



Platinum AWARDS

Best Employers for Healthy Lifestyles 2008



**National
Business
Group on
Health**

INSTITUTE ON
**The Costs
AND Health
Effects
OF Obesity**

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Hannaford



TYPE OF COMPANY:
Supermarket Chain

**NUMBER OF
U.S. EMPLOYEES:**
27,000

NUMBER OF LOCATIONS:
167 nationwide

Hannaford Nourishes a Culture of Health

In 2004, Hannaford, a leading supermarket chain with more than 120 years in business, embarked on an ambitious and action-oriented plan to control its health care spending by introducing a health program for its 27,000 employees in 167 stores across the northeastern U.S.

“There is a return to be had if we can keep our associates engaged in their health,” said Peter Hayes, director of associate health and wellness for Hannaford. “They are more productive employees, it’s better for business, and it’s better for the long-term health of our organization.”

Founded in 1883, Hannaford is a U.S. Environmental Protection Agency Merit award winner for sustainability

practices. Hannaford is now part of the Brussels-based Delhaize Group, a global food-retailing leader with \$27.8 billion in annual sales.

The company has promoted “a culture of health” for years, yet recognizes the ongoing need for employees to be more accountable and involved in their health, according to Ellie Udeh, manager of wellness initiatives.

So in 2004 Hannaford introduced the Healthy Behavior Incentive program to its employees and their dependents. The program was designed specifically to promote health accountability through benefit design, active participation in education, and behavior change.

The key goals of the Healthy Behavior Incentive program are to improve the quality of care and reduce costs by urging associates to identify their

health risks, adhere to evidence-based care practices, and make appropriate lifestyle changes.

“We want to help our associates become more engaged consumers in the area of wellness and health promotion,” said Pam Ladd, manager of employee benefits. “Our programs are integrated into the corporate office environment, as well as our retail locations, and our associates are utilizing these resources and finding them to be a trusted source.”

The Healthy Behavior Incentive program is managed collaboratively by integrating resources through Hannaford and its carriers: Aetna, Blue Cross of Massachusetts, and Capital District Physicians Health Plan.

Giving Credit Where Credit is Due

Engagement in the program was initially low, until Hannaford tied participation to specific requirements and financial incentives. “There seemed to be a need for a financial impact for members to make a commitment and become engaged in the program,” said Ladd. This commitment came in the form of a “Healthy Behavior Credit,” which has three tiers.

“Associates have to be smoke free for 12 months, and/or participating in a smoking cessation program,” said Ladd. If an associate is targeted for disease management outreach, they have to engage in phone calls and take steps towards meeting individual goals, based on their disease state.

“And, annually, we require our associates, and their spouses or domestic partners who are participating in the Hannaford medical plan to complete a health risk assessment (HRA),” Ladd said. The online assessment is managed through Aetna’s Simple Steps program.

Associates who have elected health coverage through Hannaford and meet these criteria are granted the Healthy Behavior Credit and become eligible to receive \$20 off their weekly health insurance premium, which totals \$1,040 annually.

“When we put the Healthy Behavior Credit in place and clearly defined for our members what was in it for them, they started taking better care of themselves,” said Hayes. “And the \$1000 a year discount got their attention.”

The Tools

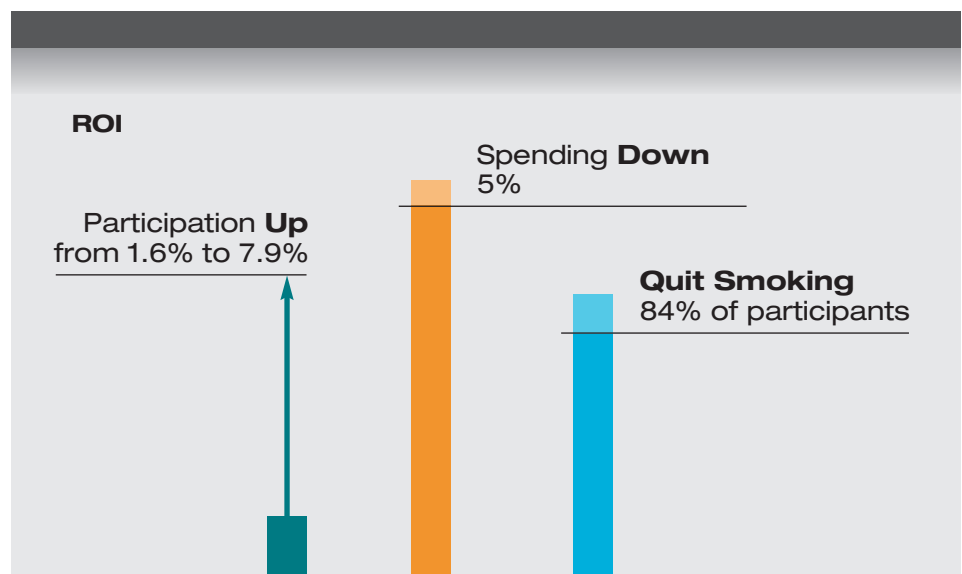
The most impactful part of Hannaford’s Healthy Behavior Incentive program has been the health risk assessment,

which more than 86 percent of the company now takes every year.

