



A CORPORATE INITIATIVE FOR REDUCING HEALTHCARE COSTS

NORDAM Wellness Program

PROPRIETARY AND CONFIDENTIAL INFORMATION OF THE NORDAM GROUP, INC.

This presentation, the information conveyed by it, and the handouts (collectively, the "Information") are governed by a non-disclosure agreement signed by both The NORDAM Group, Inc. ("NORDAM") and anyone who uses or accesses any of the Information (the "USER"). If NORDAM and USER have not signed a non-disclosure agreement, then by using or accessing any of the Information, USER agrees:

Information shall be used, reproduced, or disclosed, in whole or in part, solely for the purpose(s) previously approved by NORDAM in a separate writing, and under no circumstances shall any Information be used, reproduced or disclosed for any purpose that does not benefit NORDAM directly. Upon NORDAM's request, all Information (and all information derived from the Information) shall either be returned to NORDAM or destroyed, all in accordance with NORDAM's reasonable instructions. The Information is confidential commercial information exempt from disclosure under the Freedom of Information Act (FOIA) or similar foreign law.

Agenda



1. **Who We Are**
2. **The Business Case**
3. **The First Step**
4. **The Change Aspect**
5. **Our Program**
6. **Incentives and Rewards**
7. **Results**
8. **Summary**



Company Overview



- Founded in 1969
- Privately Held
- \$600+MM in Annual Sales
- 2,800 Employees Worldwide;
2,200 in Oklahoma



- Ten Operating Locations Worldwide with over 2 million square feet of facility space
 - Tulsa, OK – 6 facilities; Wichita, KS
 - Cardiff, Wales; Altrincham, Cheshire UK;
 - Singapore

- Aerospace Industry Experience in General Aviation, Commercial, Regional, and Military Aircraft



The Business Case

We know that healthy active employees are more productive, less likely to be absent and have fewer healthcare claims.

- **Some interesting statistics:**

- **Obesity raises healthcare costs by 36% and medication costs by 77%.**
- **Between 2000 and 2005 the cost of health insurance rose 54%.**
- **Employer healthcare costs are expected to rise an additional 7-10% next year.**
- **Physical inactivity among Michigan's 7.6 million adults cost nearly \$8.9 billion in 2002. Medical care, workers' compensation and lost productivity.**



There is growing evidence that a well designed corporate wellness program can produce positive return on investment.

- **The dollar ROI varies by corporation...**
 - **Traveler's Corporation - shows \$3.40 return on every \$1.00 invested.**
 - **Citibank estimated – between \$4.56 and \$4.73 for every \$1.00 invested.**
 - **Blue Cross Blue Shield – yields \$2.51 for every \$1.00 invested.**
 - **Coors –demonstrates \$6.15 yield for every \$1.00 invested.**

- **The percentage of reduction in costs from 32 separate companies includes:**
 - **Claims costs reduced by 27.8%**
 - **Physician visits declined by 16.5%**
 - **Hospital admissions by 62.5%**



An employer sponsored wellness program is essentially an investment in our stakeholders health

Understanding the trends and the history of benefits at NORDAM...

- In its early years NORDAM paid 100% of stakeholder medical premiums.
- As healthcare costs grew, we began to charge our stakeholders a portion of their medical premium, we raised deductibles, we reduced benefits, and we changed benefit carriers.
- We introduced tiered medical premium costs by income level.

**WE DETERMINED THERE MUST
BE A BETTER WAY!**



The First Step

We recognized the need for action

- **NORDAM had to get control of healthcare costs! Studies show that our population's health is on a steady decline due primarily to poor behaviors (tobacco and obesity). We had to do something!**
- **The NORDAM Wellness Program is helping stakeholders take control of their health and live healthier, happier lives.**
- **The NORDAM Wellness Program demonstrates our caring for our stakeholders by providing a positive means and opportunity to improve their health.**
- **From a bottom line point of view – healthy employees are vital for our growth, our productivity and our organizational effectiveness**



