

POSITIONED FOR THE FUTURE
ALIGNED FOR SUCCESS



*A Strategy
for
Health Care Cost Containment*

ALIGNED FOR SUCCESS



Vermeer Facts

- **1,850 employees in Pella, IA**
- **7 Plants and Parts Distribution Center**
 - 1.5 million sq ft.
- **More than 500 truck loads of equipment leave Vermeer worldwide per month**
- **Vermeer processes approximately 200 tons of steel each day**
- **Vermeer uses 54,000 miles of weld wire, approximately 218 miles per day**
- **Family owned business**



OUR FOUR (4) BUSINESS SEGMENTS Creating Solutions

- Forage
- Environmental
- Underground
- Specialty Excavation



Where Does Health and Wellness Fit?



Vermeer's 5 Year Vision

- Increase our focus and presence to better serve key global markets
- Continually deliver more economic value to the customer by improving key Lean metrics
- **Positively impact quality of life through our products and as stewards of our environment**
- **Provide a challenging and rewarding employment experience for all Vermeer team members throughout the world.**
- As an outcome of our Market Based Strategy initiatives we will quickly deliver innovative solutions to the marketplace

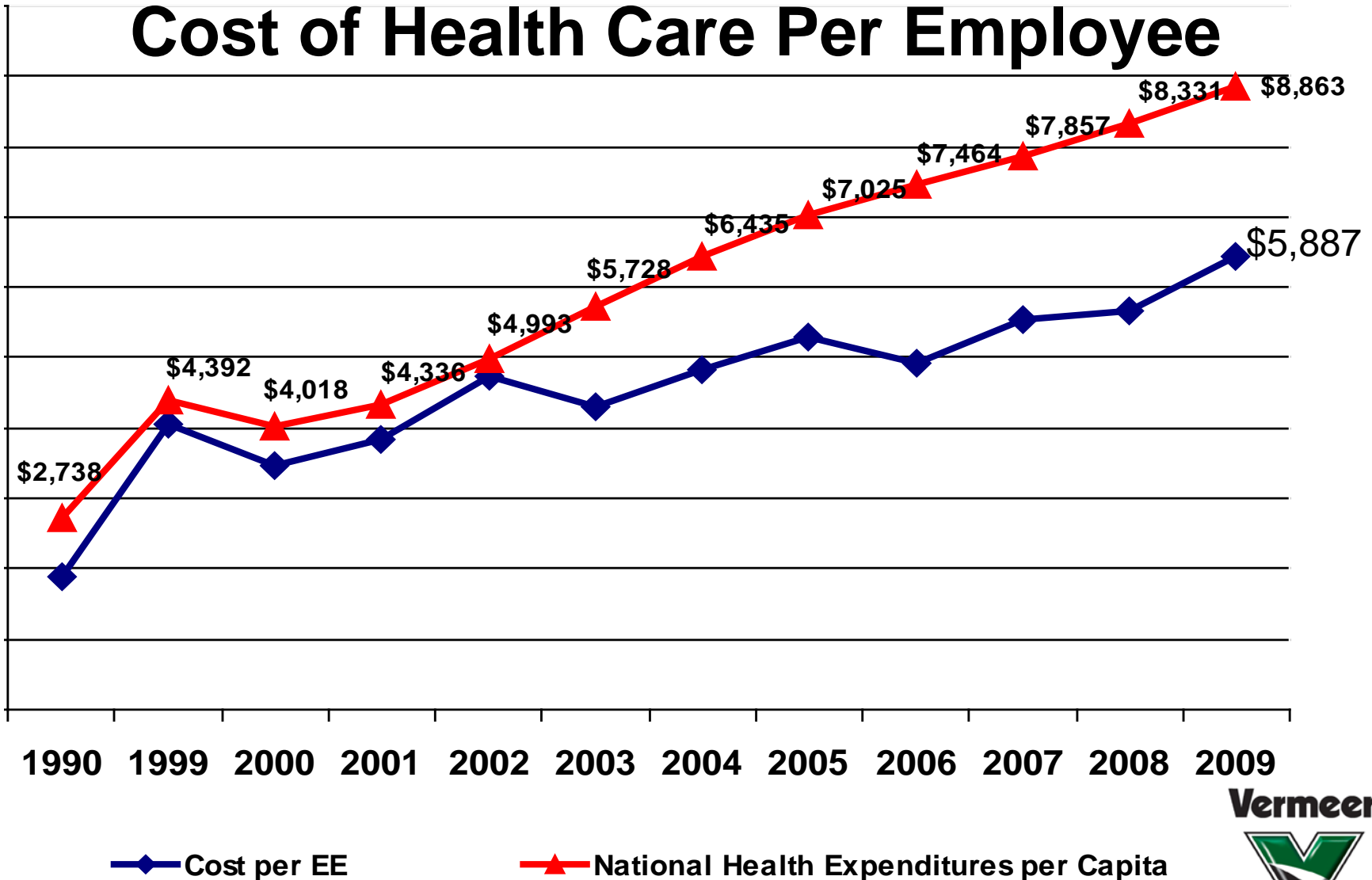


2005 Health and Wellness Drivers

- 32% increase in 2005 claim costs
- 10.1% national medical inflation
- 20.9% or \$2.3 million increase in health insurance renewal rates
- 44 is the average employee age
- 80% male population
- 50% of employees were tobacco users



Cost of Health Care Per Employee



Basics of Strategy

- Self-funded health plan – health costs tied to bonus & profit sharing
- Use of Onsite Clinic Services is totally voluntary
 - Except for occupational testing
 - Except for worksite injuries
- Services provided by third party
 - Acute Care – Pella Regional Medical Center
 - Nurse practitioners
 - Pharmacy – Take Care Health Systems
 - Wellness Program – Take Care Health Systems
- Limited Acute Care Services provided on-site

