

GRAHAM ADVISOR

NOTES FROM THE PLAYBOOK


From the beginning, leadership at The Graham Company has been focused on making the firm a great place to work. Not only because we believe it's the right thing to do, but because we believe the success of the firm and our clients' businesses is dependent on our ability to attract and retain the best talent.

We recently learned that we were ranked as the "Top Workplace for 2014" in the Philadelphia region by *The Philadelphia Inquirer* and Philly.com. Winning this prestigious award is not something that has happened by chance. We work diligently to create a great place to work and this includes providing superior benefits to our employees.

A component of our benefits package is a program called the *Know Your Number*[®] Employer Health & Wellness Program. It's a program that our Benefits Division identified as a solution for our clients to help them take control of unmanageable health care costs by creating a healthier workforce. We were so impressed by the results that we decided to roll it out to all of our employees, too. We call it "Wellness Matters."

In this issue, we'll explore the wellness program and I encourage you to contact the authors if you want to learn more. Or contact us at feedback@grahamco.com.

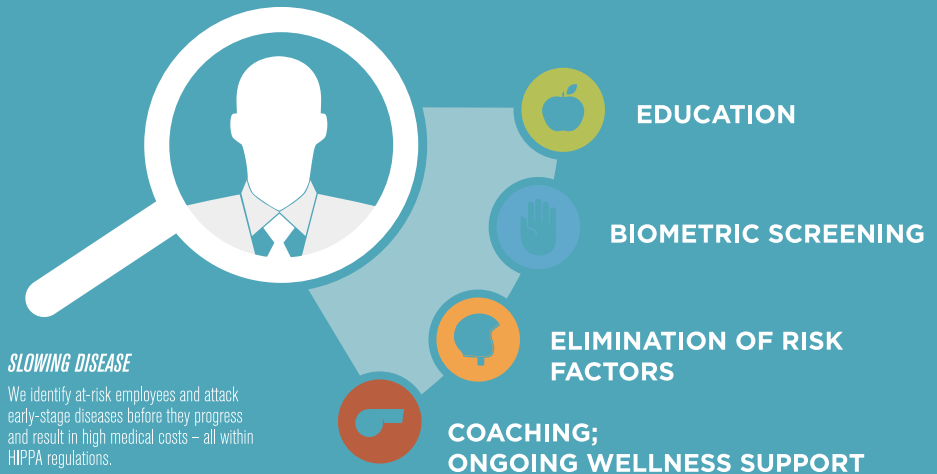
Best Regards,



KENNETH L. EWELL
President & COO



KNOW YOUR NUMBER[®] Employer Health & Wellness Program: An Action-Oriented Approach to Control Healthcare Costs



SLOWING DISEASE

We identify at-risk employees and attack early-stage diseases before they progress and result in high medical costs – all within HIPPA regulations.

RESULT:

Healthier employees and less risk to long-term expensive medical usage.

Employers face uncontrollable increases in health care costs that threaten their businesses' growth and profitability. To remain competitive, foster growth and control costs, employers must adapt to the changes in health care - and most importantly, commit to a proactive approach for the long-term. The only effective way to realize long-term cost savings is by eliminating employees' health risks and evolving into a healthier workforce that results in significantly less utilization.

According to the Centers for Disease Control, chronic diseases make up more than 75 percent of total health care costs. The majority of chronic diseases are preventable. To achieve cost savings, employers need to focus on reducing employees' risk for these diseases, including heart disease, diabetes, stroke, COPD, and lung cancer by improving individual's medical care and overall health. But – how does an employer do this while remaining in compliance with HIPPA regulations?

The Graham Company recently partnered with BioSignia, a company that offers a single-source, comprehensive wellness, health coaching and care

management solution for employers. BioSignia's program, *Know Your Number*[®], is operated by its subsidiary, *Doctors Direct Healthcare, Inc.*, and takes a total population care management approach in which employers, employees, and their primary care physician all work together. The data derived from the *Know Your Number*[®] program allows The Graham Company to structure a tailor-fit benefits plan based on a company's culture, and employees' lifestyles and work environment that is predicated on managing the actual risk at hand, which in return allows businesses to better predict and control health care costs.

Here's how it works:

IDENTIFY RISK

The program starts with routine biometric screenings. Through on-site wellness screenings with a registered nurse, lab results, clinical measures (height, weight, waist circumference, blood pressure, pulse rate) and limited health history are collected to assess an individual's risk for chronic diseases. (More about what happens during these wellness screenings can be found in the Ask the Expert Column on page 2.)

