USAA Wellness
Investing In Employees and Building the Wellness Culture

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2006 C. Everett Koop National Health Award-sole winner

- Comprehensive, multi-discipline, and integrated health & productivity management program (http://www.sph.emory.edu/healthproject)
- Multiple local Wellness awards 2005-2014 (Healthiest Employer, SA Healthy Worksite Recognition, Local Chambers of Commerce, etc)

Diversified financial services company

- The leading provider of competitively priced financial planning, insurance, investments, and banking products to members of the U.S. military and their families.
- 10+ million members rely on the convenience and accessibility of USAA financial products backed by industry-leading service.
  - Business Week #1 Customer Service 2007 and 2008
  - Business Week #2 Customer Service 2009 and 2010

Employees are the “secret sauce” of our competitive advantage
Menu-Wellness Journey and Strategy

Wellness Strategy
How we do it
Measures and Successes
Future Directions- Internal and External
What-Wellness and our Benefits Strategy

We want to maximize health and quality of life for employees and their families so we can better serve our members.

We are “investing” in our employees and building a wellness “culture” for the long term.

- Culture is what employees “hear” and what they “see”
- Wellness is tightly integrated with routine Medical and Retirement Benefits

We are actively creating and supporting behavior change.

- Our focus is employee productivity
- Keeping employees healthy through primary prevention (Wellness)

Management commitment is the single most important factor for success.

- We monitor program efficacy

*Executive management briefed before implementation that there is a 3-5 year delay for financial returns.*
How-Targeting employee risk groups

Three domains: Physical, Financial and Emotional Health

<table>
<thead>
<tr>
<th>Population</th>
<th>Well</th>
<th>At Risk</th>
<th>Sick / Unwell</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal</strong></td>
<td>Keep well people well</td>
<td>Increase awareness and response level</td>
<td>Improve condition of sick people</td>
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Balance | Health | Wealth
<table>
<thead>
<tr>
<th></th>
<th>Physical</th>
<th>Financial</th>
<th>Emotional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary</strong></td>
<td>▪ Health Risk Assessment (HRA)</td>
<td>▪ Financial HRA</td>
<td>▪ Emotional HRA</td>
</tr>
<tr>
<td>(Well)</td>
<td>▪ Wellness Programs</td>
<td>▪ Build a Plan</td>
<td>▪ Community Volunteerism</td>
</tr>
<tr>
<td></td>
<td>▪ Joint Safety and Ergonomics</td>
<td>▪ Maximize your match</td>
<td>▪ Flexible Work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Auto-enrollment in Target funds</td>
<td>▪ Recharge</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>▪ Interpersonal Skills</td>
</tr>
<tr>
<td><strong>Secondary</strong></td>
<td>▪ On-site Clinics</td>
<td>▪ Financial planning</td>
<td>▪ Work-Life Balance Programs</td>
</tr>
<tr>
<td>(At-Risk)</td>
<td>▪ Pharmacy and Medical prevention tiers</td>
<td>▪ Targeted messaging</td>
<td>▪ Employee Assistance Program (EAP)</td>
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<tr>
<td></td>
<td>▪ Centers of Excellence</td>
<td></td>
<td></td>
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<tr>
<td><strong>Tertiary</strong></td>
<td>▪ Individual Health Management</td>
<td>▪ Targeted remedial classes</td>
<td>▪ Work-Life Referral</td>
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<tr>
<td>(Sick)</td>
<td>▪ Time Off Programs</td>
<td></td>
<td>▪ Mental Health and Substance Abuse Benefits</td>
</tr>
<tr>
<td></td>
<td>▪ Transitional Duty</td>
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</tbody>
</table>
Wellness Messages

Don’t Smoke

Be Active

Eat Right

Prevention

“Brand” strategy. Always on message, but always simple
Strategic Wellness Model

**Wellness**
- Clinical services
- Integrated disability management
- Wellness programs.
- Data warehouse

**Wellness Partners**
- Safety
- Fitness and Recreation
- Food services
- Communications
- Company store
- Corporate Real Estate

**Multiple Outsourced Vendors**
- USAA is the integrator.
- Assembled “Best of Breed” program
- Individually selected by RFP process.
- Completely internal selection process
Key Program Elements

Identity/Brand

Health Risk Assessments

Health Promotion Tools and Interventions

Financial Incentives

On-site Services and the “Built Environment”

Healthy Food Services

Population Data Analysis-Total Cost & Employee Trends

Building the “Wellness Culture.”
Specific Examples

**Population**
- Preventive benefits ($300/y)
- Wellness benefits ($350/y)
  - Smoking Cessation and Weight Management
- HRAs and biometrics
- On-site fitness rebate (25/50/75%)
- “Healthy Points”
- Wellness breaks
- Recreation and nontraditional fitness
- Calorie balance tool
- Workplace safety (Be Safe)
- Healthy food services (The 4 P’s)
- Tobacco-free campus

**Targeted**
- Individual Health Management
- BMI Reduction
- Integrated disability mgmt
  - Transitional duty
- Ergonomics Assessments
Healthy employees use less resources

- 85% of employees use 20% of resources
- 12.5% of employees use 40% of resources
- 2.5% of employees use 40% of resources

50-80% of total costs are related to behaviors associated with preventable diseases

- Smoking
- Physical Inactivity
- Poor nutrition/obesity
- Inattention to preventive practices

*Modifiable Behavioral Factors as Causes of Death*  
*JAMA*, 2004
Measures- Sustaining Management Commitment to Wellness

Satisfaction
Participation
Risk factor reduction
Economic impact

Short-term gains in productivity and disability sustain management commitment to longer-term gains that result from healthier employees.
Context: HRA Participation

Participation increases employee awareness and ability to respond to risks.

