

Navistar, Inc.
Improving Productivity and Realizing Cost Savings

Tobacco-related illness is the leading preventable cause of death in the United States, accounting for approximately 20 percent of all deaths annually. In addition, smoking-related medical expenses cost employers an extra \$2,132 per smoking employee per year.¹ In response to growing evidence that tobacco cessation programs improve employee health and yield cost savings to employers, many companies have begun implementing workplace smoking cessation programs.

The National Business Coalition on Health (NBCH) has developed a series of case studies profiling employers that have successfully implemented such programs in an effort to share best practices and lessons learned.

Background

Navistar, an Illinois-based truck and engine company, is an industry leader in delivering high-performance diesel transportation. The company is committed to sound science, advanced ergonomics and emissions technology, and the use of technologies and materials that reduce energy use and overall environmental impacts.

Navistar's workforce comprises 17,000 employees with an average age of 45 and an average length of service of 12.5 years. Forty-seven percent of the workforce is unionized and the ratio of retirees (and surviving spouses) with health benefits to active employees is 3.5 to 1.

Promoting Wellness

"A sustainable future rests upon a sustainable workforce. We are demonstrating how savings and employee well-being can be accomplished simultaneously."
Dan Pikelny, Director, Health and Productivity, Navistar, Inc.

Navistar's approach to employee wellness is to drive the "1, 2, 3s" of health management and prevention:

- Primary prevention, which promotes safety, health, and wellness to prevent risk factors such as smoking or obesity.

¹ Centers for Disease Control and Prevention. Annual smoking-attributable mortality, years of potential life lost, and economic costs – United States, 1995-1999. *Morbidity and Mortality Weekly Report* 2002; 51(14): 300-03. Adjusted to 2008 dollars.

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- Secondary prevention, which manages or reduces risk factors to prevent disease – for example, lowering cholesterol through diet, exercise, or medication.
- Tertiary prevention, which aims to manage existing disease to prevent catastrophic consequences or complications – for example, managing diabetes to prevent amputation or blindness.

Navistar has had programs in place to support employee health and productivity for many years. But more recently, a third-party analysis of the behaviors and health care costs associated with its workforce helped Navistar realize that a non-smoking policy would be integral to reducing overall health costs.

The analysis, conducted by the University of Michigan, showed that smokers were more often in need of expensive medical services and treatments when they sought medical assistance and incurred higher annual medical costs. In fact, overall costs for Navistar smokers were approximately \$1,000 more annually than non-smokers when total inpatient and outpatient costs were combined.

Studies published in the *American Journal of Health Promotion* and the *Journal of Occupational and Environmental Medicine* support this trend. One study showed that the average annual cost for lost productivity for non smokers was \$2,623 per year compared with \$3,246 per year for former smokers and \$4,430 per year for current smokers. This study attributed more than half the costs to loss of productivity at work.²

Implementing a Smoking Cessation Program

In 2005, Navistar launched a smoking cessation program and, over the next two years, instituted a smoke-free workplace policy. The first step was for employees to take a health risk appraisal (HRA) to define their smoking status. Certain eligible employees were rewarded for being non-smokers by not having to pay a \$50 monthly smoking premium differential. Before this took effect, an eight month “grace period” was provided to give employees a chance to quit smoking.

These policies were possible in part from changes to local and state ordinances, which allowed Navistar to move ahead in implementing the smoking cessation program in parallel with ongoing discussions with the labor union.

Navistar’s smoking cessation program includes the following components:

- Step-by-step guide to help prepare smokers to quit
- An ongoing smoking cessation behavior change program that includes telephonic health coaching, support materials in print and electronic formats,

² Bunn W, Stave G, Downs K, Alvir J, Dirani R *Effect of Smoking Status on Productivity Loss* JOEM Vol.48 No. 10 October 2006 P. 1099-1108

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and over-the-counter nicotine replacement products sent to employees' homes