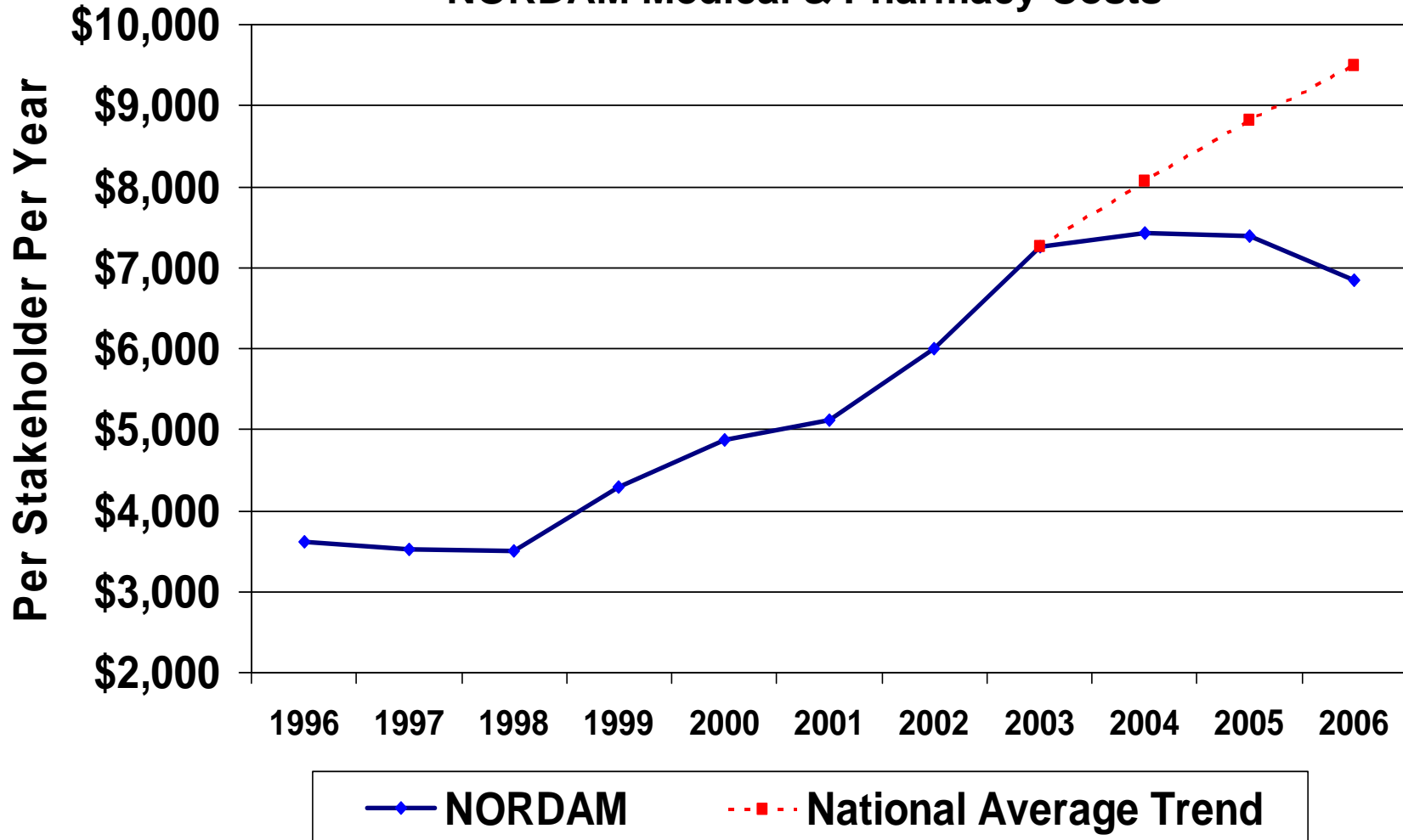
- **“The main health threats to employee productivity and business mission success arises due to chronic disease, mostly initiated and exacerbated by individual lifestyle choices. “***
- **Healthy employees are more productive, take less sick time, have much less stress in their lives, and feel good about themselves and their work.**
- **Stakeholder’s health is their own responsibility, but as an employer NORDAM can:**
 - **Continue to reduce medical benefits and increase premiums, or**
 - **Choose to support and encourage stakeholder wellness.**

NORDAM decided to change the game!



**The Center for Prevention and Health Services*

NORDAM Medical & Pharmacy Costs



The Change Aspect

Health and Wellness must become part of the corporate culture – one of our values.

Our wellness program is driven from the top.

- **Involves** change management for the culture shift, the communication plan, a leadership roadmap and stakeholder understanding.
- **Compiles** a comprehensive list of wellness activities, wellness contracts, incentives and rewards for participation, health information and health screenings.
- **Addresses** a healthy work environment – tobacco free campus, planned walking paths, a corporate 5K, healthy snacks, and sponsored sports activities, etc.
- **Requires participation** to reap the rewards, the leadership team must set the example! The stakeholders must see our commitment!



Leadership Support is Critical !

Health and Wellness must become a Corporate Value

- **Culture shift** – stakeholder wellness becomes an investment instead of an overhead expense.
- **Buy in** - stakeholders, supervisors, managers, and executive team involvement – The leadership team must buy into wellness first!
- **Multi-disciplinary effort** -must include, information, opportunity and rewards.
- **Communication** – Keep Communications Fun, Open, Bold, Frequent in all medias!!
- **Personal Responsibility** - Wellness is a choice, its our responsibility to choose it, set the example for our stakeholders and they will follow our lead.



Implement a Corporate Wellness Program

- By formal definition a Wellness Program is –
A way to achieve healthier lives through employer sponsored medical and health services as a part the employers Human Capital Management Strategy.
- Is wellness not being sick?
- Wellness is a never ending process.
- Wellness is a journey.
- Wellness is major corporate change and does not happen overnight.