* Represents two campaigns: Sept 03 and Feb 04
** No incentives offered
*** Fitness Equipment incentive ended 12/31/09
Context: Successful Healthy Points Participation

- **2009:** 6,476 participants, 28.1% of the population
- **2010:** 6,178 participants, 28.1% of the population
- **2011:** 7,410 participants, 31.7% of the population
- **2012:** 8,350 participants, 34.8% of the population
- **2013:** 11,062 participants, 43.3% of the population
USAA Population BMI and Risk Factors

BMI has recently increased with a flat long term trend

Average BMI

<table>
<thead>
<tr>
<th>Year</th>
<th>BMI</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
<td>29.4</td>
</tr>
<tr>
<td>2010</td>
<td>28.7</td>
</tr>
<tr>
<td>2011</td>
<td>28.3</td>
</tr>
<tr>
<td>2012</td>
<td>28.6</td>
</tr>
<tr>
<td>2013</td>
<td>28.6</td>
</tr>
<tr>
<td>2014</td>
<td>28.7</td>
</tr>
<tr>
<td>2015 (preliminary view)</td>
<td>29.0</td>
</tr>
</tbody>
</table>

Risk Factors

- Low (0-2 Risks): 69.1%
- Moderate (3-4 Risks): 26.4%
- High (5+ Risks): 4.5%

24% Reduction
Average Risk Factors
Bending the cost curve...

Comprehensive wellness services flatten cost curve for this large employee population

**Background**
- Full replacement CDHP
- Same health plan for both groups
- No Wellness services delivered to dependents vs. full suite of services to employees

**Adjusted for Inflation**

**Employee**
- 1.7% annual increase

**Dependent**
- 3.8% annual increase

**Dep (Adjusted)**
- 3.5% annual increase
Controlling Lost time...

**Background**

- Transition Duty, medical case management and safety interventions.
- Work and non-work related disability managed in same system

*Integrated Disability Management services reduce all disability lost time*
Working Closely to Deliver Primary Prevention for Injury Reduction

Ergonomics Evaluation Totals by Location

5169 total ergo evaluations from Jan. 1-Jun 18, 2013

PREVENT FALLS

Wear safe supportive shoes

Targeted interventions for RMI’s and Slips, Trips and Falls - Leveraging the Wellness Culture

Short url on Connect: go\ergo
Integrated Disability Management for 2014

Better management of cases
- $6.38M returned to business

Transitional Duty
- 441 completed

Physical Demand Job Audits
- 283 jobs covering 83% of employees
- Standardized and ready to go

Job Adjustments
- 506 completed

At Work, Focused and Productive
The retention rate for employees who receive a rebate (at least 50 visits in a single year) is higher than retention for both member contact and non-member contact employees.
Context: “Built Environment” Communication Solutions

- What messages do the physical environment send? Are they all aligned?
- Create a “surround sound” environment of Wellness messages
- Foster wellness communities
- Include fiscal and emotional wellness
- Provide financial incentives
Context: BMI is a Leading Indicator of Health Risk

<table>
<thead>
<tr>
<th>BMI</th>
<th>Total Population</th>
<th>Diabetes Prevalence</th>
<th>Heart Disease Prevalence</th>
<th>Musculoskeletal Prevalence</th>
<th>Average Integrated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25</td>
<td>4,771</td>
<td>1.5%</td>
<td>8.3%</td>
<td>33.6%</td>
<td>$5,216</td>
</tr>
<tr>
<td>25 – 29.99</td>
<td>5,277</td>
<td>3.3%</td>
<td>14.1%</td>
<td>34.9%</td>
<td>$5,334</td>
</tr>
<tr>
<td>30 – 34.99</td>
<td>3,005</td>
<td>6.9%</td>
<td>21.2%</td>
<td>39.0%</td>
<td>$6,017</td>
</tr>
<tr>
<td>≥ 35</td>
<td>2,335</td>
<td>13.1%</td>
<td>30.2%</td>
<td>41.5%</td>
<td>$8,455</td>
</tr>
<tr>
<td>Total</td>
<td>15,388</td>
<td>4.9%</td>
<td>16.1%</td>
<td>36.3%</td>
<td>$5,904</td>
</tr>
</tbody>
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Assumptions:
• 2014 dollars and employee count

*Individuals with BMI ≥ 30 have a higher prevalence of acute health conditions*
Focus—We Need to Move Employees and Their Families to Healthy BMI.