- Web site with personalized tools to track progress
- Hotline for support and encouragement
- Implementation of a monthly premium charge for smokers (applicable to non-represented and select union employees only) with a new option available in 2008 to change smoking status mid-year
- Resources available through:
 - Work site medical and behavioral support
 - Navistar's smoking cessation support, Quit Power
- Prescription tobacco cessation medication at minimal cost (copayment) to employees, introduced in 2006 at three large manufacturing sites with behavior support

Outcomes

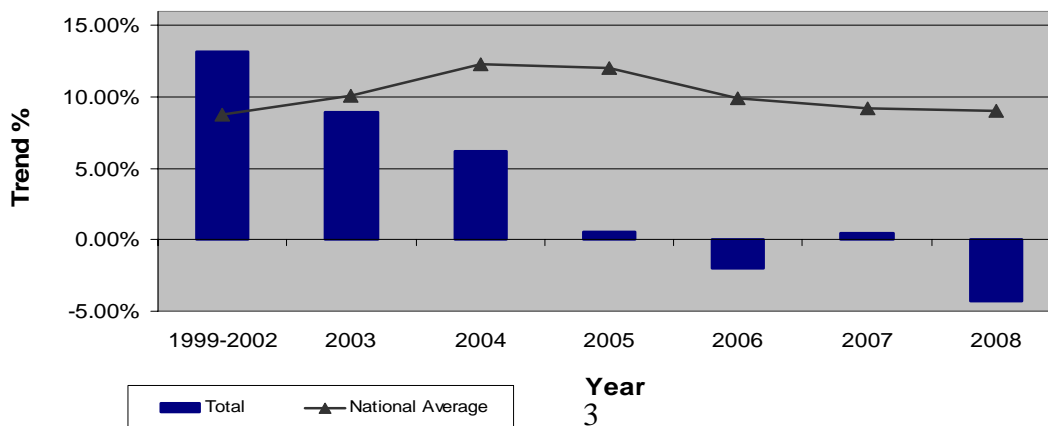
Navistar's approach to smoking cessation has improved the health of employees, retirees and their families, while contributing to cutting controllable absenteeism in half and achieving health care savings of millions of dollars. Specific results from the baseline HRA found the following:

- 90 percent participation by employees in the HRA
- 10 percent of employees identified themselves as smokers (an additional 10 percent did not respond to the smoking status question)
- 53 percent of smokers enrolled in the smoking cessation program
- 85 percent quit rate achieved by those in the smoking cessation program
- 80 percent remain smoke-free after one year

Since introducing a comprehensive smoking cessation program and premium differential in 2006, a 25% reduction in smoking behavior has been achieved.

Navistar has seen a slowing trend in their health costs, and realized savings in actual dollars from the impact of its smoking cessation program and other initiatives (See chart below on Health Care Trend Comparison).

Health Care Cost Trend



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Lessons Learned

Navistar cites the importance of the following in achieving its success:

- Gaining support from leadership
- Working within a supportive environment
- Providing access to a variety of smoking cessation support tools – *one size does not fit all*
- Implementing policies that promote employee engagement
- Navigating and working within union benefits programs and local and state ordinances

CDC Guidelines

This case study illustrates one example along the broad spectrum of steps employers have taken to improve the health and quality of life of their employees while protecting their company's own financial health. The U.S. Centers for Disease Control & Prevention recommends the following actions for a comprehensive smoking cessation benefit:

- Cover at least four counseling sessions of at least 30 minutes each, including telephone and individual counseling sessions
- Cover all FDA-approved nicotine replacement products and tobacco cessation medications³
- Provide counseling and medication coverage for at least two smoking cessation attempts per year
- Eliminate or minimize co-pays or deductibles for counseling and medications⁴

This case study was developed by NBCH as part of an educational initiative supported by Pfizer Inc. More about this project is available at www.nbch.org.

³ Centers for Disease Control and Prevention. Best Practices for Comprehensive Tobacco Control Programs. Available at: http://www.cdc.gov/tobacco/tobacco_control_programs/stateandcommunity/best_practices/00_pdfs/2007/best_practices_2007.pdf. Accessed January 11, 2008.

⁴ http://www.cdc.gov/tobacco/quit_smoking/cessation/00_pdfs/ReimbursementBrochureFull.pdf