Facets of Our Corporate Wellness Program



Our Program



Began Wellness Program in 2006

- **Wellness Contracts** – with up to \$200 rebates for participation (466 Signed Contracts).
- **Health Screenings:** Mobile Mammograms, Medical, Dental, and Optical checkups.
- **Immunizations:** Free Flu Shots.
- **Started Weight Watchers at Work:**
Three 15-17 week sessions
63 NORDAM participants
Lost in excess of 668 lbs
- **Tobacco Cessation Workshops:**
approximately 200 participants

RESULTS:

Individual medical costs decreased 7.3%

Saved \$454,000 in medical spending

466 signed health contracts



Our Program



Continued in 2007 with:

- **Tobacco Free Campus.**
- **No Medical Premium increase.**
- **Established Position of Health Coordinator.**
- **Continued Emphasis on Culture Through Change Management Process.**
- **Enhanced Rebates to \$300 per year.**
 - Simplified contracts
- **Individual Health Assessments with Incentives.**
- **Established Data Base in SAP.**



250 Wellness Contracts signed in first quarter!

New Wellness Opportunities

- **Additional Education and Communications:**

- Executive Physicals
- Health Fairs
- Stakeholder Communications
- Planned NORDAM 5K walk/run
- Corporate Intranet Site
- Stakeholder Testimonials

- **Corporate Outdoor Walking Path Planned.**



New Wellness Opportunities

- NORDAM NASA – NORDAM Activities Sports and Athletes.
 - Board of Directors – 4 Stakeholders
 - 15 planned group activities – soccer, basketball, volleyball, etc.
 - 21 stakeholders servings as activity coordinators
- Sponsored Walks and Runs.
 - Heart Walk, Race for the Cure, Juvenile Diabetes, etc
 - Focus on the Community Involvement with physical activity.
- At least Six Smoking Cessation Classes to be offered.



- **Negotiated YMCA Membership Plan**

- No joining fee
- Dues on a sliding income scale

- **Weight Watchers at Work**

- Six classes planned
- Male Stakeholder membership is up by 30%
- 235 lbs lost to date



- **New Balance/Company Store Gift Certificates**

- \$25 per stakeholder for Completing online health assessment
- Provides information to target health initiatives for stakeholders

▪ Executive Physicals

- Age appropriate testing will include:
 - Treadmill
 - Body Scan
 - Bone Density
 - Chest X-rays
 - EKG
 - Hearing and etc.



- Execs will have a one-on-one consultation to review results.
- Each executive will receive an individual health plan.
- An opportunity to demonstrate wellness leadership.

Leadership Support is Critical

Health Fairs at Divisions

- Health Screens, Health & Nutrition Professionals Available.



- No cost to NORDAM.
- Strengthens stakeholders relationship with NORDAM.
- Demonstrates caring for stakeholders health and well being.
- Held during extended lunch hour.



- **Information Packets**
 - **“Achieve a Healthy Balance in 2007”**
 - **Distributed Individually**
 - **Explanation of wellness forms**
 - **Information about Incentives, Rewards and Activities.**
- **NORDAM 5K**
 - **Closing of United Way Drive**
 - **Run to be co-sponsored by Owasso YMCA and New Balance Shoes and others.**



- **Wellness Website**
 - **Online Wellness Forms**
 - **Monthly Wellness Calendar**
 - **Information**
 - **Interviews with Stakeholders**
 - **Success Stories**



Leadership Support is Critical

Tangible Rewards

- **Free material or merchandise**
- **Medical Premium Rebates**
- **NORDAM pays entry fees to events**
- **Activity Coordinators learn; leadership, planning, organization, coaching, etc.**



Intangible Benefits

- **Sense of Belonging**
- **Peer Acceptance**
- **Corporate Recognition**
- **Interaction with Managers**
- **Opportunity for Fun**
- **Personal Challenge**
- **Group Competition**



Incentives and Rewards



NORDAM Investment

- **Wellness contracts - \$25 - \$300 in rebates on stakeholder health premiums.**
- **\$5,000 awarded to the division with highest percentage of stakeholders signed up for wellness contracts by May 31, 2007.**
- **\$10,000 awarded to division with highest percentage of stakeholders successfully completing wellness contracts by December 31, 2007.**
- **Gift certificates to New Balance or Company Store for \$25.00.**
- **Funding for NORDAM Activities Sports and athletes (NASA).**
- **Cost of Personnel and Administration.**

TOTAL COSTS 2006 - \$91,000

2006 MEDICAL SAVINGS - \$454,000

ESTIMATED COST 2007 - \$190,000



Individual Stakeholder Benefits

- **Healthier, Happier**
- **Improved Self Esteem**
- **New Friends**
- **Group Competition**
- **Community Involvement**
- **Lower Medical Costs**



A Healthier, Happier and More Productive Life

Stakeholders and NORDAM benefit when stakeholders...

- Have more energy
- Are physically fit
- Are more productive
- Are not sick

NORDAM benefits:

- Reduced healthcare cost
- Higher morale
- Less absenteeism
- Demonstrated value of caring
- Stronger teamwork
- Improved leadership skills
- Recognition as “Employer of Choice”



Stakeholder Commitment +

NORDAM Incentives/Rewards =

Healthier, More Productive Employees

NORDAM BECOMES THE EMPLOYER OF CHOICE

**NORDAM attracts well educated, productive
Workforce necessary to compete and
grow in the Aerospace Industry.**



Achieve a Healthy Balance in 2007

QUESTIONS?