10% weight loss annually

Employee begins BMI: 35

End of 1st year
BMI: 31.5

End of 2nd year
BMI: 28.4

End of 3rd year
BMI: 25.5!!

Reducing weight by 10% annually dramatically improves BMI
Wellness 2.0—Encouraging healthy behaviors

Healthy Points
Earn points throughout year to receive valuable reward

Activity (examples)
- Complete spouse/dependent online HRA
- Complete onsite biometric screening
- Participate in Healthy Challenges
- Increase physical activity
- Eat more fruits and vegetables
- Participant in Community physical activity events

BMI > 27
Reduce weight by 10% or reach BMI of 27, $250

$350 for Weight Management, Smoking Cessation

Valuable reward options
- Premium discount ($300/600/900)
- Use at open enrollment

Incentives effective for behavior change but not for long term maintenance.
Wellness 3.0- The Road Ahead… 1/1/16

Next Generation Wellness Platform- more engagement

- Social-mobile-gamification
- Individual, group, company and geographic challenges
- Device integration

Fitness Everywhere

- Gateway for physical activity for 60% of employees who are not fitness members
- Evolution from fitness center centric to activity where YOU are
- Free Fitness
- Create and reinforce a Be Active culture

Invest in Food

- “Eat This, Not That” pricing model – 50% off Healthy
  - 54% increase in “healthy food” purchases
- Create and reinforce an Eat Right culture
- Community Based Interventions

Turn up the volume. Shared destiny and shared responsibility.
Wellness 3.0 Program Design- 4000 Points Available

Health Risk Assessment (HRA)—Required (100 points)

Start Your Plan - (Required)

50 points

PHYSICAL
- Health Screening (100 points)
- Healthy Numbers Bonus (400 points)
- Get Fit USAA (400 points)
- Ultimate Slim Down (150 points)
- Healthy Eating Challenge (400 points)
- Weekly Exercise Challenge (350 points)
- Eat Right Rewards (100 points)
- Fitness Assessment (50 points)
- Fitness Improvement (50 points)

EMOTIONAL
- EAP Program (100 points)
- Better Together (150 points)
- Show Appreciation (150 points)
- Give Back Challenge (350 points)
- Re-Charge Challenge (100 points)

FINANCIAL
- Financial Readiness Score (FRS) (350 points)
- Complete, Review or Update Your Will (175 points)
- Get Ready (175 points)
- Obtain Financial Advice (100 points)
- Get Investment Advice (100 points)
- Boost Your Retirement Savings (100 points)

2,000 point max

850 point max

1,000 point max
Program Requirements: Mobile, Social, Gamification

- Designed around the 3 pillars – physical, financial and emotional, and Primary Prevention
- Mobile first-consumer grade experience, with devices (Fitbit)
- Social and gamification/competition components
- Planned and ad-hoc individual/team challenges
- Adult dependent engagement
- Equal access & opportunity for remote employees (e.g. wireless devices, nutrition)
- Specific promotion of USAA and Total Rewards priorities (FRS, Volunteer Days, Maximize Your Match, Update Your Contact Info, Be Healthy, Recharge etc)
- “Dial Tone” – ability to send personalized messages for all of our Total Rewards programs
- ……and still be simple and engaging

Starting 1/1/16

New Plan Option

New Health Providers

Tools

Mobile

Advice
External Strategy - New Employees drive up Population BMI

- National BMI growth has been +0.2-0.3/yr, while USAA BMI growth over the past 5 years is -0.02/yr
- Entering employees have higher age adjusted BMI than existing employees

Age Adjusted BMI of Employees*

<table>
<thead>
<tr>
<th>State</th>
<th>New</th>
<th>Existing</th>
</tr>
</thead>
<tbody>
<tr>
<td>TX</td>
<td>30.37</td>
<td>28.90</td>
</tr>
<tr>
<td>CO</td>
<td>30.33</td>
<td>28.17</td>
</tr>
<tr>
<td>FL</td>
<td>30.16</td>
<td>28.92</td>
</tr>
<tr>
<td>AZ</td>
<td>30.47</td>
<td>29.07</td>
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</tbody>
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* 0.25 BMI increase/yr

We need to engage the community to avoid diluting our internal success.
Project Results

Improve Community Health in USAA Operating Cities

- Improve Community Health through Wellness in our schools
- Replicate our internal strategy in the community
- Position USAA as a community leader
- Leverage our expertise to assist Community institutions
  - Mayor’s Fitness Council (www.fitcitysa.com), San Antonio Business Group on Health, San Antonio Medical Foundation

Healthier dependents, retirees and new hires return savings to the Enterprise
Investing in our Populations

- Keep employees and their families healthy
- Executive management support is critical for success. Program metrics are critical to allow them to stay engaged
- Management has to be comfortable seeing the overall return of all the integration working together, not individual component parts
- Internal Medical expertise adds opinion diversity and value
- Requires a long term vision, and internal and external Wellness strategy

Tight integration improves value