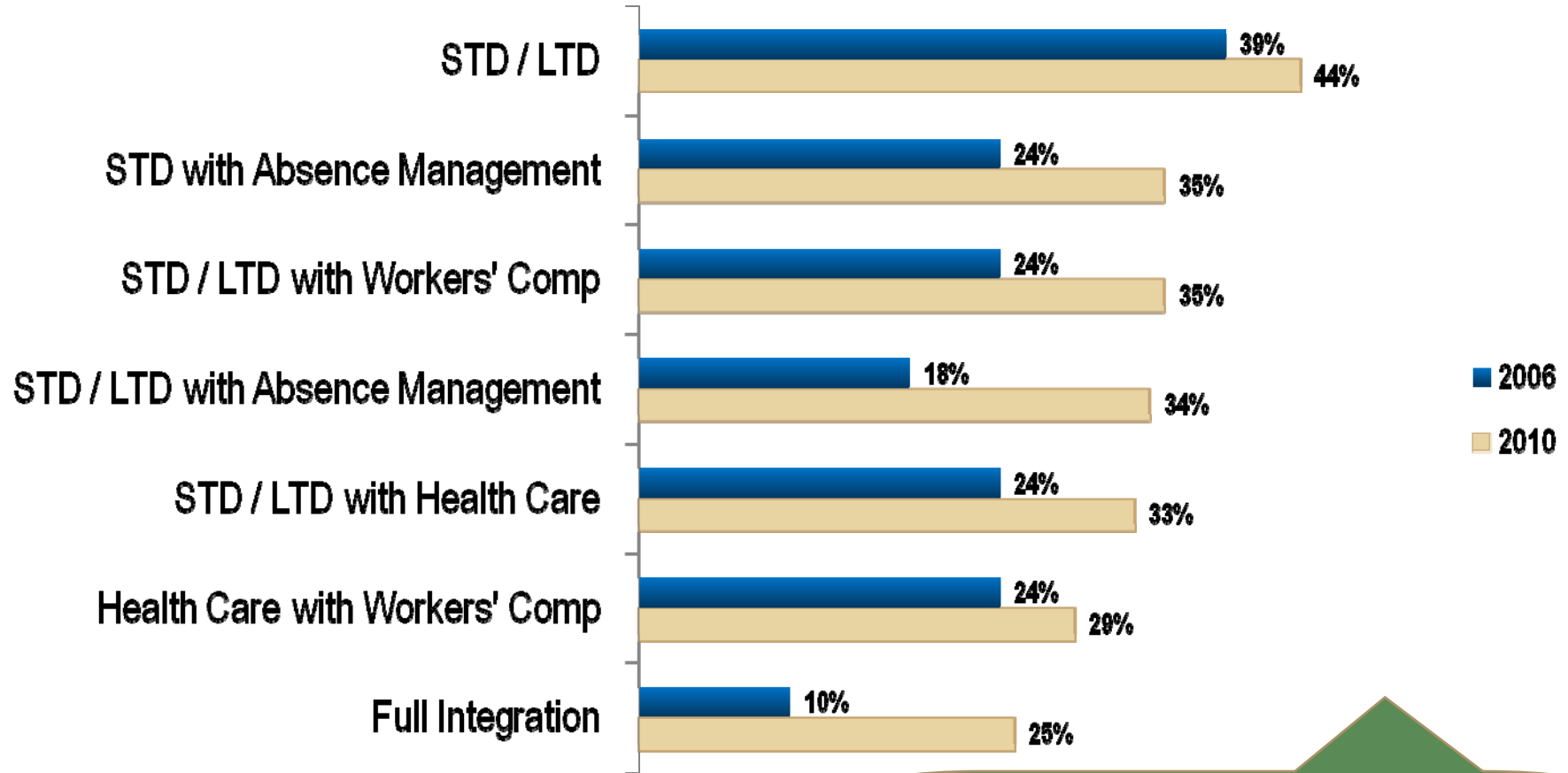
The Market for Integrated Health Care & Disability Management

- **When:** April – May 2010
- **Who:** 1,150 Plan Sponsors
- **How:** Online Surveys

Conducted for Prudential by the Center for Strategy Research, an independent market research firm.

