



2011 IBI/NBCH Health and Productivity Forum

Integrated Benefits Institute &
National Business Coalition on Health

Case Studies Featuring 2011 Presentations

Whirlpool Corporation's Journey to a Culture of Health

***Synopsis:** The Whirlpool Corporation experience presents a cost-neutral model for funding a comprehensive, multi-program initiative promoting employee health and productivity through supplier management (generating savings or cost avoidance of \$6 million to \$7 million annually in 2009 and 2010) and re-aligning employee health plan payments as incentives. Health plan costs remained flat from 2007 through 2010 despite higher-than-average health risks in the employee population. The company began to gather data to track employee health outcomes in a data warehouse beginning 2011.*

Background

Integrated Benefits Institute and National Business Coalition on Health congratulate Edward Mohr and his Total Rewards/Global Benefits team at Whirlpool Corporation, the winner of the 2011 IBI/NBCH Healthy Workforce Productivity Award for leadership in the area of health and productivity, sponsored in 2011 by Johnson & Johnson Health Care Systems Inc.

As the opening keynote speaker at the 2011 IBI/NBCH Health and Productivity Forum, Mohr told the story of an innovative leap to promote a culture of health at Whirlpool Corporation. Key team members included Debbie Brandt, Senior Benefit Manager, Global Health & Wellness, and Chris McSwain, former Director, Global Benefits.

Up to 2008, Whirlpool used a traditional benefits cost-management model to achieve an enviable corporate success story. While the health care cost trend for U.S. employers averaged 8 to 12 percent over the three preceding years, Whirlpool had held health care costs flat.

The Challenge

Mohr, newly installed as Whirlpool's VP Total Rewards and HR Operations, believed the success wasn't sustainable. "We needed to engage employees in their health," he said.

To Mohr, "engagement" meant more than cost sharing in a consumer-directed health plan, which Whirlpool had implemented in 2004. A high rate of obesity among the largely male employee base, with average age of 46 and rising, and low utilization of preventive services, meant high potential for improved engagement and adoption of healthy lifestyles.

Mohr sought upper management support for a major health and productivity initiative. He presented a root-cause failure analysis of the factors driving health care costs. He concluded that if employees committed to personal health, productivity would increase, refunding the investment in the initiative. With the economy diving into a recession, however, upper management took a cautious approach to funding. “If this initiative had to compete with a capital investment in a punch-press, the press would win,” Mohr said.

Corporate leaders liked the basic logic, however, and would support a self-funding initiative on this basis:

—Mohr and his team would maintain a flat medical cost trend, including spending on pilot programs for the initiative;

—Upper management wouldn’t require the initiative to justify pilot spending or try to measure gains in employee productivity.

The Strategy

For many proposals, the story would have ended there. Mohr searched for available savings to fund the initiative, however, and his career background in operations with Whirlpool served him well.

In logistics and manufacturing management positions, he had seen the value and cost savings available through superior supplier management. When expanding their very lean benefits staff, an important part of the mix would be supplier management specialists, along with medical management and health/wellness specialists.

Their staff now includes two supplier management specialists, and Mohr estimates each generates approximately \$2.5 million annually in savings or cost avoidance. Performance guarantees are an important item in supplier contracts, especially when agreed at the front end of a relationship, so they can be modified or raised as needed.

But ultimately, said Mohr, “we don’t want our suppliers to pay us performance guarantees, we want them to perform.” Supplier management specialists “know what’s behind a performance guarantee, and how we can help the supplier hit it,” said Mohr. “These specialists quickly become content experts.”

Currently, the benefits supplier management staff of three people generates savings or cost avoidance between \$6 million and \$7 million annually, Mohr estimates. In addition to supplier management, the team is generating value through a number of programs to promote wellness and manage medical and disability use.

Figure 1 shows areas where the initiative to promote a healthy employee experience has programs in various stages of development. Some areas already have more than one program, including eight onsite clinics at larger campuses, onsite health coaching, and a patient-centered medical home pilot for more intensive health promotion and management at Findlay, Ohio. Some programs are in pilot stage, while a small number are still in planning stages.

Multi-faceted approach to accelerate culture of health



Figure 1. Key program areas under development to promote Whirlpool Corporation’s Culture of Health.

A Culture of Health

In 2009 and 2010, Whirlpool increased its spending on prevention services – a key link toward a culture of health – but succeeded in keeping overall health care costs flat. For example, supplies and services for self-management of diabetes are free to employees. “We don’t want our employees to have to choose between managing their diabetes and buying shoes for their kids,” said Mohr. Beyond healthier, happier employees, Whirlpool anticipates reduced cost of diabetes health crises, and is now collecting data on this trend.

Working with a data warehouse partner supports the data-intensive needs of programs like this, and also helps measure program outcomes. “In the past, benefits cost was our primary metric. Health and productivity is now primary, and benefits cost is our trailing indicator. It takes data integration to measure health and show relationships of programs to outcomes,” said Mohr.

Whirlpool reduced the number of leave plans from 64 to four, simplifying leave management and making it possible to apply data warehouse capabilities to study excessive leave usage. “In 2009, we had 128,000 FMLA days for 20,000 employees,” said Mohr. “To examine the causes, it gets real when you start looking at the data from a holistic view of employees’ lives and their performance on a population-wide basis.”

Funding Prevention

Paying for prevention activities without a temporary surge in health care costs required advance planning. In Whirlpool's account-based health plans, some payments to employee health plan accounts that were formerly free of any requirement are now incentives for an annual health assessment and quarterly prevention activities. If people don't participate in these activities, account payments decrease.

Most people make a logical response to the incentives, but "approximately 20 percent of people, mostly hourly employees, still allow themselves to drop into lower benefit rungs," said Mohr. With incentives offered every quarter, employees potentially can drop into lower benefit rungs—or return to richer benefits—every quarter. "Not every TPA can track these benefit tiers on a quarterly basis," Mohr notes, so finding a TPA with this capability is part of the planning to install incentives.

Prevention activities may be the most visible steps toward a culture of health. Employee engagement is an important concern of corporate leaders, who look for outcomes of employee surveys and other metrics. Among the large majority of employees who have adopted prevention activities, a frequent comment is "it's helping me do what I should do anyway," said Mohr. "It's not exactly saying 'thank you,' but reading between the lines, it's a pretty positive response. Employee experience is the core of the wheel that drives total health and productivity management."

Building Out

Mohr mentioned several goals to continue establishing a culture of health, and bring home the full payoff from Whirlpool's health and productivity investments. They include:

- Apply the same prevention incentives to retiree health plans;
- Shift the focus in prevention incentives from activities to actual achievement of positive health metrics or outcomes;
- Develop the ability to start early medical management of conditions as soon as information comes in.

"When an eye doctor discovers diabetes in a vision exam, but the employee didn't know about the diabetes because he never visits the primary care physician, how does the employer get that data and intervene for health?" Mohr asked. Integrated data management can capture information about high-risk conditions and trigger medical management before a full-blown crisis arrives. "We create the linkage between the suppliers and let them connect with the health plan members to help them manage their conditions," he said.

"At Whirlpool," said Mohr, "we're constantly educating that you can't save enough to pay for poor health in retirement. It's never too late to change behavior."

With an aggressive schedule of launching or expanding pilot programs, the Whirlpool initiative will meet cost challenges in 2011. "We're hoping that the payoffs will arrive in time to keep costs flat," said Mohr. "It has been our vision to put people first, and costs will follow."