



# Case Study

## Managing Risk Clusters Will Save Dollars for CAT

DEC 2007

### Mike Taylor understands the total costs of worksite health management.

“Our trend line showed an increase in direct costs of 20% over 4 years. We wanted a targeted plan design that would identify risk early and allow us to intervene before costs skyrocketed.”

Dr. Taylor, Medical Director for Health Promotion, is working with Caterpillar's renowned research engineering staff to develop artificial intelligence technology to more robustly use medical risk factors to predict future disease.

The CAT team has launched into a focused risk-management strategy that identified those at highest risk for coronary, diabetes, or stroke events. These diseases are driving the claims costs as well as disability and unscheduled absences, and the team is determined to get the trend line under control.

The plan:

1. Develop our own Health Risk Appraisal based upon our findings.
2. Launch HRA and collaborative disease management within the exempt employee group.
3. Provide incentives to the participants by reducing monthly insurance premiums by \$75 for each employee, \$75 for each spouse, and \$75 for each retiree under age 65.
4. Stratify risk by cardio-metabolic indicators:
  - Waist >40/males, >35 females
  - Triglycerides >150
  - Blood pressure >130/85
  - Fasting glucose 110-125
  - Low HDL chol (<40/men, <50 women)
5. Enroll in collaborative risk/disease/case management with provider network
6. Track clinical outcomes over time
7. Track financial outcomes over time

### Value-based health delivers to CAT:

- 90% HRA participation
- 50% of enrollees in diabetes management experienced HbA1C reduction (7.2 as compared to average of 8.7 one year previous)
  - 96% of enrollees are measuring A1C
  - 72% meeting Surgeon General's activity recommendations
  - 98% are on aspirin
- In the general employee group:
  - 50% Reduction in disability days
  - Smoking cessation rates of 35% , even after 3 years

### Who is Caterpillar?

Fortune 100 company  
 \$36B sales and revenue  
 50% sales outside US  
 Leader in  
 Forestry  
 Logistics  
 Energy Solutions  
 80,000 employees  
 120,000 covered lives  
 Self-insured  
 average age =47  
 Average age of employee = 47 (male)  
 Employee turnover <10%

### Quick glance: CAT design

1. **Incentive:** \$900 reduction on yearly insurance with HRA participation (for each employee, spouse, and retiree under age 65)
2. Increase supply: **remove barriers** to disease/care management and EAP (resulted in 80,000 enrolled Employees, Spouses and Retirees [Bargaining unit accepted the approach 1/05])
3. **Collaborative management with providers**, with integrated claims, pharmacy and self-report database.
4. Caterpillar **scorecard**: shows employee improvement against CAT aggregate AND employee improvement over time

**CEO Jim Owens is in favor of initiatives; sets target of 80% engagement by 2010**

For more information ,  
 Visit us at  
[www.vbhealth.org](http://www.vbhealth.org) or  
 email us at  
[cyndyn@rivercityhealth.com](mailto:cyndyn@rivercityhealth.com)  
 or  
[gjudd@biginsights.com](mailto:gjudd@biginsights.com)