Benefits Integration Initiatives

Growth in Levels of Activity

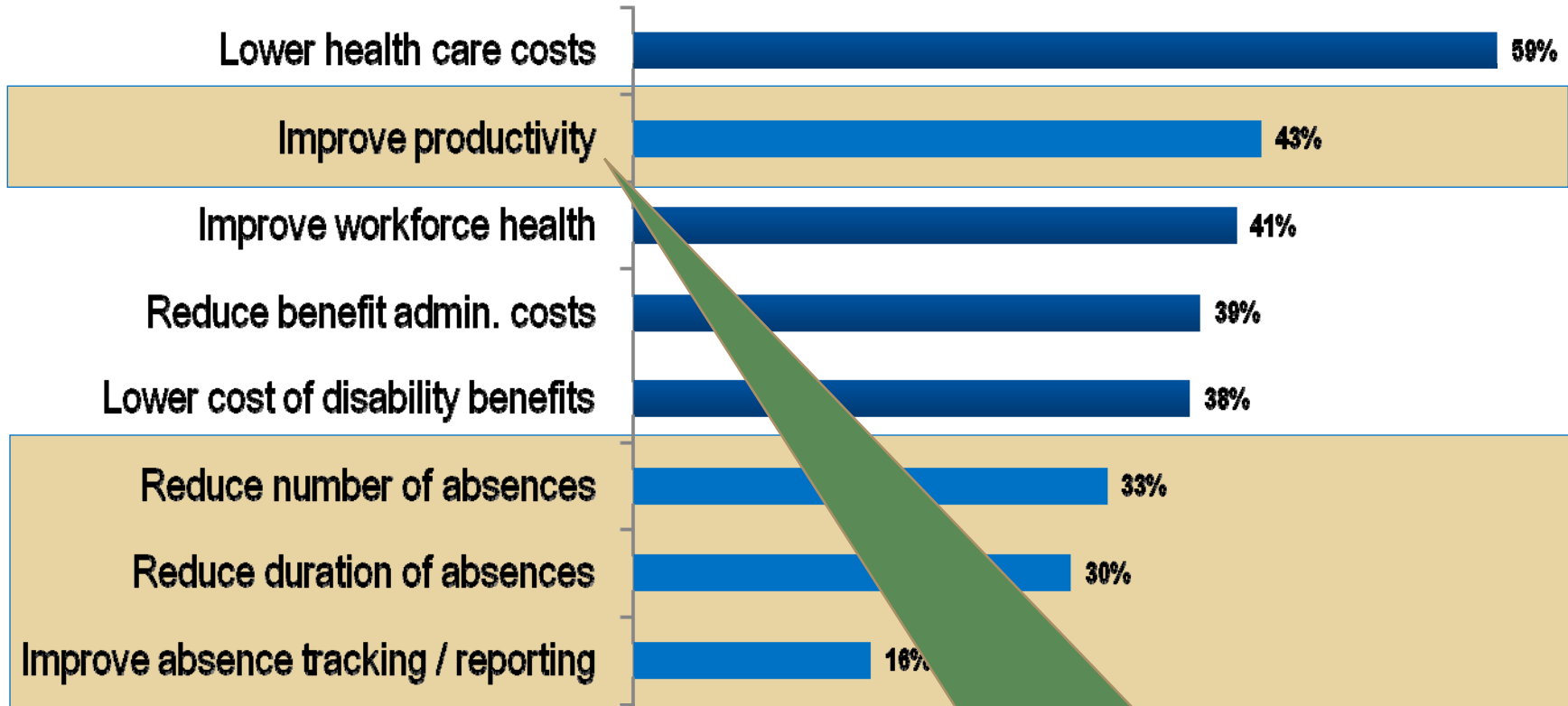


% Integrating four or more—47%

Source: *The Market for Integrated Health Care & Disability Management – 2010*

Benefits Integration Initiatives

Importance Ranking of Top Goals*

