BACKGROUND

Burger Boat Company, founded in 1863, designs and builds custom motor yachts ranging in size from 75 to 200 feet (23 to 60 meters). Typically, the company launches between two to three yachts per year, and has four to six projects under construction at various stages of completion. The vessels built today successfully blend the rich heritage of experienced yacht building with the latest technologies and systems available in the marketplace.

Burger Boat Company is the foundation of the American yachting experience and the oldest and most respected custom yacht builder in America, spanning three centuries. For nearly 150 years, the company has been recognized internationally for design, quality construction, and seaworthiness, appealing to individuals who are unwilling to compromise on the integrity of their yacht.

As all great organizations realize, the future, in large part, depends upon the strength of its human assets. Burger Boat Company recognizes that in addition to their incredible history and heritage, their people have developed a respected product and pedigree. They recognize their future will be directly measured by the ability to attract and retain world-class talent, not only in employment of exquisite artists and craftspeople, but in the full engagement of their talents, minds and spirits.

Burger Boat employs an inspired workforce. This is not a given; this is an ever-present challenge to continue to develop an environment where creativity and craftsmanship can be facilitated and rewarded. It is based on an extremely careful way of sourcing and selecting their yacht builders. Many join Burger Boat with good skills—looking for the opportunity to expand their knowledge and abilities to greater capabilities. Many are seasoned boat builders who, with each and every challenging new project, continue to become extraordinary workers. This environment sustains not only their desire to attain world class recognition as a company, but fuels their individual employees’ desire to become world-class yacht builders.

Burger Boat consists of a passionate team of individuals who look to the future with great excitement at the many bright possibilities that await them. Employees remain committed to perfecting their work, one person and one project at a time. They are proud to continue offering services of designing and building custom motor yachts.

Burger Boat has won numerous domestic and international awards for high quality custom yacht design and construction, including a national woodworking award for their yacht interiors. They are considered among the elite custom yacht builders in the world.
**COMPANY HEALTHCARE PHILOSOPHY**

Burger Boat’s philosophy is to place a primary focus on the health of people, which positively impacts individual and corporate results. Their strategy is to change medical behaviors through appropriate plan designs, coupled with objective medical data, to create an environment where people make intelligent, informed healthcare decisions.

This philosophy makes good business sense because of the positive impact on employees and families. Productivity is up and costs are down. This gives Burger Boat a competitive advantage in the marketplace.

**HEALTHCARE PLAN DESIGN**

Several years ago, Burger Boat unveiled a strategy of controlling and directing healthcare utilization through plan design. They converted their employee healthcare program to a high deductible health plan (HDHP). The self-insured plan is administered by Humana1, and Burger Boat has found it takes significant effort to make an HDHP work. It takes constant education and ongoing discussions with employees face-to-face on the job site. But the efforts are worth it.

Burger Boat provides a company funded personal benefit account similar to a health savings account (HSA) for all employees with funding at $800/$1,600/$2,300. It includes 100 percent coverage for preventive care… no deductibles or co-insurance. The deductible for other services is $1,500/$3,000 with 80/20 coinsurance. The HSA is designed to allow employees to roll and retain unused amounts, and currently includes five self-directed investment accounts. All employees are fully vested in this additional source of retirement savings.

Total out of pocket limits are $3,000/$6,000 for in-network providers and $6,000/$12,000 for out-of-network providers. Deductibles are included in the out-of-pocket limits.

The plan includes built-in penalties for adverse risk behaviors by both employee and spouse, like tobacco use.

On the positive side, incentives are provided for positive behaviors, including use of fitness centers or achieving improved scores on the health risk assessment.

In terms of large case management, Burger Boat is also considering incentivization to steer employees to high quality, low cost providers.

The employer offers a fairly standard prescription drug plan with a 25 percent copay and $100/month/per prescription maximum. It includes mail order options.

An evidence-based dental plan with up to four cleanings per year is offered at no cost to employees through Humana.

Burger Boat uses the services of the McClone Insurance Group2 for brokerage services.

**HEALTH RISK ASSESSMENTS**

Burger Boat offers free annual health risk assessments (HRA) for employees and spouses (including a PSA test for males over 50) which they believe assists employees in health management and healthcare decision making. If the employee and spouse do not participate, there is an increase in their share of monthly premiums. HRAs have been successful in early detection of potentially high risk conditions, and serve as testimonials to convince all employees to participate. Holy Family Hospital in Manitowoc conducts the HRA. A nurse/health coach from Holy Family then visits the site to discuss HRA results individually with each employee. Humana provides case management services.
**WELLNESS PROGRAMS**

A wellness committee was formed to develop events and communications to get employees interested in wellness and prevention. Lunchbox events are held periodically, utilizing local speakers on subjects such as cardiac and prostate health, ergonomics and other wellness activities. Burger Boat takes an aggressive approach to tobacco cessation with a smoke-free campus and smoking cessation programs.

**RESULTS**

With the introduction of the HDHP, Burger Boat has gained control of its healthcare costs. Management closely monitors a number of metrics relating to costs and employee health status.

- The average net cost per employee over the past three years is as follows:
  - 2008 $6,700
  - 2009 $7,112
  - 2010 <$7,000

  National average per Mercer\(^1\) is $8,400
- Large case profiles indicate the number of incidents is decreasing due to early detection through the HRA process
- Short-term disability and long-term disability costs are trending downward
- Dental costs are stable with improved benefits
- Consolidated company-wide HRA scores have improved year-over-year
- Smokers, as a percentage of the total employee population, have been reduced from about 32 percent to 20 percent in one year
- Presenteeism is improving
- Worker’s Compensation cost trends are steadily trending downward
- Safety record has improved significantly with safety incidents trending down

**SUMMARY**

The senior management team at Burger Boat has made healthcare a key operational component of their strategic plan. They continually manage utilization, quality and cost. Human Resources reports activities at every board meeting, and monthly to the executive council. They believe their enviable results are due to an aggressive combination of healthcare plan design, safety, occupational health, and wellness activities.

**REFERENCES**

1. **Humana Health Insurance of Wisconsin**
   N19 W24133 Riverwood Dr., Suite 300
   Waukesha, WI 53188
   Local: (262) 951-2300
   Toll Free: (800) 289-0260
   Fax: (920) 632-9508

2. **McClone Insurance Group**
   Menasha Office
   150 Main Street, Suite 102
   P.O. Box 389
   Menasha, WI  45952
   Voice: (920) 725-3232
   Toll Free: (800) 236-1034
   Fax: (920) 725-3233

3. **Mercer**
   www.mercer.com

For more information contact Mike Shoys at WMC:
608-258-3400 or mshoys@wmc.org
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.