CONTINUED ON INSIDE

EDUCATE AND CREATE AN ACTION PLAN

Approximately two weeks following the wellness screenings, the health information collected is analyzed and a report is mailed exclusively to the participant. Participants then receive a phone call from a registered nurse who reviews their results with them. The *Know Your Number*® program builds awareness of disease risk, as approximately 50% of adults do not have a primary care physician, and provides employees with a personalized road map that focuses on prevention, risk reduction, and condition specific goal setting that may encompass weight management, nutrition, and healthy eating, tobacco cessation, fitness and exercise, and stress management.

ELIMINATE RISK FACTORS

Because of privacy mandates on medical information, the health data that is obtained from the wellness screenings is not released to the employer, only the employee. The Graham Company monitors aggregate report results that stratifies the de-identified employee population by modifiable and relative risk, as well as targets disease stats with the greatest potential impact of modifiable risk for appropriate wellness intervention.

With this knowledge, coupled with knowledge of historic medical claims, we are in a position to determine “gaps in care” and assist employers with implementing targeted programming and incentives to motivate at-risk employees to meet with their doctors to discuss test results and get the appropriate preventative care and treatment.

PROVIDE SUPPORT SYSTEM

Doctors Direct Healthcare® registered nurses coordinate the process for primary care physicians to become an active participant with employees as part of the program. In many ways, the program fosters better communication between physicians and patients and teaches patients how to navigate the sometimes complicated health system to get the care they need. The registered nurses regularly reevaluate employees’ plans and make refinements to them as necessary.

PROOF THAT IT WORKS

Since 1999, the *Know Your Number*® Health & Wellness Program has helped employers take control of their health care costs by creating a healthier workforce and bending the medical inflation cost curve. Employers participating in the *Know Your Number*® Health & Wellness Program have experienced an average medical trend of 3.04% over a 5-year period, much less than the double digit increases experienced by most employers.

The Langdale Company is one example of a company that has benefited from the program. A 118-year-old forest products business, the Langdale Company has a self-funded insurance program that covers 1,700 lives. Before implementing the wellness program, the company was experiencing annual double-digit cost increases and realized its increasing claims year-over-year were due to employees receiving poor quality care.

In 2007, the Langdale Company decided to make a step to change from a reactive program to a proactive program and partnered with *Doctors Direct Healthcare*® to use its database for population management, and identifying plan participants as having or being at risk for chronic disease. Participants in the program are enrolled in an opt-out disease management program, though no one has opted out, which includes telephone counseling services to manage disease, assistance with pharmacy costs, mailing or written materials, and medi-

cal self-management or monitoring devices, as well as a health coaching program which provides individual education, counseling, and assistance navigating the health system to increase compliance for doctor’s visits, medication use, and chronic disease management. Since 2007, as a result of the program, the Langdale Company’s costs per employee per year have remained flat and the company has saved

over \$29 million in health care plan costs in the non-managed care market, without cost shifting.

Compared to other wellness programs, *Know Your Number*® is a total population care management approach that incorporates leading edge data analysis and risk stratification, proactive employee and physician engagement, along with a scalable model that offers solutions for each stage of an employee’s wellness journey. Employers receive actionable aggregate reporting along with support and best practice guidance from The Graham Company.

The Graham Company can work with employers to transform their employee benefits programs to be action-oriented vs. reactionary. If your company is experiencing unmanageable health care costs, the *Know Your Number*® Health & Wellness Program can help you take control of health care costs and create a healthier workforce.

To learn more about the *Know Your Number*® Employer Health & Wellness Program, please contact Craig Harper, Vice President - Employee Benefits Consulting at The Graham Company, at charper@grahamco.com or 215.701.5309.

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ASK THE EXPERT



Joe McGinty on the Know Your Number® Employer Health & Wellness Program

Q. The Know Your Number® Employer Health & Wellness Program, discussed in the feature story of this newsletter, involves employees completing a health risk assessment that assesses their likelihood of developing chronic preventable diseases. What can be done to address employees' concerns that their results will be shared with their employer?

A. A common concern employees have about most wellness programs is that information collected during wellness screenings and conversations with their assigned health coach will not be kept confidential and will be shared with their employer. We advise employers to address this concern head-on. First and foremost, employers should explain to employees that it is against the law for their health information to be shared with anyone without their permission, and that the program strictly adheres to HIPAA guidelines. Furthermore, employers should explain that the operator of the program takes the security of each individual's information very seriously and has several security measures in place to ensure information never leaves their hands. Security measures include transporting information collected during wellness screenings in a locked case and storing information on an encrypted and password-protected database.

Q. What happens at wellness screenings?

A. Wellness screenings are typically 15 minutes and take place in a private location in the workplace or at another designated location. Wellness screenings with a health coach are an individual's first exposure to the program, and the health coach's goal is to set the stage for the program and review what the employee can expect. During the screenings, health coaches talk to individuals about their health concerns and goals and screen their height, weight, waist circumference, blood pressure and pulse rate and also complete basic lab testing, including fasting blood sugar rate, HgbA1c, cholesterol panel and triglycerides. Individuals leave the appointments with health information and specific details on when they will be getting their results and next steps.