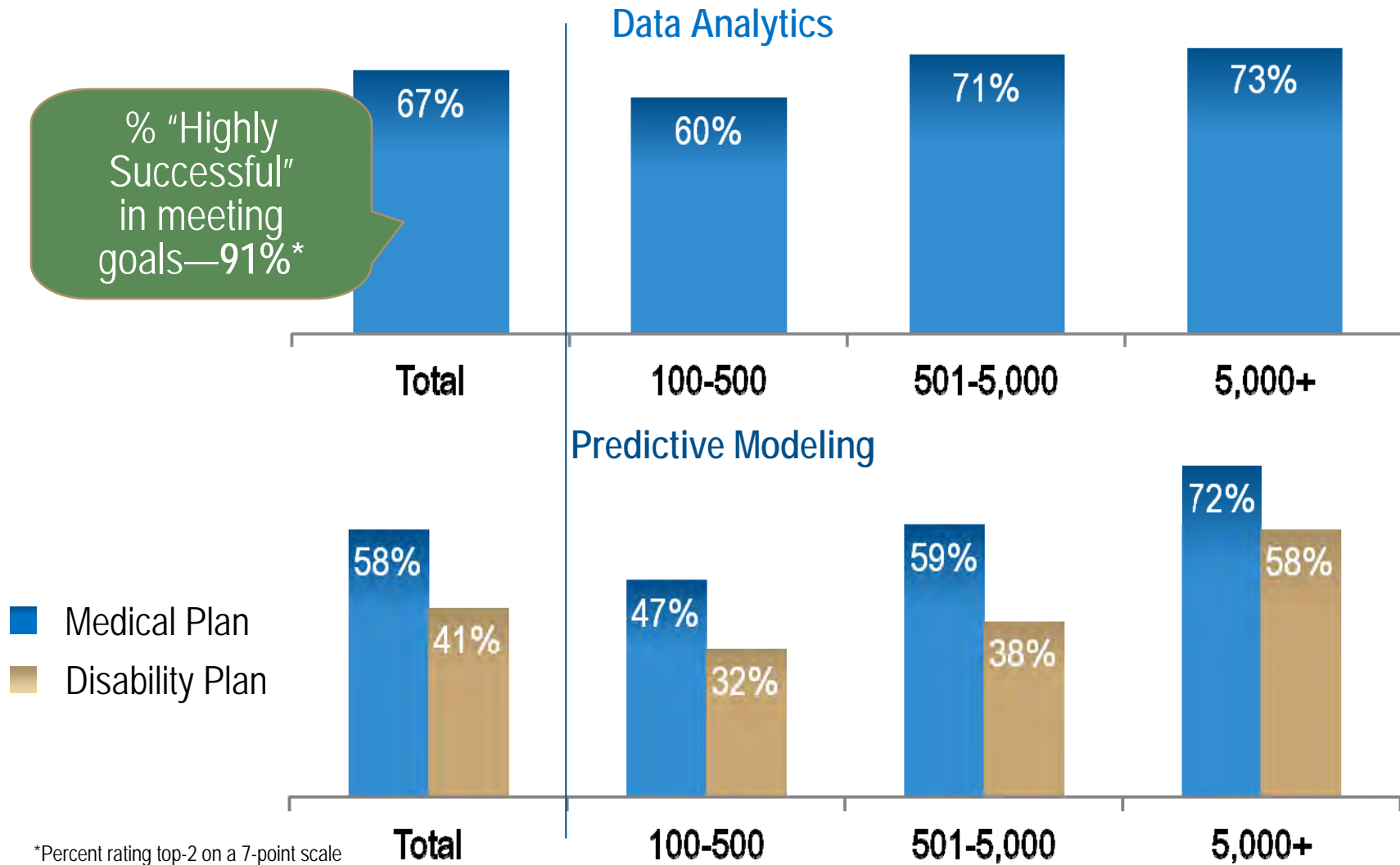


*Percent rating the goal as one of their top 3

Source: *The Market for Integrated Health Care & Disability Management – 2010*

Four goals relate directly to Worker Productivity

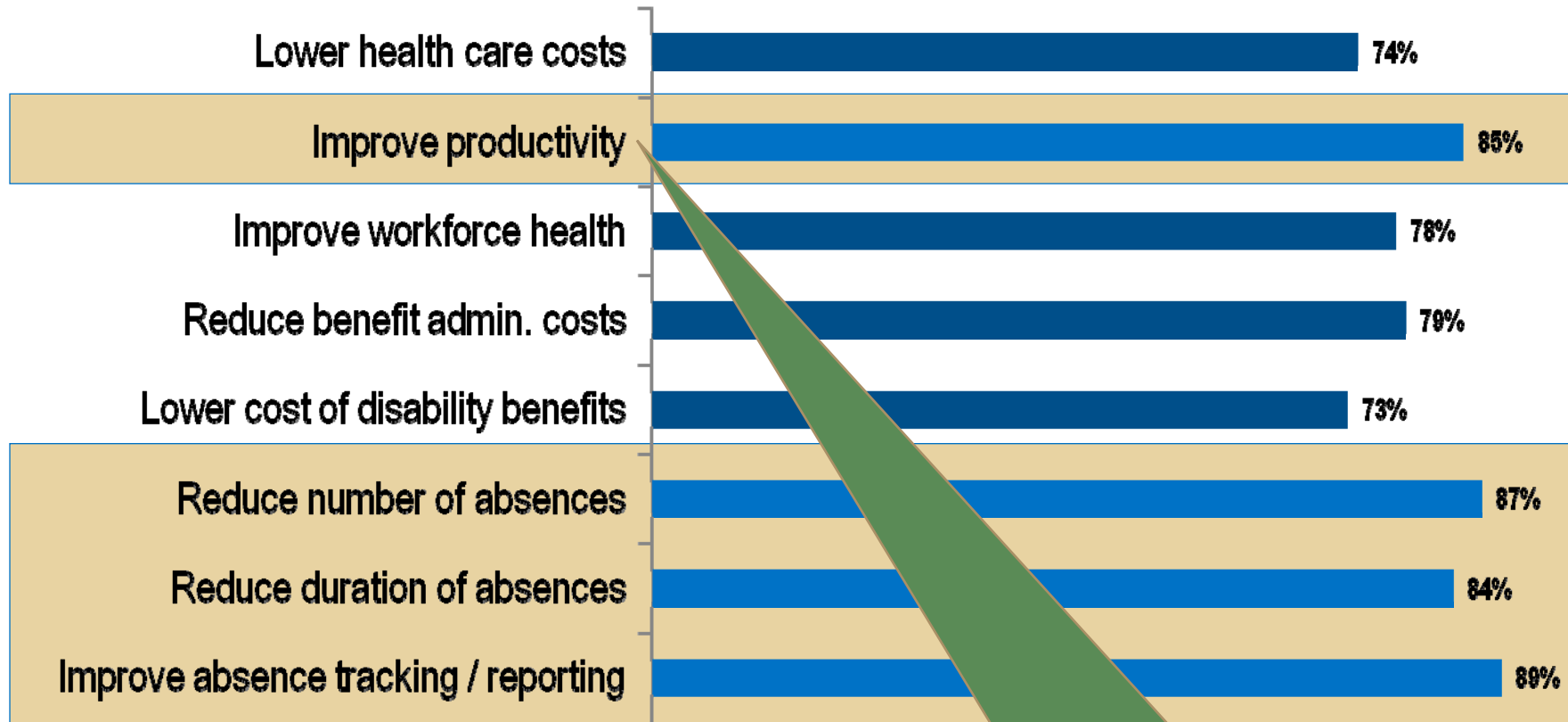
Data Analytics and Predictive Modeling Initiatives



