Sustaining a Culture of Health & Wellbeing at Johnson & Johnson

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We All Know...

Lack of employee engagement is the biggest obstacle to changing health behaviors

But Did You Know...

In companies with a strong culture of health, employees, on average, are **3 times** more likely to report taking action on their health.

And...

These same employees rate all aspects of their performance higher than employees whose employers do not have a strong culture of health:

...overall personal life
...overall work life
...job performance
...career paths
...ability to fulfill potential at work

What’s More…

An employer’s commitment to employee well-being is **as critical as** opportunity for advancement and **more important than** competitiveness of pay and benefits for overall job satisfaction.

<table>
<thead>
<tr>
<th>Aspect of Job</th>
<th>Correlation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>My company’s commitment to my personal well-being</td>
<td>0.62</td>
</tr>
<tr>
<td>My career path/opportunity for advancement</td>
<td>0.62</td>
</tr>
<tr>
<td>My job gives me a sense of meaning and purpose</td>
<td>0.58</td>
</tr>
<tr>
<td>My relationship with my manager/boss</td>
<td>0.56</td>
</tr>
<tr>
<td>Find work meaningful &amp; purposeful</td>
<td>0.54</td>
</tr>
<tr>
<td>The competitiveness of what I’m paid</td>
<td>0.48</td>
</tr>
<tr>
<td>The competitiveness of the benefits package I receive</td>
<td>0.43</td>
</tr>
</tbody>
</table>

*A Pearson product-moment correlation coefficient was used to correlate aspects of job to “my satisfaction with job overall.”

Therefore, We Should Strive to...

Understand the critical success factors for establishing a *motivating* culture of health
Culture of Health linked to Business Advantage

Companies committed to health as a business imperative achieve significantly better financial outcomes and lower employee turnover.

**BETTER 5-YEAR TOTAL SHAREHOLDER RETURN**

- Companies that MOST effectively treat health as a business imperative: 14.8%
- Companies that do NOT effectively link health to business imperatives: -10.1%

**REDUCED TURNOVER RATES**

- Companies that MOST effectively treat health as a business imperative: 14.8%
- Companies that do NOT effectively link health to business imperatives: 21%

The health of the employee is inseparable from the health of the Corporation.

“An important part of our Credo responsibility to our employees is providing them with resources to lead healthier lives. Good health is important to all of us. Good health is also good business.”

- William C. Weldon
CEO Johnson & Johnson

“The health of the employee is inseparable from the health of the Corporation.”
Culture of Health (COH) Evolution at J&J

- **1978**: Big Goals
- **1995**: Integration
- **2004**: Global
- **2007**: Harmonization
- **2008**: New Business Platform
- **2015**: Future

**LIVE FOR LIFE®**: Partnership between Benefits, Safety, Medical, Wellness and EAP

- James E. Burke, J&J Chairman and CEO, set two major program goals:
  - Encourage employees to become “healthiest in the world”
  - Reduce health care costs through on-site programs and services

- **Established Health & Wellness Shared Service in the HR organization, integrating:**
  - Employee Assistance
  - Occupational Health
  - Wellness & Health Promotion
  - Disability Management

- **Initiation of Global expansion of integrated services through the Global Safety organization to provide:**
  - Leadership
  - Consultation
  - Guidance
  - Support

- **Health & Wellness key policies harmonized as part of Global HR organization**

- **Wellness & Prevention identified as key New Business strategy**
  - Acquisition of HealthMedia® and Human Performance Institute®

- **Global Health Risk Assessment Pilot**

- **Health as a Competitive Advantage and part of sustainability goals**

- Pending approval of proposed strategy
Why We Do What We Do

OUR VISION:
Have the healthiest, most engaged workforce for Johnson & Johnson allowing for full and productive lives

OUR MISSION:
 Deliver a competitive business advantage to the Johnson & Johnson Family of Companies, by providing the leadership and resources that enable the well being, full engagement, and productivity of our employees worldwide
Global Health Strategies to Drive Results

- Foster a culture of health
- Integrate service delivery with a focus on prevention, behavior modification, and linkage to benefit design
- Use appropriate incentives
- Integrate data to support goals and metrics
- Commit long-term
Our Strategic Approach

- Address spectrum of needs
- Use proven programs/methods
- Measure outcomes/manage program investments

Well/Low Risk
- Keep well—mind and body
- Keep safe

Disease and Injury Risk
- Identify and manage health and injury risks

Chronic Disease
- Identify and manage/mitigate disease impact

High Risk/High Cost Claimants
- Identify and focus medical and disease management resources
Setting Global Enterprise Health Goals

