



East Tennessee Environmental Conference

March 18, 2008

**David Sensibaugh
Director, Integrated Health
Eastman Chemical Company**

Eastman Chemical Company

\$6.8 B Annual Sales

9,000 U.S. employees and 7,000 retirees

Four U.S sites, primarily non-union

7,000 employees located at one site in TN

Margin pressures

(raw materials, energy, and labor costs)

Rapidly rising health care costs

Relatively unhealthy workforce

Background

Recognition of employee health as business issue was elevated in 2003

Established cross-functional strategic team

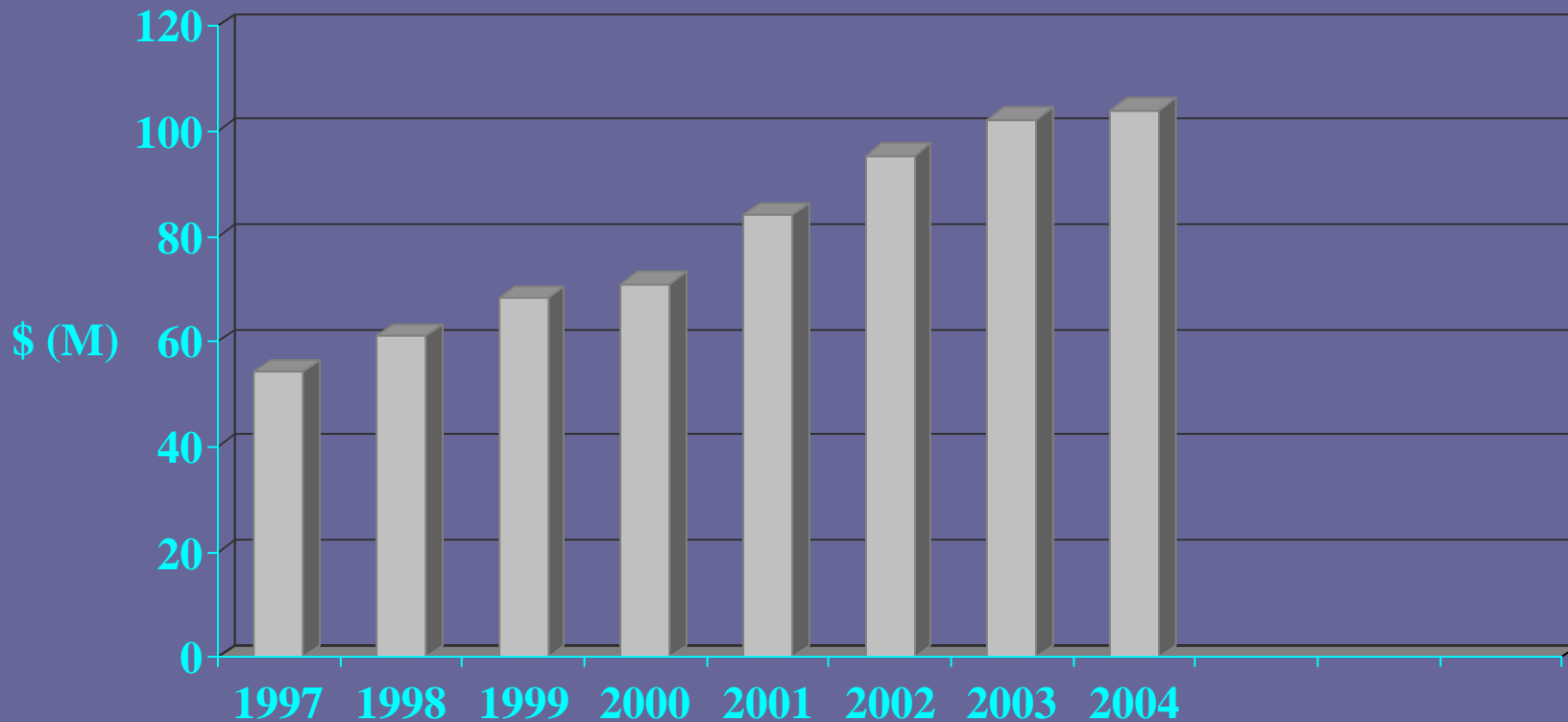
Implemented integrated model during 2004

"Structure follows strategy" – EIH organization

Change management is key

Eastman's Health Care Costs

Why is this important?



