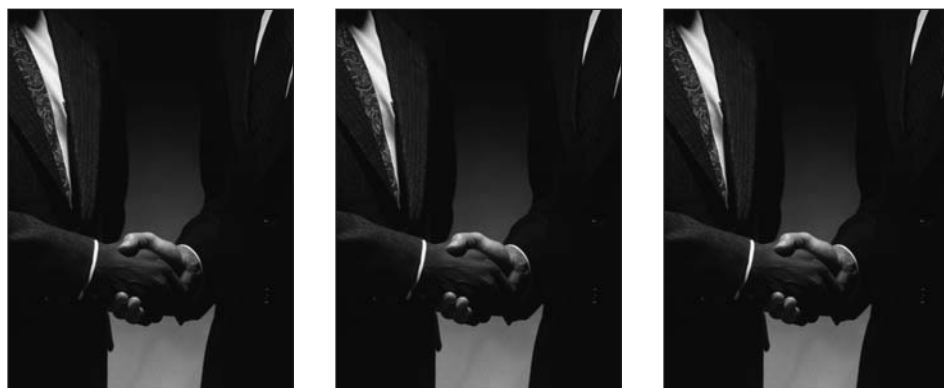


LOGAN ALUMINUM

A DYNAMIC APPROACH

TO WORKSITE HEALTH PROMOTION



*A Case Study from
The Wellness Councils of America*

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Logan Aluminum

A Dynamic Approach To Worksite Health Promotion

In 1985, Logan Aluminum (Logan) was built in a rural area of South Central Kentucky, where aluminum mills had never been seen and offered a new style of management, referred to as the team concept. This team concept encouraged Logan's 950+ employees to work together and share the responsibility of success for the business. Because of this initiative Logan has seen many successful years.

In the early years, Logan experienced many challenges and the rising cost of health care is not the least of those challenges. American industries have struggled to keep health care costs from engulfing profits and Logan is no different. What sets Logan apart from the majority of industries is the willingness to develop innovative moves in order to promote the health and wellness of their employees and their business.

One of the challenges that Logan has embraced in the past year was that of implementing a new form of health care management called Consumer-Driven Health Care. Consumer-Driven Health Care Management shifts the control of health care dollars from the provider to the consumer. Logan has always attempted to be proactive in all aspects of their operations. Consumer-Driven Health Care Management has taken the middleman out of the equation of health care delivery and given the responsibility to the employees.

Howard Leach, Logan's Human Resource Manager, testified in February, 2004 before the Joint Economic Committee of the U.S. Congress regarding the success to date of Consumer-Driven Health Care. Western Kentucky

University is working with Logan to analyze the health cost savings related to Consumer-Driven Health Care Management. The strategic analysis group consists of Dr. Cecilia Watkins, Dr. Wayne Higgins and Dr. Chuck Wainright of Western Kentucky University.

Dr. Watkins also did a study in 2003 on the cafeteria at Logan.

The cafeteria was losing money and did not seem to be very popular among workers. Upon completing a survey (73.5% return rate) of the employees opinion about the cafeteria, the results showed that the employees were not satisfied with the prices or the quality of the food choices. Dr. Watkins and several of her Community Health students began a cafeteria improvement project. They put nutritional literature in the cafeteria and improved their food selection, making it healthier and better tasting. The vending machines also included healthier choices. Within 3

months, the cafeteria had established a healthier image.

Health promotion interventions that have been implemented and maintained by Teresa Lovely, Logan's Wellness Director include setting team goals which involve employees completing a health risk assessment that helps identify risks followed by appropriate interventions. The participation rate of Logan employees that complete a health risk assessments has increased from 49 per cent in 1997 to an astounding 99 percent in 2003. Some of the interventions at Logan include Weight Watchers, a twelve week program which included 65 participants, and Ten Thousand Steps, a 6-8 week program which included employees wearing a pedometer and self-reporting their progress. Logan also has

“The participation rate of Logan employees that complete a health risk assessment has increased from 49 per cent in 1997 to an astounding 99 percent in 2003.”

a National Fitness Day, where over 250 employees are involved with fitness activities, and a telephonic intervention known as Health Coaches. An incentive that Logan has established to encourage healthy community participation is the reimbursement to employees and their dependents for any local walk/run entry fees. There is a 3 mile natural surface walking trail behind the facility and a paved 1-mile walking area that employees can walk on.

