

# Best Practices

## INNOVATIVE HEALTHCARE SOLUTIONS: KI



Furnishing Knowledge™



**Location:** Green Bay, Wisconsin  
**Industry:** Office Furniture Manufacturing  
**Size:** 1400 employees in Wisconsin  
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### BACKGROUND

KI offers simple, durable furniture designs for any application. KI is a trusted market resource, providing personalized solutions. The sixth largest furniture manufacturer in the industry, KI employs 3,000 individuals worldwide and has 10 manufacturing facilities in North America. KI is 100 percent employee owned, and one of *Forbes* 500 largest privately owned companies in America.

KI is a non-union employer with average tenure at its Green Bay plant of over 17 years. In 1992, as a result of increasing healthcare costs, KI initiated a program to put more responsibility for containing rising costs with employees. The first step was a Health Risk Assessment (HRA) and the introduction of a comprehensive wellness program. This was followed by consumer-driven benefit designs and active case management. KI couples its wellness programs with aggressive physical therapy and nurse interventions, as well as safety programs resulting in an integrated system reaching out to employees at all levels.

### HEALTH PLAN DESIGN

In 2005, KI launched a new health insurance plan design incorporating a high deductible health plan (HDHP) with employee savings accounts, which are funded by the employer. Today, the KI plan includes two deductible tiers, one at \$1,500/3,000 and the other at \$3,000/6,000. Two Health Savings Accounts (HSAs) and one Health Reimbursement Account, (HRA) options are offered. To encourage employees to reduce health risks and catch potential problems early, preventive care services are covered at 100 percent. Generally, the health plan and health risk assessment are the same at all KI facilities except its Canadian operations.

### INCENTIVES

The KI plan has a very structured premium schedule. Company contributions to the HRA or HSA are based on health risk assessment points. Points lost can be earned back by participating in various wellness and case management programs, such as smoking cessation. If an employee chooses to not participate in the HRA or HSA, no company contribution is made.

KI also offers wellness awards (typically cash prizes) through its Stay Healthy program. A local company is retained to measure employee participation and account for incentive points.

## ***WELLNESS PROGRAM COMPONENTS***

The cornerstone of the KI wellness program is a health risk assessment (HRA), which the company started in 1991. Initially a voluntary program, the HRAs are now mandated for employees and spouses. Prior to mandating the HRA, 93 percent of employees were participating voluntarily.

### ***Wellness Culture***

KI has been a pioneer in developing a culture of wellness at its facilities. The company's wellness initiatives are developed by a Wellness Committee and driven by management. Through a combination of incentives and internal competitions, KI has succeeded in getting significant employee participation. Some of its wellness initiatives include:

- Weight loss programs including competitions such as Biggest Loser and Winter Meltaway, as well as onsite Weight Watchers paid for by the company.
- Cafeteria and vending services focusing on healthy choices. Only diet soda is offered in vending machines, with lower prices for healthy choices.



- Fitness programs including a fitness day and onsite YMCA classes. KI has an onsite fitness center with a flexible work schedule that encourages use of the center. Company employees are often seen running in groups in the plant vicinity during their lunch break.

### ***Smoking Cessation***

KI is a smoke-free campus. The company encourages employees to participate in company-sponsored smoking cessation programs, with participants receiving credit toward HRA/HSA contributions.

### ***Case Management***

One of the outcomes of conducting regular health risk assessments is the identification of high risk conditions. KI has an aggressive condition management program, which involves personal coaching and measuring results. Onsite blood pressure monitoring by a nurse is an example of an ongoing initiative to measure results for employees with potential cardiac issues.

### ***Coordination with other initiatives***

KI recognizes that employee health status and presenteeism require a coordinated program of services. Onsite physical therapy services are offered in its Wisconsin facilities to treat both work and non-work related injuries. An onsite nurse is the gate keeper, with eight free visits per year provided to each employee.

Another major related initiative is safety. KI has developed an award-winning safety culture at its facilities. The safety program is team based and recognizes that safety is a 24/7 proposition. The program even extends to some 200 summer temporary employees who are initiated into the KI safety culture by full-time employees. The result is an exemplary lost time incident rate of 1.5 percent.

## ***Education***

KI believes employee education is the key to good health. Programs featuring outside experts discussing subjects like diabetes, cholesterol, obesity and men's health are scheduled on a yearly wellness calendar. Lunch & Learn programs have been conducted by cardiologists, nutritional experts and others. An annual Health Fair is conducted onsite.



## ***RESULTS***

The result of the implementation of the HDHP is that plan premiums have not increased since 2005. The current cost per employee of \$5,500 is well below the Wisconsin average.

## ***LESSONS LEARNED***

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- A combination of monetary incentives, peer pressure, education and internal competition has created a wellness culture which employees embrace and thus promotes wellness and fitness.
- Health Risk Assessments, with metrics to measure participation in follow-up programs, are tied to monetary rewards to encourage employee engagement.
- Integrated management of wellness, physical therapy and safety provides a continuum of preventive services to employees.
- A variety of wellness initiatives keeps employees interested and engaged.
- Case management is essential to controlling the cost of high risk conditions, which make up a major portion of healthcare costs.

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*View other Wisconsin Business Best Practices Reports at*

*<http://www.wmc.org/healthcare/index.php>*

# Best Practices

*WMC's healthcare agenda includes initiatives to encourage employers to take innovative steps to improve the health status of their employees and control their healthcare costs. WMC has identified employers whose healthcare initiatives can serve as best practices for others to use as models for their own initiatives.*

## Healthcare Best Practices—Common Lessons Learned

WMC has interviewed a number of companies who have taken bold steps to control their healthcare costs and improve the health status of their employees. From those best practices, we have seen a series of common elements or lessons learned. A summary follows:

- *Employees must be engaged in programs to improve their health. Incentives are essential to engaging employees.*
- *Innovative practices come from companies with executives who push the boundaries and drive their employees to seek change.*
- *While cash or tangible incentives sweeten the pot, reduction (or increase!) of the employee's share of health insurance premiums is the most effective strategy.*
- *A broad array of wellness options engages more employees. Flexibility of access during and off of normal working hours increases participation.*
- *Successful programs emphasize improved productivity and cost savings, and often focus on mental, as well as physical, well-being.*
- *Most employers recognize that "doing the right thing" for their employees' health is incentive enough to invest in wellness programs. For those with this philosophy, positive returns on investment follow.*
- *Health Risk Assessments provide the basis for most programs because they immediately engage employees. It is equally important to engage spouses, and to the degree possible, dependents enrolled in family plans, in health assessments and wellness activities.*
- *Consumer-driven plan designs experience slow employee acceptance unless significant incentives or disincentives are provided. Employers must educate and aggressively market the benefits of these plans to employees in order to get participation.*
- *As programs evolve, employers realize the need to dedicate an individual to develop, market, and monitor wellness programs. As programs mature, they need to be integrated, such as the coordination of exercise programs, medication regimens and nutritional guidelines for high-risk employees.*
- *Goals and objectives with appropriate metrics must be clearly stated and communicated to employees. They have to understand why it is important to them and to the company.*
- *Management of chronic/high risk diseases provides the best opportunity for cost savings. The 80/20 rule applies; 80 percent of healthcare costs are spent on 20 percent of the healthcare encounters.*
- *Almost any size company can implement programs to improve wellness and cut costs. The range of options is scalable to company size. Help is out there from companies who have already implemented best practices.*
- *And finally, leading companies are more than willing to share their health care best practices with other companies in their communities.*