The Real Problem:

The Full Cost of Employee Health



Sources: Loeppke, et.al., JOEM, 2003; 45:349-359 and Brady, et.al., JOEM, 1997; 39:224-231

Eastman Integrated Health Goals

Healthier and more productive workforce
Greater responsibility for one's health status
More cost-effective purchase of medical care
Lower rate of increase in overall cost of medical, disability and related expenses
Improved quality of health care delivered

Result

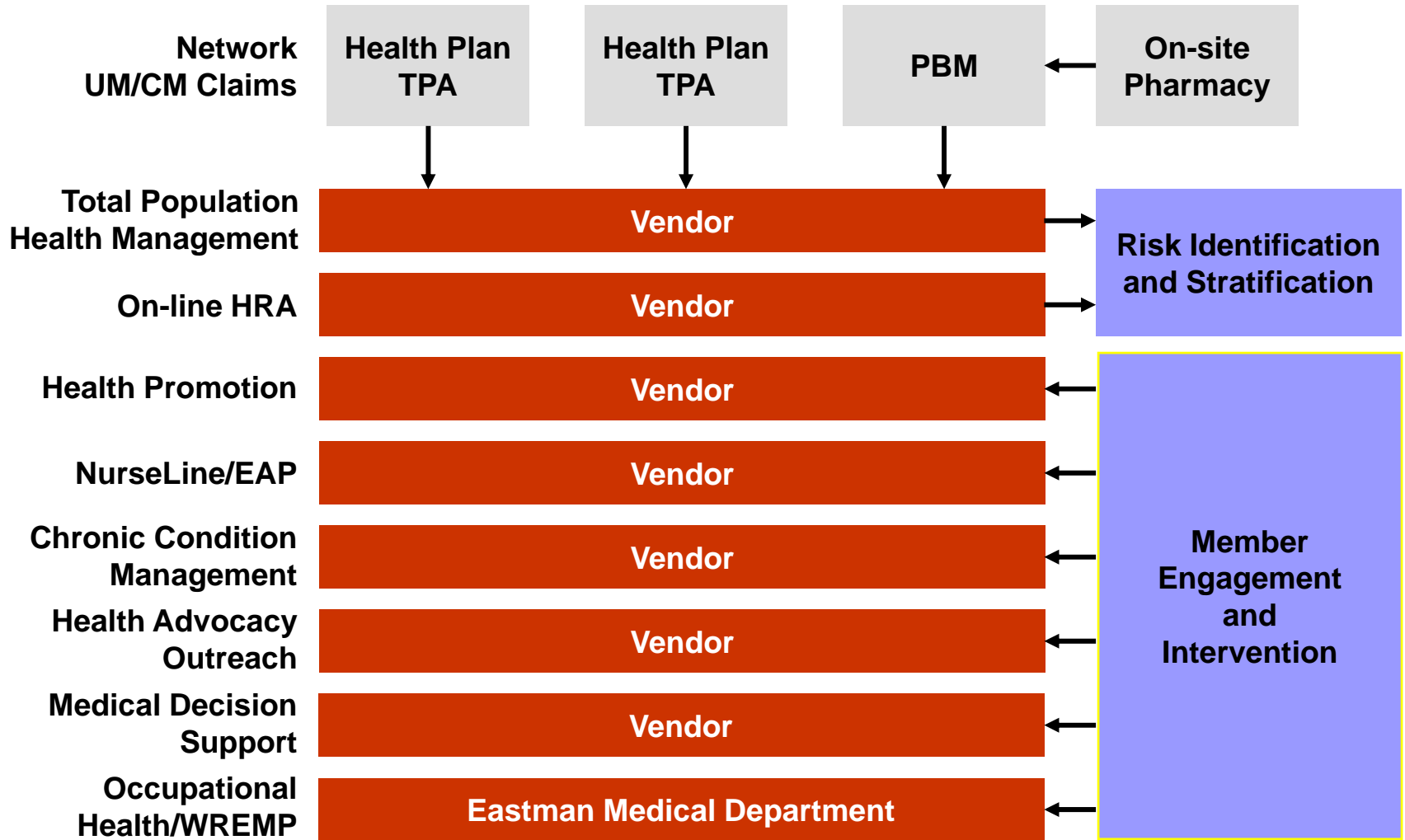
Positively impact Eastman's financial performance by:
Containing direct health care spend
Reducing indirect cost of poor health

