

Best Practices

INNOVATIVE HEALTHCARE SOLUTIONS: SERIGRAPH INC.



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| Company: | Serigraph Inc. |
| Location: | West Bend, Wisconsin |
| Industry: | Manufacturing of Decorative Components |
| Size: | 700 employees. 1500 covered lives |
| When plan was implemented: | 2004 with ongoing changes |
| Contact: | John Torinus Jr., Chairman |

BACKGROUND

From the company's beginnings in an entrepreneur's garage in 1949, Serigraph Inc. has become one of the largest specialty printers in the world. Serigraph has grown to global leadership in screen and offset printing on plastics. The company employs over 1,200 people in the U.S., Mexico, and Asia to service companies with operations all over the world.

Serigraph is committed to offering each customer top-quality service, including competitive pricing

and superior turnaround in a broad array of market-specific groups.

Serigraph has been an innovator in developing and implementing programs to improve employee healthcare status and control the rising cost of healthcare. Up until 2004, Serigraph employed a traditional healthcare plan for its employees with a single deductible and co-pays. The employer paid 75% and employees paid 25%. When medical costs escalated by 42% from 1999-2003, senior management undertook a study of the cost drivers, much like they would tackle a production improvement project in their plant. The result has been a series of initiatives to engage employees, put insurers and providers to task, and make innovative changes to their benefit plan design.

OBJECTIVES

Early on, the company developed a consumer driven solution that was inaugurated January 1, 2004. It focuses on:

- Stabilizing or reducing annual medical costs
- Engaging workers and helping them become better healthcare consumers
- Forcing medical delivery system to provide value:
 - Better quality
 - Better prices
 - Better services
 - Increased transparency on price and quality

PHILOSOPHY / APPROACH

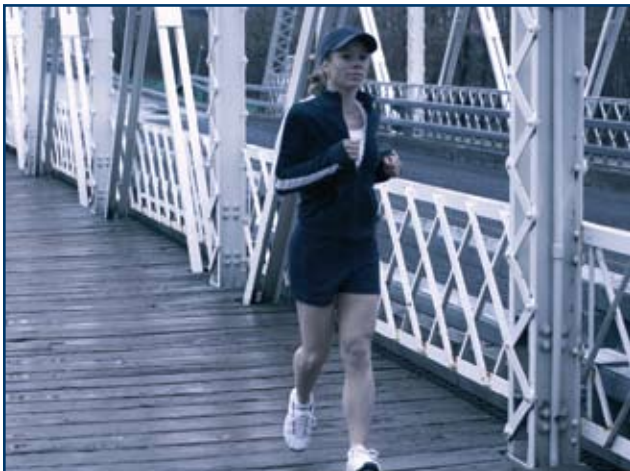
Serigraph has adopted an approach that focuses on changing behaviors by providing incentives. The employer endeavors to provide good data to employees to allow them to make informed decisions, along with incentives to control costs.

- Control Utilization: Serigraph established a High Deductible Health Plan (HDHP).
- Channel employee purchasing decisions of elective procedures by implementing a Med-Save program that provides cash rewards for choosing a high value provider, some outside the immediate market area.
- Improve individual and group health by establishing a holistic wellness, fitness and prevention program with incentives.
- Control the cost of chronic disease. Serigraph conducts on-site health risk assessments and provides follow-up counseling. On-site nurse practitioners and the employee's doctors closely monitor at-risk employees and manage their care.

COMPONENTS OF THE PLAN

Serigraph includes a number of elements to engage employees in improving their health status as well as taking responsibility for the cost and quality of medical services they utilize. Following is a summary of the program elements:

- An annual health risk appraisal (HRA) is required for all employees. It is free to workers and spouses. There is a surcharge on health premiums if employees don't participate or they smoke.
- Up to 2 free days off for wellness are provided based on wellness activities and preventive care, for instance, for use of the companies walking trails.



- Serigraph has an on-site fitness center with 24/7 operations
- An on-site chiropractor, dietician, nurse, and nurse practitioner are provided at no cost or very low cost.
- The companies consumer-driven health plan coverage includes 4 plan choices; a broad network giving options to employees; wellness programs beyond primary care; free prevention tests for mammograms, pap smears, prostate exams, colonoscopies, etc.; and an aggressive disease management program, starting with diabetes in 2007.
- MedSave for elective procedures which includes cash rewards to workers who opt for selecting high-value providers. Awards are \$250-\$2,000 based on cost/severity of procedure



- Serigraph has established a high-deductible plan with lower premiums and provides funding for employee Health Reimbursement Accounts (HRA)
- The three tier drug program has resulted in 90% use of generics.

THE RESULTS TO DATE: ROI

Serigraph reports the following results of these efforts:

- Stronger benefits –early stage detection
- 28% fewer claims
- 4% average increase in per person charges over four years

- Two-thirds of workers participating in lower-cost, HDHP
- Average medical cost per member in 2007 was 19% below the state average
- The local health care community is interested in collaboration with Serigraph corporate initiatives
- Importantly, Serigraph believes they have avoided consequences of taking no action --- costs would have increased an additional \$2 million over current cost

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CONCLUSION

Serigraphs initiatives to control their healthcare costs and engage employees in wellness and utilization control have become a model for many companies to follow. Serigraph leadership has shared their story with many other companies and serves as a benchmark for best practices in Wisconsin.



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.*