“The individual who had a condition and was going to the doctor was getting an outreach call, but that represented only a small percentage of our population,” said Udeh. “We were interested in the population that we knew nothing about—those who weren’t in the medical system.”

Hannaford’s goal in offering the health risk assessment was to allow all employees the opportunity to capture important medical data about themselves, and to prove that the HRA is a revealing and informative diagnostic tool. “We provoked our associates into knowing a little bit more about themselves,” said Udeh. “If they wanted to receive a \$20 weekly reduction in their health insurance, they needed to step up and, at a minimum, know their health risks.”

Hannaford has found that associates who take the HRA compare their own



Hannaford

scores year after year, often paying closer attention when their numbers slip. “I think that, culturally, the health risk assessment has changed our employees’ language,” said Udeh. “They’re not seeing health as someone else’s issue, but as their own, and it has shifted the climate.”

Initially associates who took the assessment were concerned about privacy around who would see the information and how it would be used. But employees were assured that their information was safe. “What really helped us was HIPAA,” said Hayes. “If we have any violation of that personal health information, we can be fined \$10,000 per occurrence.” Once employees understood that their health information would remain private, most of them signed on. “We educated them about the agreements we had in place with our vendors and the HIPAA regulation requirements, and that seemed to alleviate fears,” said Ladd.

Managing Disease Properly

Medical costs for chronic diseases were also a concern, so Hannaford created a disease management program to track and educate employees suffering from long-term, chronic illnesses. “We were seeing significantly higher health costs associated with several chronic illnesses, so our disease management program targeted those people with outreach coaching,” said Udeh. But statistics showed many employees were not accepting the coaching call, instead saying, “No thanks.”

So Hannaford made acceptance of the call and coaching part of the Healthy Behavior Credit. These calls are specifically designed for the personal attention some associates need in supporting their health and may take place weekly, monthly, or every three months.

In perhaps one of the most unique aspects of the wellness program, Hannaford has installed nurses in all of its 167 supermarkets. The nurses don’t treat disease, but instead act as a health coach, mentor, and advocate for associates, regardless of whether they are

on Hannaford’s health plan or not. They are not employees but instead are contracted from the local health system, creating “an absolute firewall” between Hannaford and the care that nurses give to associates. “They have become an integral part of our culture,” said Hayes.

Return on Investment

Funding for the Healthy Behavior Incentive program comes from Hannaford’s Health Plan Trust, which is funded jointly by covered associates (accounting for approximately 70 percent of the total) and the company. By focusing primarily on physical activity, diet, risk identification, disease management, and preventive care, Hannaford believes it can save 25 percent of its current healthcare spending.

To date, the Incentive program has been very successful:

- From 2004 to 2006, active participation in disease management increased from 1.6 percent of the covered population to 7.9 percent, resulting in a \$1,000,000 potential return on investment
- In 2006, of the eight percent of associates who received an outreach call, 95 percent responded and received care management by telephone

The \$1000 a year discount got their attention.

- More than 10,000 health risk assessments were completed, with 86 percent of associates participating
- Eight percent of associates participated in a smoking cessation program; 84 percent quit smoking
- Medical spend at Hannaford is now lower than national trends. In 2007, on a per capita basis, Hannaford spent five percent less on medical benefits than in 2006
- Excluding large claims, from 2004 to 2005, annual medical spend per associate fell 15 percent

“Our biggest return on investment is a combination of participation numbers in the programs, as well as medical trend spend,” said Udeh. “Total medical

claim cost has been trending down for three years in a row. People are more accountable for taking action, and the action they are taking is improving their health.”

Hayes agreed. “We think our focus on health has paid a huge dividend for us,” he said. “Companies with similar plans and benefit designs have significantly higher costs, and we attribute a significant portion of our lower trend to what we are doing around health promotion.”

The Role of Communication and Leadership Strategy

Hannaford’s Healthy Behavior Incentive program has been communicated as a win-win partnership between Hannaford, the insurance plans, and

associates. Communication channels include word-of-mouth, group presentations, marketing literature, online programs and “health huddles,” where a group of employees meet for a short impromptu gathering to share health information. Human resource representatives also disseminate material at every store and participate in trainings they then take back to associates.

Given the positive return on investment and improved employee health, executive leadership at Hannaford couldn’t be happier with the results of the program. And because Hannaford has been recognized as a leader in wellness, both nationally and in the region, employee good health remains a cornerstone for the organization. “Wellness programs and wellness ini-

tiatives are one of our major goals across the organization, and leadership has been very supportive of the process,” said Ladd.

The program complements Hannaford’s business strategy and active commitment to good corporate citizenship; the company funnels millions of charitable dollars to local communities every year. “We think supermarkets have a corporate responsibility to help make our communities healthier,” said Hayes. “By investing in the health of our employees we are containing our costs, creating a more productive workforce, and keeping our community healthier, which means we’ll have a more vibrant economy.”

Now that sounds like a healthy plan. [BE](#)

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