To learn more about the Know Your Number® Employer Health & Wellness Program, please contact Joseph McGinty, Vice President – Employee Benefits Consulting at The Graham Company, at jmcGinty@grahamco.com or 215.701.5292.

GRAHAM SIGHTINGS

Experts in the News



Mike Mitchell on surety
ABC Construction Executive, April 2014



A. Peter Prinsen, Esq. on the Patton v. Worthington Case
GBCA Construction Today, Spring 2014 Issue



A. Peter Prinsen, Esq. on arbitration provision
Long-Term Living online, May 2014

Awards & Recognitions



Ranked Top Workplace in Philadelphia Region
The Graham Company ranked "Top Workplace for 2014" in the midsize company category by The Philadelphia Inquirer and Philly.com.



The Philadelphia CPCU Society Chapter Honored
William A. Graham, IV, Chairman and CEO, was presented with the 2014 Franklin Award from The Philadelphia CPCU Society Chapter for his outstanding contributions to the property and casualty industry in the Delaware Valley.



Temple's Fox School of Business Recognized Senior Claims Consultant
Cassidy A. Starkey, Esq., Senior Claims Consultant, was the recipient of The Norman A. Baglini Outstanding Risk Management and Insurance Young Alumnus Award from Temple's Fox School of Business Department of Risk, Insurance and Healthcare Management.

BENEFITS BRIEF

How to Make Wellness Programs Worth While for Employees

A successful wellness program, whether it be the Know Your Number® Health & Wellness Program discussed in the feature story of this issue or another wellness program, all have the same elements – commitment from management, high employee engagement, and a focus on consistent communication and education.

Wellness programs, as part of an overall benefits strategy, are a proactive approach to managing health care costs. Without active participation from employees, these programs can be nearly impossible to impact health care costs. Making it worth their while is key to getting strong participation in a wellness program and ultimately impacting your bottom line. The first step to implementing incentives that work is understanding your organization's culture and the overall goal of the program. The Graham Company can assist your organization with incentive design, while ensuring you offer the right mix of incentives.

Incentives that have been proven to be effective, include:

- 1) Offering employees a discount on health care premiums. A premium differential of 20%-30% maximizes participation usually by more than 90%.
- 2) Providing supplemental resources to support and sustain care, such as coaching with a nurse.
- 3) Holding drawings or giving away prizes to individuals who attend wellness-related programming, such as wellness screenings or workshops.
- 4) Implementing a wellness "points" system where employees earn points for their participation that add up to prizes.
- 5) Giving out health-related tools that incentivize behavior change, such as pedometers or a calendar to track personal goals.

If you are interested in learning more about engaging employees in wellness programs, contact Jim Miller, Employee Benefits Consultant, at jmiller@grahamco.com or 215.701.5296.



EXECUTIVE ANNOUNCEMENTS

Graham Organizes Statewide Coalition to Reverse Patton v. Worthington; Pa. Supreme Court Reinstates Long-Standing Statutory Employer Defense

The Pennsylvania Supreme Court has reinstated a long-standing statutory employer defense for companies that hire subcontractors in its decision in Patton v. Worthington Associates, Inc. On March 26, the Court's 7-0 decision confirmed that general contractors have immunity from suit as a statutory employer under the Workers Compensation Act – that immunity is the same immunity that a direct employer would have.

The Graham Company played an important role in the Supreme Court's decision, organizing a significant statewide coalition comprised of eight major association groups and 21 of the Commonwealth's largest contractors to jointly file an Amicus Brief which ultimately aided the Court's decision and was cited in the final opinion. Lawyers Stephen A. Serfass and Matthew I. Lewis of Drinker, Biddle & Reath, LLP collaborated with Richard H. Lowe of Duane Morris LLP to complete the important brief.

Contractors were forced to pay millions of dollars of injury claims while at the same time remaining responsible for paying workers compensation benefits.

The Graham Company recognized that the trial court and the Pennsylvania Superior Court in the Patton case initially misconstrued the statutory employer defense to make it effectively unavailable to contractors in the future. As a result of the initial decision, contractors were forced to pay millions of dollars of injury claims while at the same time remaining responsible for paying workers compensation benefits.

"We firmly believed that the statutory employer doctrine should not create a refuge for contractors, but rather should favor employees who are injured and have no other workers compensation insurance available," said William A. Graham, IV. "As such, we felt a great responsibility to take action and appeal the Patton case to the Pennsylvania Supreme Court, on behalf of our wrongfully impacted clients."

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