

Best Practices

INNOVATIVE HEALTHCARE SOLUTIONS: MODINE MANUFACTURING



Location: Racine, Wisconsin
Industry: Manufacturing
Size: 680 union and non-union employees in Wisconsin
Contact: Laura Clampett, Compensation and Benefits Manager

BACKGROUND

Modine Manufacturing Company is a 90-year old Racine-headquartered company manufacturing heat exchangers, condensers, and related equipment and components. Modine provides a dual-choice healthcare package for its employees across the country, consisting of a self-insured PPO administered through United Health Care and a High Deductible Health Plan (HDHP). It faces significant challenges in managing its healthcare benefit programs due to the globalization of its business.

OBJECTIVES

Modine's primary objective is to maintain a healthy workforce, enabling it to better control the cost of its medical insurance. The company also believes these initiatives will improve productivity and reduce absenteeism.

PROGRAM COMPONENTS

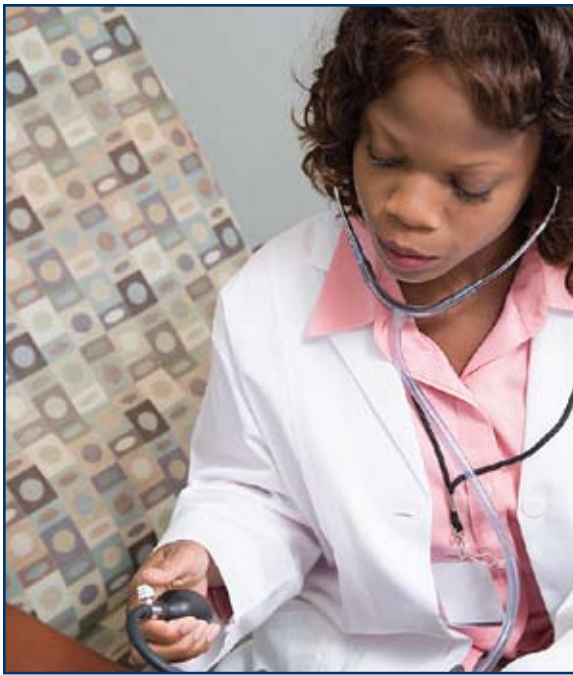
Modine has developed a number of initiatives to improve the health status of its employees, including:

Tobacco Cessation Program

Modine employees are required to complete a brief online questionnaire (in plant kiosks provided for the employee's convenience) which asks if the employee or their spouse uses tobacco products. If either the employee or spouse uses tobacco products there is a 10% addition to their insurance premium. If the using employee or spouse enrolls in the tobacco cessation program, they move back to the lower premium tier. Management reports that the honor system of reporting usage is working fairly well, with peer pressure playing a big part in compliance.

Pharmaceutical Cost Controls

Modine has contracted with CVS Caremark™, a national Pharmacy Benefits Manager (PBM) through its coalition membership in the Ohio Healthcare Purchasing Corporation, to manage its drug costs. The program includes reduced copays on generic drugs and a system of providing reports back to employees on the total cost (transparency) of drugs to the employer. Guidance is provided on how to save money on prescription drugs. Caremark offers an online mail order system which provides even greater savings to Modine employees.



Blood Pressure Screening

An aggressive blood pressure screening program was implemented using Six Sigma techniques. An initial group of 60 employees were tested weekly for 12 weeks with significant improvements experienced over that period. The program was then expanded to 300 employees and included biometric screening for all cardiovascular risk factors. One-on-one private coaching is provided for the highest risk employees in the test group. General health tips were provided to all participants.

Immunization

Modine has expanded its immunization program for employees and family members by revising immunization coverage through its insurance plan.

Nutrition

Modine provides discounts in its cafeteria for healthy choice items, and also provides discounts on healthy choices in vending machines.

HEALTH PLAN DESIGN

Modine began offering a High Deductible Health Plan in 2007. Approximately 5% of employees are enrolled and this number is expected to grow in 2008. The HDHP includes a \$2,500 deductible, but Modine does not currently offer an HRA or HSA. Modine pays the first \$300 of costs related to wellness programs for employees in the HDHP.

Onsite Physician

Modine employs a physician onsite in Racine to manage many of its health and wellness initiatives. One advantage with this model is that a physician has access to personal employee health information for purposes of coordinating care programs for high-risk employees.



RESULTS

With the effects of efficiencies and wellness priorities, Modine has seen a reduction of healthcare costs of approximately 7% in 2007. The company has experienced a leveling of costs with its 2008 renewals and expects significant savings in future years. It has also seen immediate health status improvements from several of its programs, notably, the cardiovascular risk reduction initiatives.

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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.*