“Building a Culture of Health”

EASTMAN INTEGRATED HEALTH (EIH) Strategic Framework



Eastman Care Management Model





Our Approach and Results

2007 Benefits Year: Complete a HRA between 9/1/05 and 8/31/06 to receive \$600 lower health care contributions

Achieved 94%

2008 Benefits Year: Complete a HRA between 9/1/06 and 8/31/07 AND participate in at least one EIH sponsored program to receive \$600 lower health care contributions

Achieved 90%



Impact of Enrollment Condition

<u>Program</u>	<u>Increase</u>
Health Risk Assessments- Employees	+184%
Healthy Steps	+512%
Total Hits (www.eastmanwellness.com)	+193%
Employee Unique Participation	+ 38%



Going Forward

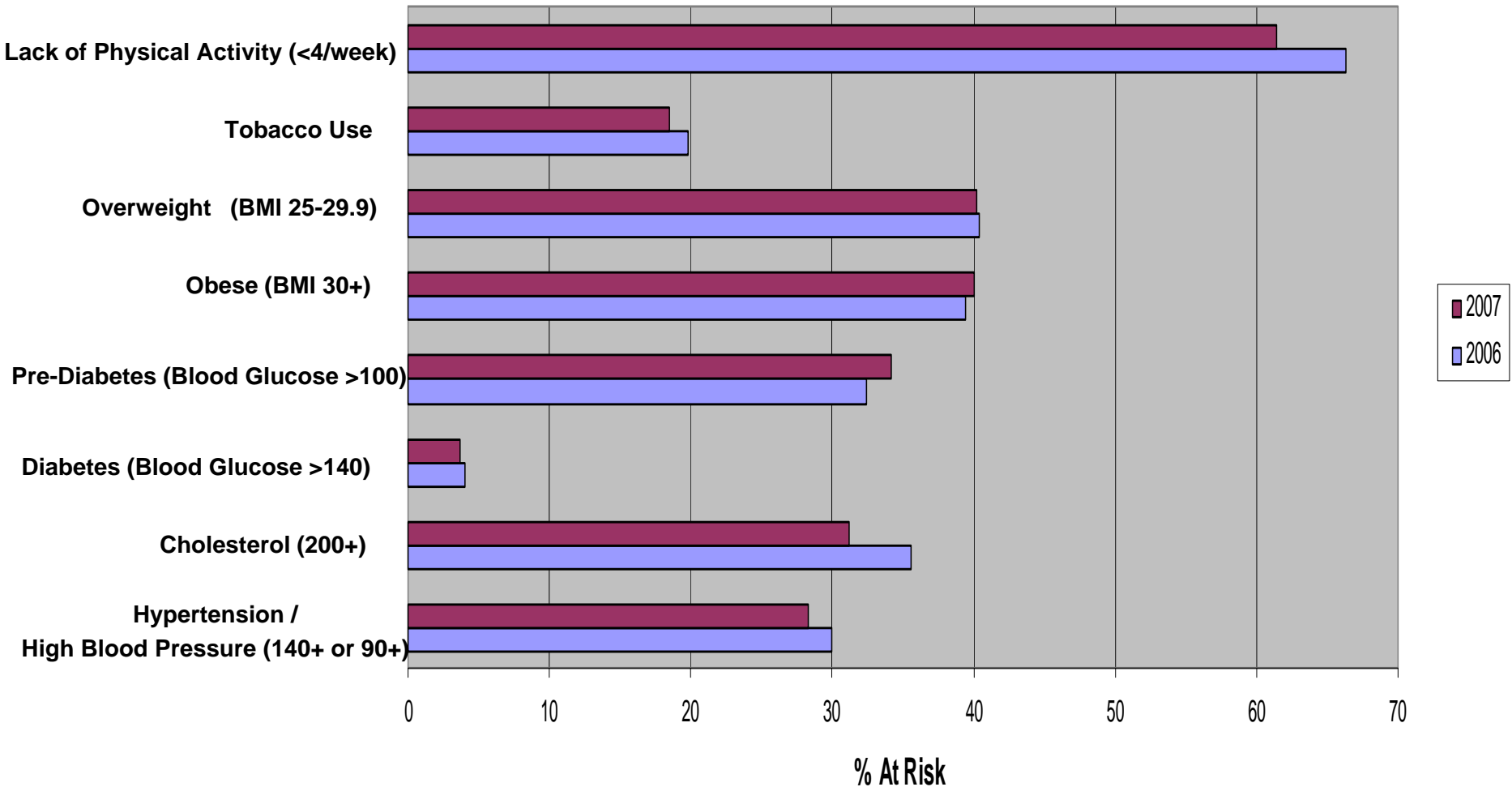
2009 Benefits Year

Employees: complete a HRA between 9/1/07 and 8/31/08 and participate in at least one EIH sponsored program

Spouses: complete a HRA between 9/1/07 and 8/31/08

to receive \$600 lower health care contributions

Eastman HRA Risk Levels



% At Risk
Note: 2006 data includes results from 8,857 employee HRAs (94.2 % of eligible population)
2007 data includes results from 8,347 employees HRAs (91.4% of eligible population)