Source: *The Market for Integrated Health Care & Disability Management – 2010*

Benefits Integration Initiatives

Success in Meeting Top Goals*



*Percent rating top-2 on a 7-point scale

Source: *The Market for Integrated Health Care & Disability Management – 2010*

The four most "Highly Successful" relate to Worker Productivity

Integrated Benefit Reporting & Analytics



Integrated Benefit Reporting & Analytics

- To provide clients with **integrated reporting** which encompasses medical, workers' compensation, absence, disability, and other ancillary programs.
- To provide consultative services to clients through medical and disability **predictive modeling** and **benchmark data**.
- To support **recommendations** for plan, benefits, and policy changes to enable clients to improve overall benefit plan experience and reduce costs.
- To offer menu-based pricing for **consultative analytics** or **support consultants**.

Integrated Benefit Reporting & Analytics

Services	Highlight
Data File Management	<ul style="list-style-type: none">Manage client program files (medical, pharmacy, WC, disease mgmt, wellness, etc.).
Data Integration	<ul style="list-style-type: none">Consolidate data into Pru proprietary data base.Access to MarketScan database for benchmarking.Prudential full block of absence & disability data.
Reporting	<ul style="list-style-type: none">Pru will support, define and deliver reports to clients using client specific and market data.Prudential will provide either directly to clients and/or in support of client consultant relationships comprehensive benefit plan analytics.