1. Create, Promote, and Sustain an Organizational Culture of Health
   2012 Goal: 75% of companies will have at least 12 health offerings

2. Reduce Population Health Risk Factors
   2012 Goal: at least 70% of the assessed population is defined as low health risk

3. Assess and Manage Occupational Health Risks Identified Through the Medical Surveillance
   2012 Goal: 90% or more of all planned Periodic Medical Surveillances will be completed
Key Culture of Health Components

Leadership and Commitment

Enterprise Programs

Policies and Procedures

Promotion and Communication

Measurement and Results
Leadership & Commitment

• Public advocacy for healthy, innovative workplaces

• Internal management emphasis (talking the talk and walking the walk)

• Communications inside and outside
Fundamental principles of a successful solution

Integrated Holistic Program Delivery

Mental Health & Well-Being
- Access to employee assistance professionals
- 24/7 telephonic counseling
- Online mental health screening
- HealthMedia® Digital Health Coaching programs
- Resiliency/stress management training
- Yoga and meditation

Healthy Lifestyle Programs
- Health profile and biometrics
- Health profile counseling
- Digital Health Coaching programs
- Pedometers and million-step challenges
- Weight Watchers and nutritional counseling
- Tobacco cessation programs (PIQ)
- Energy Mgmt. & Engagement Training

Occupational Health & Disease Management
- Onsite occupational health clinics
- Employee health centers
- Medical surveillance compliance
- Value-added services (phlebotomy, pharmacy, & physical therapy)
- CareConnect & Health Advocate
- Medical benefit integration

Health Education & Awareness Programs
- My eHealth (tip of the day, family health guides, personal trackers)
- Healthy people news
- Healthy people bulletin boards
- Global health observances (i.e. Move for Health, World Diabetes Day, Breast Cancer Awareness, World AIDS Day)

Johnson & Johnson Employees and Families

Programs to Support a Healthy Lifestyle

Knowledge Building & Behavior Change
- Pedometers
- Million Step Challenge
- Exercise reimbursement program
- HealthMedia digital coaching programs

Environmental & Cultural Support
- Fitness Centers/Fitness Rooms
- Walking trails
- Fitness center design & activity guidelines

Healthy Eating
- Eat complete program launched in 80% of U.S. locations with food services
- Nutritionally dense whole foods readily available
- Weight Watchers meetings onsite and online discounts

Cancer Prevention
- Flexible guideline to comply with local laws and guidelines
- 98% of Operating Companies Worldwide are “Tobacco Free”
- Accredited CEO Cancer Gold Standard™
Web Portal
Digital Health Coaching: Engaging, Effective, Scalable

Proven science-based behavior change models

Treats the Individual, Not the Condition

Health & Wellness
- Health Risk Assessment
- Weight Management
- Smoking Cessation
- Nutrition Counseling
- Insomnia
- Back Pain Prevention
- Adolescent Health
- Physical Activity

Disease Management
- Chronic Illness Management: Hypertension, Hyperlipidemia, etc.
- Doctor-Patient-Pharmacist Relationships
- Management of secondary symptoms: stress, fatigue, etc.
- Diabetes
- Pain Management
- Back Pain Management
- Medication Adherence

Behavioral Health
- Stress Management
- Insomnia
- Depression
- Binge Eating Disorder
- Alcohol and Addiction
Incentives & Employee Engagement

HealthyPeople Medical Plan

- **Account-based Medical Plan with incentives for healthy lifestyle behaviors**
- **Four cornerstones**
  - Financial Protection
  - Quality Care
  - Health Improvement
  - Choice
- **Financial Incentives for the HealthyPeople Medical Plan**
  - $250 incentive for participation in Case/Disease Management
  - $500 incentive for participation in Maternity Program ($250 for enrollment plus $250 for postpartum screening)
  - $250 Preventive Colonoscopy Incentive (2010)
  - $150 *HealthyWeight* Incentive (2010)
Incentives & Employee Engagement

Wellness Program

- Employees receive $500 discount on medical plan contributions
  - Increased Health Profile participation from 26% to 93%

- To maintain $500 discount
  - Employees take the Health Profile annually; invited to Health Advising if they show health risk
  - Health Advisors review results and refer employees to resources (e.g., HealthMedia® Digital Coaching, Million Step Challenge, Disease Management)
Policies & Procedures

- Globally harmonized procedures
  - Tobacco-free sites
  - Wellness programs, occupational health programs, employee assistance programs
  - HIV/AIDS
  - Others

- Standardized procedures ("toolkits") that support program implementation worldwide
Marketing & Communications

- Healthy People Branding

Alignment of Incentives
- Healthy People Medical Plan
- CareConnect (disease management)
- Employee Health Centers