Sample Program Outcomes

Walk This Way™ - 12 week walking program

Participation

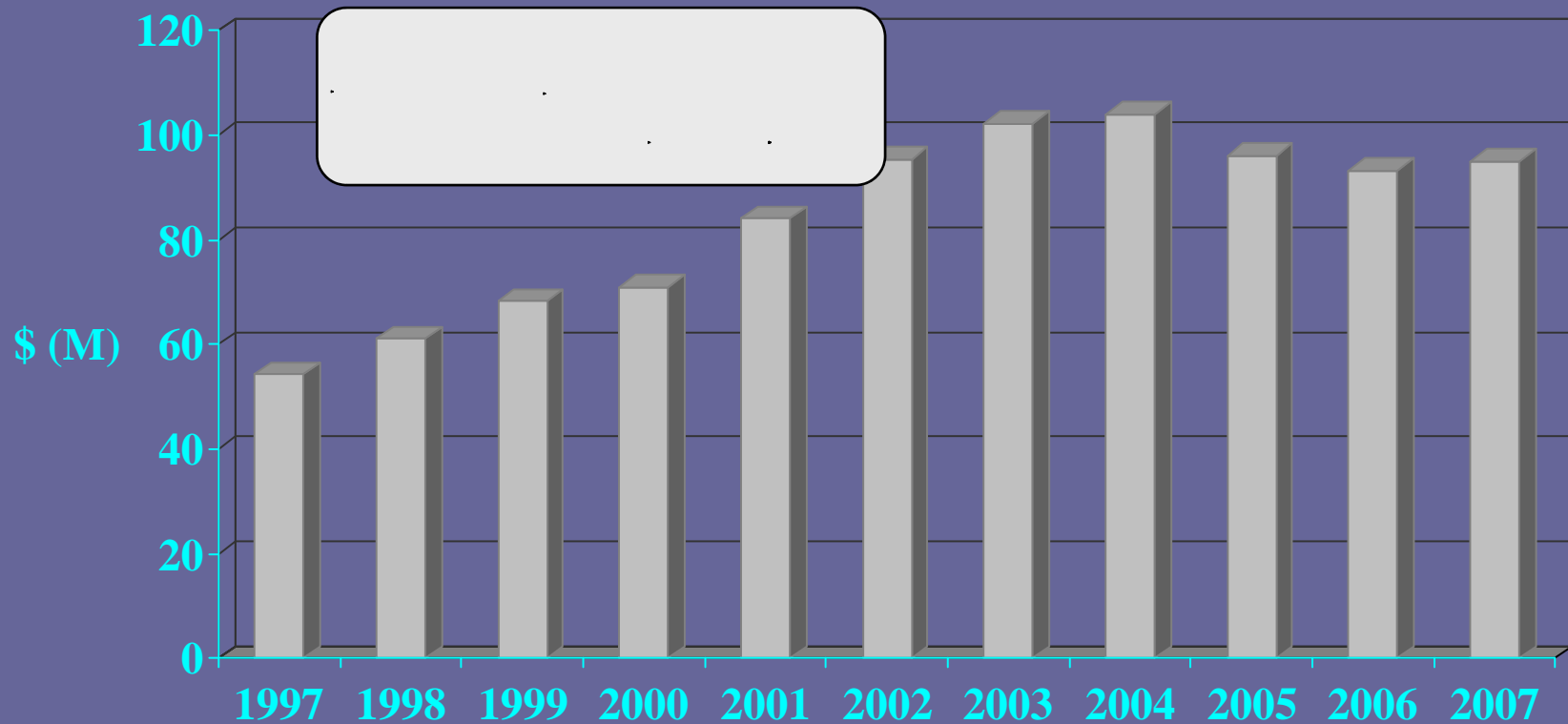
2006: 900 employees (no enrollment condition)

2007: 1850 employees

Outcomes

Lost weight during program	91%
Average weight loss	9.8 lbs
Lowered cholesterol	13%
Lowered blood pressure	16%
Reduced high risk (BMI>30) for obesity	30%
Reduced high risk (<2 days/week) for exercise frequency	91%

Eastman's Health Care Costs





Other Successes

Percapita health care costs for employees & dependents have remained flat since 2004

Increased participation in health & wellness programming

In aggregate, participants in health coaching programs show statistically significant decreases in health risks

Integrated health risk and claims data bases enable outreach to those with greatest needs

Spouses of employees now eligible for most of the same programs as employees



Future Direction

Increase participation and engagement in EIH program

- Use of incentives

Increased focus on quality of care

- Rewards (employees & clinicians) for following nationally accepted quality standards

- Support adoption of electronic medical records, health information technology

- Collection and dissemination of quality data – Empowered Consumerism



Employee Reaction

Those that participate give high marks

Some have an understandable concern about confidentiality

Small percentage unlikely to ever participate



Future Challenges

Maintaining HRA completion for employees and spouses at a high and steady rate

Finding effective ways (incentives) to get engaged in programs for those that need it most

Providing tools that help members be better consumers of health care

Developing effective marketing approaches to inform and attract members

Improving quality of healthcare outcomes

"Building a Culture of Health"

EASTMAN
INTEGRATED **Health**



- Health Plans ●
- Dental Plan ●
- Pharmacy Benefit ●
- Health Promotion ●
- Eastman Medical Services ●
- Health Risk Assessment ●
- Employee Assistance Plan ●
- Chronic Condition Management ●
- Medical Decision Support ●

HEALTH HOTLINE
1-800-867-6760