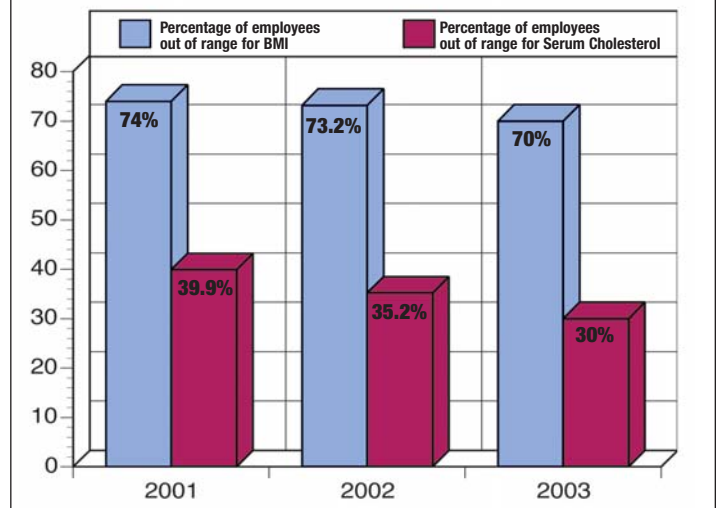
Logan Aluminum Healthcare Changes from 2000-2003

Prior to instituting their health promotion initiatives and consumer driven healthcare, Logan had experienced an annual average increase in total healthcare claims of approximately 7% from 1998 to 2002. After continuing their existing interventions in 2001-2002, expansion of their comprehensive health promotion program in 2002-2003, and the redistribution of monetary incentives to participate in Health Risk Appraisal (HRA) measures, Logan Aluminum has experienced several significant changes in their Consumer-Driven plan

Claims reduced approximately 19% from 2002 to 2003. After adjusting for restructuring of the employee deductibles, (elimination of cost shifting expenses-9%), Logan still had a 10% reduction in healthcare costs. Logan experienced a 19.5% reduction in paid claims per employee from 2002 to 2003. While there was an average annual increase of 20.2% from 1998 to 2001 in pharmaceutical claims costs, Logan experienced a reduction in their 2002 & 2003 pharmaceutical claims cost of 5.5% and 5.3%, respectively.

In the area of healthcare utilization, Logan experienced a 16.6% reduction in stays per 1000 employees from 2002 to 2003. They experienced a 46.6% reduction in surgeries from 2002 to 2003. Logan also experienced a 10.8% reduction in costs per employee from 2002 to 2003. From 2001 to 2003, there was a 1.5% increase in the number of employees at Logan who improved their dietary intake of fruits, fibers, and lowered their fat intake. However data showed that Logan experienced a 3.6% increase in the number of employees who had higher blood pressure reading from 2001 to 2002 and another 18.9% from 2002 to 2003. This increase is mostly attributed to increased awareness due to the team health goals program in which the blood pressure cuff was taken to team meetings. According to aggregate HRA data from 2001 to 2002 the number of employees who said they did not know their blood pressure decreased from 183 to only 17. It is thought that many employees had under estimated their blood pressure previously.