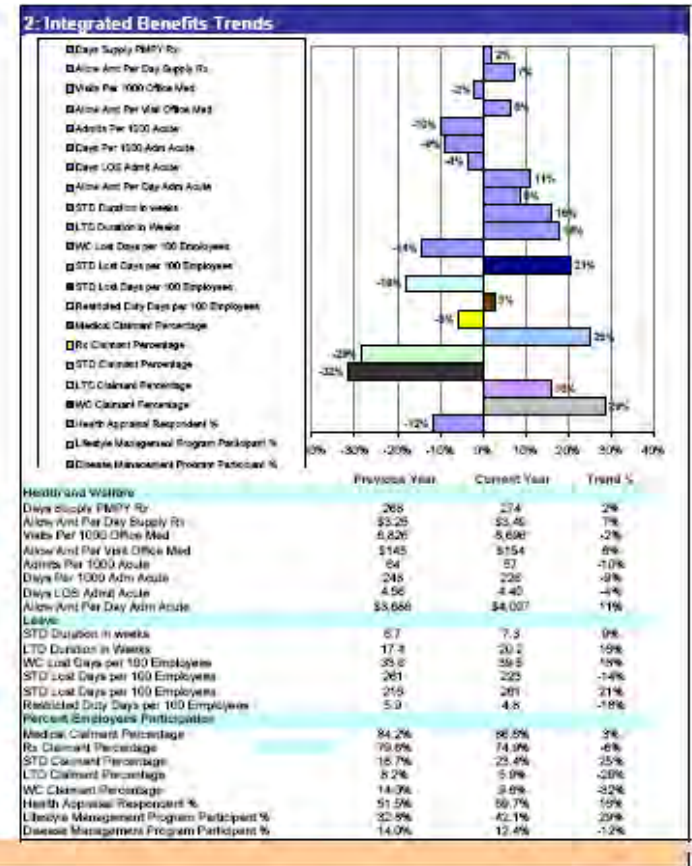
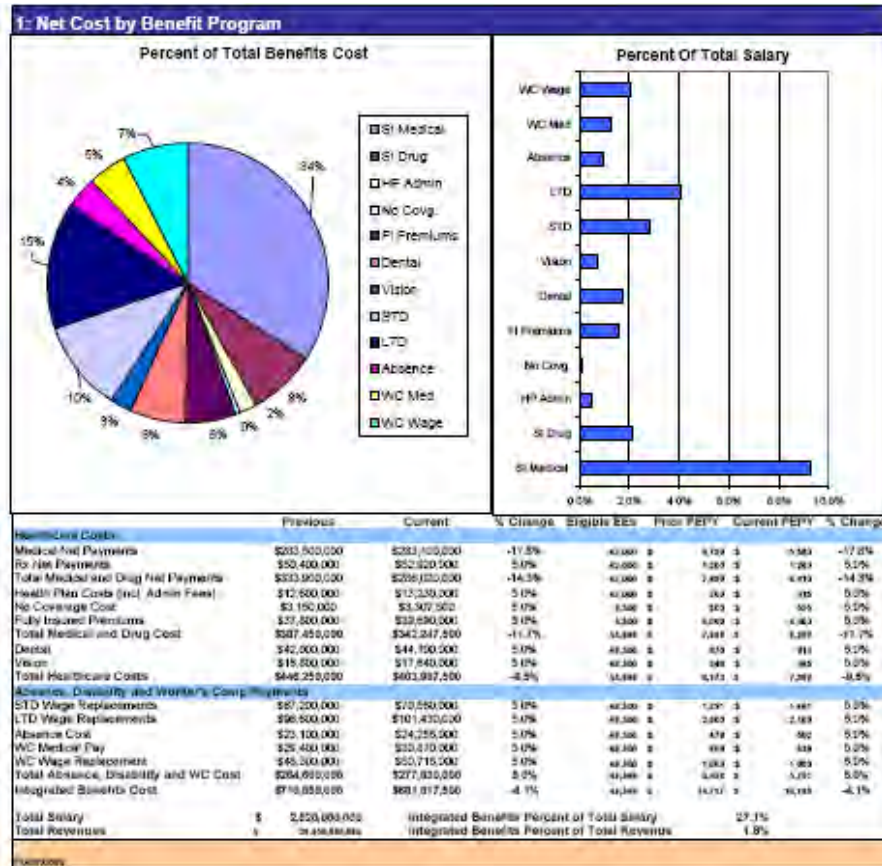
Integrated Benefit Reporting & Analytics