Clear Focus of Programs & Services
- Tracking and enterprise-wide reporting
- Operating company-level reporting and accountability
Measurements & Outcomes

- Measurements in place to assess health and productivity goals
- Continuous feedback process
- Identify and address areas of opportunity
Global Health Assessment Tool

- Accessible via Johnson & Johnson intranet
- Reporting by all operating companies annually
- In-depth validation of stated culture of health and program elements
Culture of Health — Measuring our progress

- Global Health Assessment Tool
  - Captures metrics that support 3 Global Health goals and objectives
  - 2009: 413 locations (worldwide) reporting
  - Immediate feedback provided to the site after tool completion (Culture of Health Scorecard)
  - Global Health Leaders review results 1:1 with Franchise Leaders for follow-up/next steps
Lead in Business by Leading in Health


- **Low Risk (0-2)**
  - 2006: 20.5%
  - 2007: 20.6%
  - 2008: 13.9%
  - 2009: 12.0%

- **Medium Risk (3-4)**
  - 2006: 1.4%
  - 2007: 1.6%
  - 2008: 1.1%
  - 2009: 0.9%

- **High Risk (5+)**
  - 2006: 78.1%
  - 2007: 77.8%
  - 2008: 85.0%
  - 2009: 87.1%

- **Overall Increase in Low-Risk Category Over Time**
- **Overall Decrease in Medium/High-Risk Category Over Time**
# Lead in Business by Leading in Health

## Focus on Key Health Indicators

<table>
<thead>
<tr>
<th>Health Risk Factor</th>
<th>J&amp;J 2009</th>
<th>CDC US Data*</th>
<th>Service Provider - Book of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unhealthy Eating</strong> (&lt;5 Servings / Day)</td>
<td>60.0%</td>
<td>75.6% (2007)</td>
<td>70.2%</td>
</tr>
<tr>
<td><strong>Obesity</strong> (BMI 30.0+)</td>
<td>20.4%</td>
<td>34.1% (2003-2006)</td>
<td>33.5%</td>
</tr>
<tr>
<td><strong>Inactivity</strong> (&lt;150 Moderate Minute Equivalents)</td>
<td>20.4%</td>
<td>30.5% (2006)</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Hypertension</strong> (Blood Pressure 140+90+ mmhg)</td>
<td>6.3%</td>
<td>17.9% (2003-2006)</td>
<td>8.1%</td>
</tr>
<tr>
<td><strong>Cholesterol</strong> (Total Cholesterol 240+ mg/dl)</td>
<td>5.3%</td>
<td>16.3% (2003-2006)</td>
<td>6.4%</td>
</tr>
<tr>
<td><strong>Tobacco Use</strong> (Current User of Any Tobacco)</td>
<td>3.9%</td>
<td>29.6% (2006)</td>
<td>14.9%</td>
</tr>
<tr>
<td><strong>Glucose</strong> (126+ Fasting)</td>
<td>2.5%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Stress</strong> (Heavily or Excessively Stressed)</td>
<td>1.6%</td>
<td>NA</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

*Based on “Health, United States, 2009” a publication by the Centers for Disease Control and Prevention and National Center for Health Statistics, except for “Unhealthy Eating” which is based off of the Behavioral Risk Factor Surveillance System (BRFSS) data from 2007*
Lead in Business by Leading in Health
2009 J&J Health & Wellness Program Evaluation*

✓ Benchmarking against similar industry shows an average rate of growth in medical and pharmaceutical costs that is 3.7% lower

✓ Lower increases in ER and Inpatient admissions and higher increases in doctor visits and prescription drug fills compared to other large companies

✓ Johnson & Johnson’s Health & Wellness program had a projected return on investment (ROI) of $3.71 for every $1.00 spent

✓ Johnson & Johnson health risk trends significantly better than US and other industries

✓ US Medical Program ranks in top 1/3 compared against other Peer Companies

✓ J&J health care trend continues to run 1-2% below industry

✓ J&J Health Plan administration costs are 2-3% below industry

* Excerpts from 2010 Executive Summary on J&J Health & Wellness Programs (from Thomson Reuters and Emory School of Public Health)
In Summary

- A focus on health risk factors can yield strong results.

- Increased productivity and engagement can generate significant cost savings and improved performance.

- We believe driving behavior change and creating a sustainable culture of health are critical to enhancing health, productivity and performance.

- A seamless and holistic “Total Health” approach is necessary at the organizational and individual level, driving participation, behavior change and positive outcomes.

- Increasing rates of chronic disease, rising health care costs, economic downturn, stretched work force and health care reform present the opportunity to make an impact on employee health & performance.