Percentage of Employees At Logan Aluminum With BMI and Serum Cholesterol Out Of The Normal Range



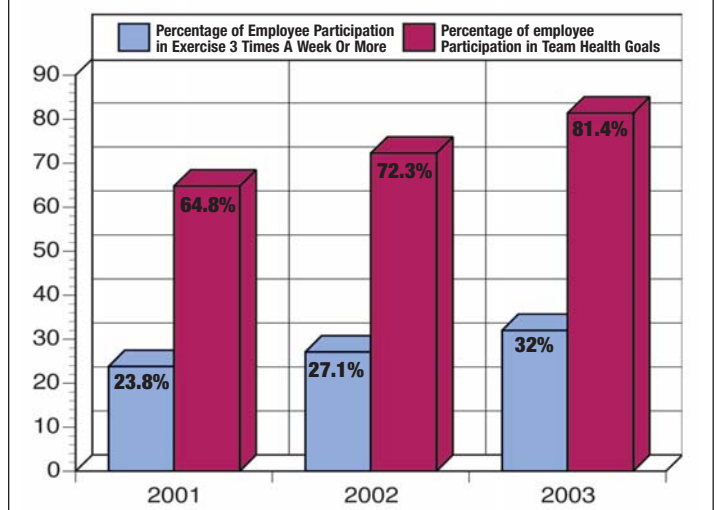
Percentage changes In BMI

2001-2002 = 1.1% decrease
2002-2003 = 4.4% decrease

Percentage Changes In Serum Cholesterol

2001-2002 = 11.8% decrease
2002-2003 = 14.8% decrease

Employee Participation At Logan Aluminum In Exercises And Team Health Goals.



Percentage Changes In Employee Participation In Exercise 3 Times Or More Per Week

2001-2002 = 13.8% increase
2002-2003 = 18.1% increase

Percentage Changes In Employee Participation In Team Health Goals

2001-2002 = 11.6% increase
2002-2003 = 12.6% increase

The more comprehensive a worksite health promotion program is, the more employees it may help. Logan realizes that the healthier the workforce, the more successful the employees will be, thus allowing them to contribute to the plant's success.

Discussion

A noteworthy point for this observational study of Logan Aluminum's Health Promotion Program is the concern that the Consumer-Driven Health Insurance modifications that shifted higher deductibles to the employees may have interfered with the effects of the health promotion and wellness activities. While it appears that Logan Aluminum has experienced lower total health care costs, lower pharmaceutical costs, higher exercise and diet activities, it is difficult to ascertain which program has had the greatest effect on changing employee behavior. It is uncertain how much of the decrease in total healthcare costs can be attributed to true health promotion activities as opposed to the Consumer-Driven Health Insurance component. Because of this possible confounding of multiple interventions,

it will be necessary to monitor Logan Aluminum's progress with their health promotion activities while maintaining a consistent policy regarding the Consumer-Driven Health Insurance over the next two to three years.

Conclusion

Logan's approach to health promotion is very proactive. The team concept helps to foster responsibility, not only for the team, but also for the individual. This responsibility concerns all aspects of Logan's workforce, which includes goals of increased production and improved health outcomes. The more comprehensive a worksite health promotion program is, the more employees it may help. Logan realizes that the healthier the workforce, the more successful the employees will be, thus allowing them to contribute to the plant's success.

Future goals of Logan include the following: a tobacco policy change to a smoke-free facility, a "Health Think Tank" committee to address consumerism and wellness including; development of on-line tools to assist with health care consumerism and personal health improvement, improved environmental support such as additional exercise classes and equipment, healthier foods and a new walking path, and finally the goals of the wellness program linked directly to the strategic goals of Logan.

Whether the improvements in employee health behaviors are attributed to the shifting of costs or true results of health promotion activities are yet to be determined. However, regardless of the causes of the health behavior change, both Logan Aluminum and its employees are benefiting from the improved health outcomes.



ABOUT THE WELLNESS COUNCILS OF AMERICA

The Wellness Councils of America is one of North America's most trusted voices on the topic of worksite wellness. With over a decade of experience, WELCOA is widely recognized and highly regarded for its innovative approach to worksite wellness. Indeed, through their internationally recognized "Well Workplace" awards initiative, WELCOA has helped hundreds of companies transform their corporate cultures and improve the health and well-being of their most valuable asset—their employees.

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