Sample

Experience for March 2006 – February 2008, paid through May 2008

Actives

Executive Dashboard: Integrated Benefits



Integrated Benefit Reporting & Analytics

Sample

Experience for Calendar Year 2007

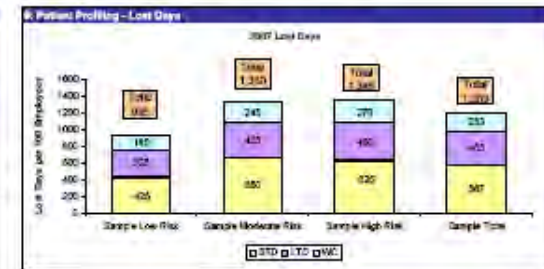
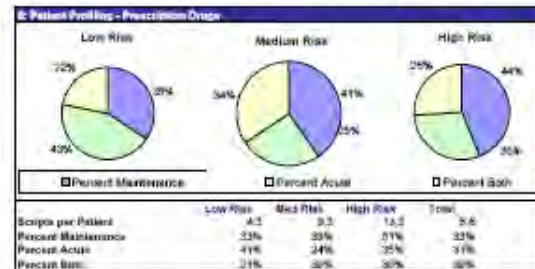
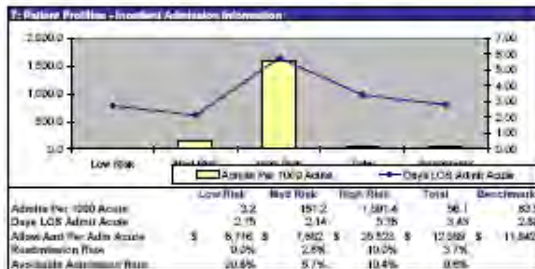
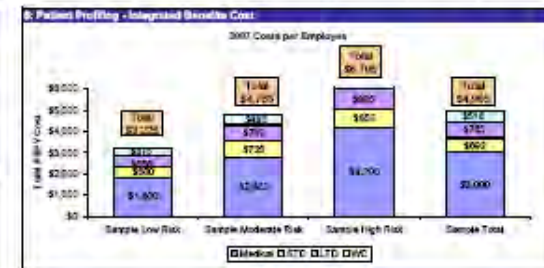
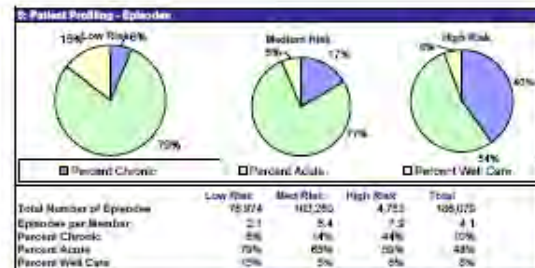
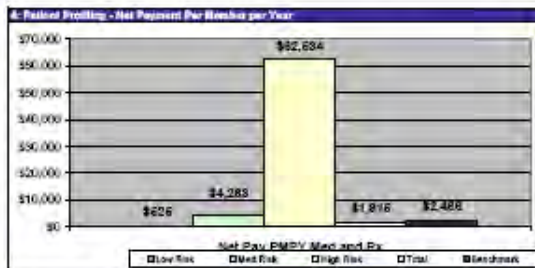
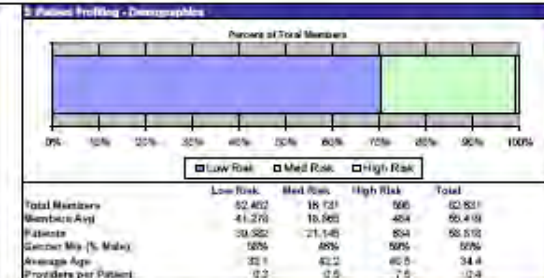
Actives

Executive Dashboard: Risk Profiling

Diagnostic Cost Groups (DCGs) are a population-based classification and risk adjustment methodology. Developed and licensed by DxCG® Inc.; used in Medstat's Advantage Suite database for Client DCGs help explain variation in healthcare resource consumption based on a population's "illness burden". DCGs use age, gender and health status data derived from claims to produce an expected and predicted risk score. DCG is a numeric value from 0 to 700 that identifies the Diagnostic Cost Group (DCG) category to which a person was assigned during the DCG time period - Calendar Year 2005.

Three Risk Groups were created from the entire population for these analyses:
Low: DCG lower than 20
Medium: DCG from 20 through 250
High: DCG over 250

Benchmarks are from Medstat's MarketScan database for 2006

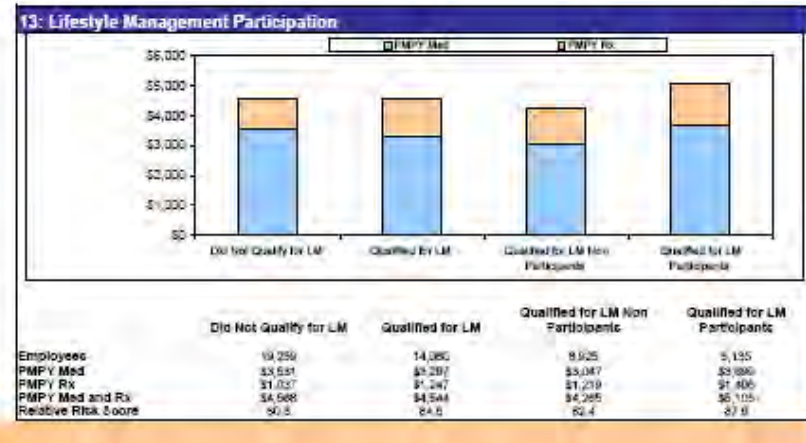
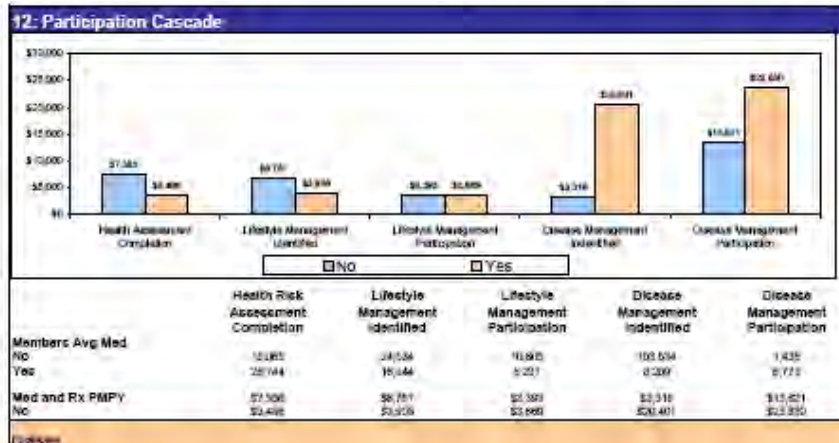
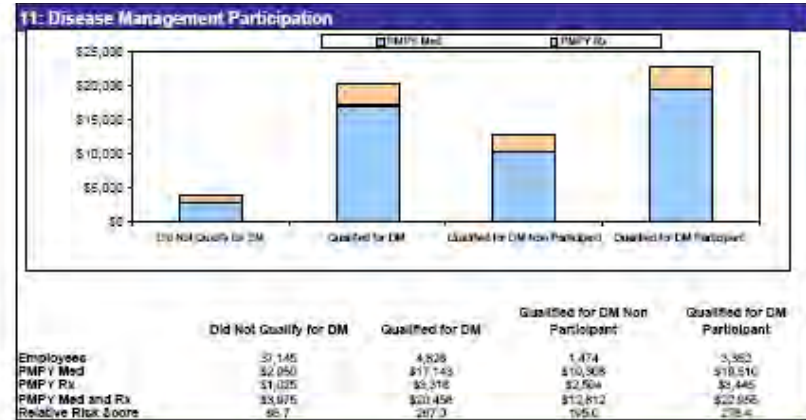