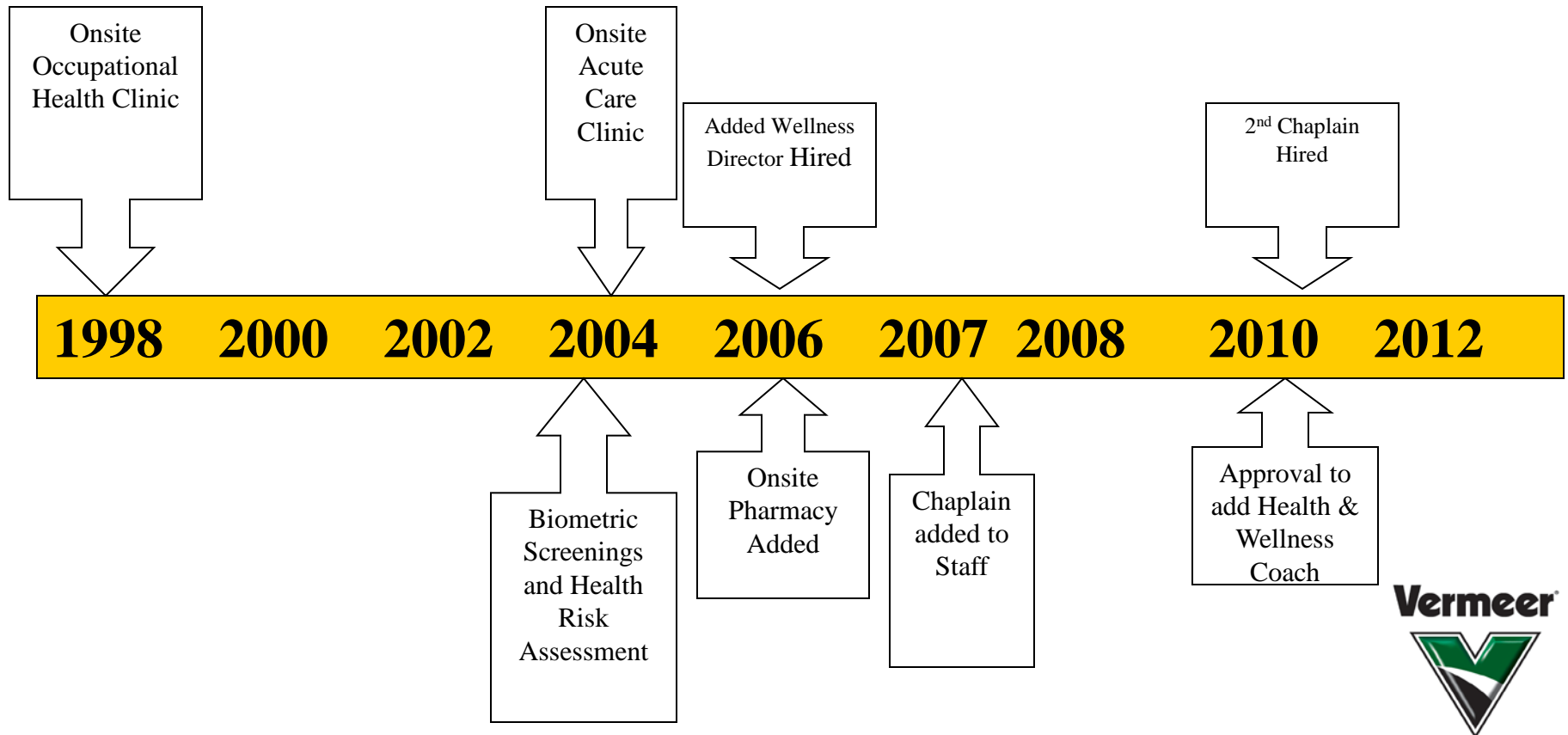


Where Does Health and Wellness Fit?

- One piece in their “whole health”
 - Chaplains
 - Primary Care Clinic
 - Pharmacy
 - Health and Wellness
- Removal of barriers
 - screening opportunities
 - individualized health education and coaching
- Cooperative care with healthcare providers
- Close relationship with Benefits Manager



Whole Health Services Timeline



Health and Wellness Timeline

1998

- On-Site Occupational Health Clinic
 - Pre-placement exams
 - Hearing testing
 - Treatment – minor work-related injury

2004

- On-Site Acute Care
 - Employees, spouses, dependents
 - Services provided by local health care system
 - Minimal paperwork
 - No co-pay



Health and Wellness Timeline

2004

- Biometric screening
- Health risk assessment

2006

- On-Site Wellness Director and Medical Assistant
- On-Site Pharmacy
 - Employees, spouses, dependents, retirees
 - Staffed by licensed pharmacists and pharmacy techs
 - Prescription medications
 - OTC medications and supplies



Health and Wellness Timeline

- **2007**
 - On-Site Chaplain
- **2010**
 - Second On-site Chaplain
- **2011**
 - Adding Health and Wellness Coach



Whole Health Services Center



Workplace & Family Life Services

- Bob Vermeer saw the need in 1994 to assess the interpersonal needs of employees
- WFLS is Vermeer's employee assistance program (EAP), a counseling, assessment, and referral service offered to all employees and dependants . The first three visits to WFLS and counseling service referred to are free.
- 24 x 7 x 365 days toll free number for phone calls



On Site Chaplains

