Agenda

- Setting the global context
- Leveraging new funding mechanism’s
- Global Health Management
- Defining Success
- Questions
WHY MANAGE EMPLOYEE HEALTH GLOBALLY?
## Setting the global context:  
Health care inflation

<table>
<thead>
<tr>
<th>E7 Country</th>
<th>2011 Medical Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>9%</td>
</tr>
<tr>
<td>China</td>
<td>9%</td>
</tr>
<tr>
<td>India</td>
<td>12%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10%</td>
</tr>
<tr>
<td>Mexico</td>
<td>15%</td>
</tr>
<tr>
<td>Russia</td>
<td>15%</td>
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<tr>
<td>Turkey</td>
<td>10%</td>
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</tbody>
</table>

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<thead>
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<th>G7 Country</th>
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<tr>
<td>Canada</td>
<td>12%</td>
</tr>
<tr>
<td>France</td>
<td>10%</td>
</tr>
<tr>
<td>Germany</td>
<td>10%</td>
</tr>
<tr>
<td>Italy</td>
<td>10%</td>
</tr>
<tr>
<td>Japan</td>
<td>4%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>11%</td>
</tr>
<tr>
<td>United States</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Marsh and Mercer December 2011 Surveys
Setting the global context:
Employers are concerned about the impact of healthcare cost

How much do you expect health spending to increase in your country?

- ME/Asia/Australia:
  - Remain the same or be lower: 1%
  - Increase but at a lower level than current growth: 17%
  - Increase at current level of growth: 17%
  - Increase at a much higher level of growth: 64%

- USA:
  - Remain the same or be lower: 4%
  - Increase but at a lower level than current growth: 18%
  - Increase at current level of growth: 27%
  - Increase at a much higher level of growth: 51%

- Europe/Canada:
  - Remain the same or be lower: 3%
  - Increase but at a lower level than current growth: 20%
  - Increase at current level of growth: 35%
  - Increase at a much higher level of growth: 41%

- All:
  - Remain the same or be lower: 3%
  - Increase but at a lower level than current growth: 19%
  - Increase at current level of growth: 29%
  - Increase at a much higher level of growth: 38%

Reasons for rising costs:

- Medical technology advances
- Aging population
- Rising middle class
- Poorer health habits
- Chronic diseases
- Expensive drugs
- Government shifting cost to private sector

Setting the global context:
A large gap emerging between what governments can afford and what employees need and expect

Health needs increasing

Who is going to fill the gap?

Government provision decreasing
WHY FUND EMPLOYEE HEALTH USING A GLOBAL APPROACH?
Why Global Benefit Management?

Enhanced governance
Streamlined benefit processes
Globally integrated solutions
Accelerated business results
Optimized benefit spend

Why Manage Benefits Globally
As the international health insurance market matures and premiums move to experience rated, smart companies will need to shift to manage what drives claims.

Global Benefits and Global Health
Connected

<table>
<thead>
<tr>
<th>GBM</th>
<th>GHM</th>
</tr>
</thead>
<tbody>
<tr>
<td>(global benefits management)</td>
<td>(global health management)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>“Global broking of insured benefits”</th>
<th>“Improving employee health globally”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on premiums</td>
<td>Focus on claims and health improvement</td>
</tr>
<tr>
<td>Savings from:</td>
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</tr>
<tr>
<td>- Global leverage with insurers, resulting in upfront premium reductions</td>
<td>- Prevention and management of treatment-related claims</td>
</tr>
<tr>
<td>- Increased savings under pooling</td>
<td>- “Employer of choice” status</td>
</tr>
<tr>
<td>- Savings through reduction in commissions and the provision of consulting services free of additional charges</td>
<td>- Improved productivity</td>
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</tbody>
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Savings from:

- Global leverage with insurers, resulting in upfront premium reductions
- Increased savings under pooling
- Savings through reduction in commissions and the provision of consulting services free of additional charges

As the international health insurance market matures and premiums move to experience rated, smart companies will need to shift to manage what drives claims.
Global Health and Wellness
Foundation for Investment

**Health and Wellness management**
- Healthy people are present
- Healthy are less likely to have high claims costs
- Healthy people have less worksite injury’s
- Healthy people set a Social Norm

**Engagement**
- Healthy people are more engaged employees
- Engaged employees are more focused on their customers
- Engaged employees are contagious
- Engaged employees leave the organization less often

**Brand Stewardship**
- Brands grow business
- Brands matter more in emerging markets
- As of January 2011 Word of mouth is 600 million people on face book
- Employee Based Brand Equity (EBBE)

- Healthy & Productive Workforce
- Engaged Workforce
- Brand Stewards
- High Performance culture
- Higher Top Line Revenue and Lower COGS

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MERCER
A GLOBAL APPROACH
Health issues vary considerably by country
% of companies agreeing conditions have impact on employee health/productivity and employer cost

<table>
<thead>
<tr>
<th></th>
<th>Diabetes</th>
<th>Heart Disease</th>
<th>Chronic Respiratory</th>
<th>Musculo-skeletal</th>
<th>Cancer</th>
<th>Stress</th>
<th>Depression</th>
<th>Substance Abuse</th>
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<td>53</td>
<td>37</td>
<td>57</td>
<td>43</td>
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Source: 2009 Mercer Employee Choice survey measuring employers’ perceptions, not necessarily based on actual health data

Implementation approach
Build the foundation for success

Strategy and Governance

Development of 3 to 5 year global health business plan
- Executing from the “center” with local input
- Guiding principles
- Branding
- Funding (corporate vs. local)

Global Shared Initiatives and Services

Determination of What Can and Should be Done Across the organization
- Branding and other adaptation
- Programs to be developed and implemented across the enterprise (e.g., health risk assessment, employee assistance plan)

Local Region/Market Interventions

Determination of Where, When and What is Done at the Site, Country or Regional Level
- Phased launch and/or deeper dive interventions approach
- How locations/regions will be selected
- Level of support provided from the “center” vs. local accountability
- Sharing successful practices across the enterprise
Diagnose within a business context
Define Success: Measurement Strategy
Short and Long Term Metrics

- **Short-Term Measures** (0-12 Months)
- **Intermediate-Term Measures** (12-24 Months)
- **Long-Term Measures** (2-5 Years)

- **Leading Indicators**
- **Lagging Indicators**