Integrated Benefit Reporting & Analytics

Sample

Experience for Calendar Year 2007
Actives

Executive Dashboard: Culture of Wellness



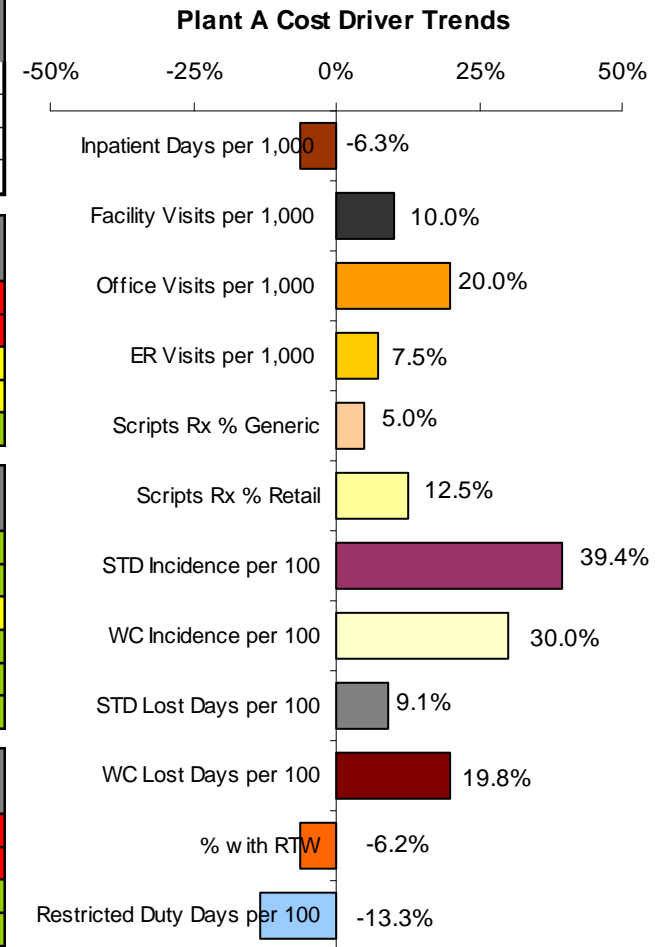
Integrated Benefit Reporting & Analytics

Demographics	Plant A		% Difference	Company ABC	% Difference
	2006	2007			
Employees	3,000	3,100	3.3%	20,000	N/A
Members	6,450	6,900	7.0%	45,000	N/A
Family Size	2.15	2.23	3.5%	2.50	12.3%
Average Employee Age	46.0	44.5	-3.4%	45.0	1.2%

Preventive Screening Rates	Plant A		% Difference	HEDIS Target	% Difference
	2006	2007			
Breast Cancer	57.0%	61.3%	7.5%	68.9%	-11.9%
Cervical Cancer (PAP)	70.9%	76.2%	7.5%	81.0%	-10.1%
Colon Cancer	50.5%	46.3%	-8.3%	54.5%	-4.0%
Prostate Cancer (PSA)	31.8%	33.1%	4.1%	34.5%	-2.7%
Cholesterol	24.5%	31.7%	29.1%	37.9%	-13.3%

Group Health	Plant A		% Difference	Company ABC	% Difference
	2006	2007			
Inpatient Days per 1,000	240	225	-6.3%	230	-2%
Facility Visits per 1,000	1,000	1,100	10.0%	1,200	-8%
Office Visits per 1,000	3,500	4,200	20.0%	4,000	5%
ER Visits per 1,000	200	215	7.5%	235	-9%
Scripts Rx % Generic	60%	63%	5.0%	70%	-10%
Scripts Rx % Retail	40%	45%	12.5%	50%	-10%

Absence Management	Plant A		% Difference	Company ABC	% Difference
	2006	2007			
STD Incidence per 100	7.1	9.9	39.4%	8.7	-12.1%
WC Incidence per 100	4.0	5.2	30.0%	3.5	-32.7%
STD Lost Days per 100	280	306	9.1%	400	30.8%
WC Lost Days per 100	24.8	29.7	19.8%	35.0	17.8%
% with RTW	40.3%	37.8%	-6.2%	35.0%	-7.4%
Restricted Duty Days per 100	40	35	-13.3%	45	28.6%

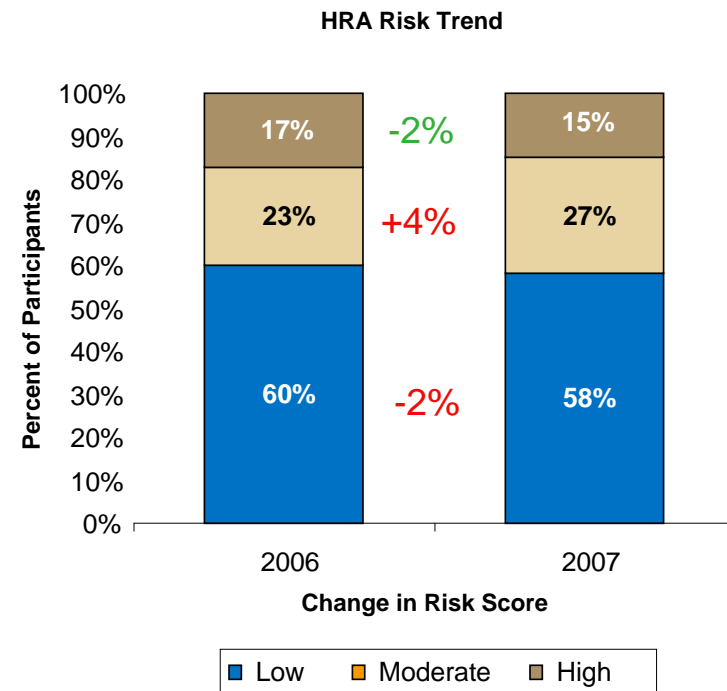


Integrated Benefit Reporting & Analytics

Program Participation	2006	2007	% Difference
Fitness Centers	500	600	20.0%
Smoking Cessation	100	95	-5.0%
Lifestyle Management	1,500	1,350	-10.0%
Disease Management	200	215	7.5%


HRA Participation	2006	2007	% Difference
Total Members	4,515	5,037	11.6%
Total Hourly	1,950	2,112	8.3%
Total Salaried	2,760	3,145	13.9%
% Participation	70%	73%	4.3%
% Hourly	65%	66%	1.5%
% Salaried	80%	85%	6.3%
% Low Risk	60%	58%	-3.3%
% Moderate Risk	23%	27%	17.4%
% High Risk	17%	15%	-11.8%

Risk Factors - % at Risk	2006	2007	% Difference
Blood Pressure	10%	4%	-60.0%
Body Mass Index	66%	67%	0.4%
Cholesterol	20%	9%	-55.0%
Glucose	2%	1%	-43.5%
Alcohol Use	3%	2%	-33.3%
Current Smoker	8%	7%	-12.5%
Physical Activity	55%	58%	5.5%
Physical Health	7%	5%	-32.5%
Depression	10%	1%	-89.7%
Stress	5%	14%	157.6%



Questions and Answers





Group Disability Insurance coverages are issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102. This presentation is intended to be a summary of benefits and does not include all policy provisions, exclusions, and limitations. A Booklet-Certificate, with complete information, including limitations and exclusions, will be provided. If there is a discrepancy between this document and the Booklet-Certificate issued by Prudential, the terms of the Booklet-Certificate will govern. Contract Series 83500.

This policy provides disability income insurance only. It does NOT provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department.

North Carolina Residents: THIS IS NOT A MEDICARE SUPPLEMENT PLAN. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare, which is available from the company.

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