- In 2007, the Vermeer family saw the need to extend interpersonal services on site
- Chaplain provides the following services:
 - Workplace visits
 - Counseling and referral
 - Performs weddings and funerals for employees and their families
 - Home, hospital, and prison visits
 - 24/7 on call
 - No cost, confidential, and voluntary
- 2010 – a second was added



Primary Care



Seating and play area for children

Clinic Registration



Primary Care



Primary Care and
Pharmacy Reception Area

Woman's Health Exam Room



Primary Care Clinic Results

- 400-700 nurse practitioner visits/month
- 150-200 nurse-only visits/month
- Services provided
 - Acute care office visits
 - Wellness screen follow-ups
 - Injections
 - BP checks
 - Limited laboratory
- Wait times closely monitored
 - < 5 minutes – waiting room
 - < 5 minutes – exam room



Primary Care Clinic -Benefit to Employee

- Dramatically better access to care
- No need for time off from work
- No co-pay
- Limited paperwork/no health plan claims
- Minimal wait times
- Electronic medical record – accessible to local providers



Primary Care Clinic – Benefit to Employer

- Fixed cost for providers – NOT fee-for-service
- Limited cost for lab/diagnostics
- Reduced absenteeism
- Employee goodwill
- Lower costs



Vermeer Family Pharmacy

Cordless phone headsets

New will-call bib

Point of use
supplies & top 50 drugs
for techs & pharmacists

Conveyor feeds to
pharmacist orders
for approval & dispensing

Ergo matting
& foot rest



30% reduction in C/T

Vermeer Family Pharmacy

Express pick-up register for credit & payroll deduction

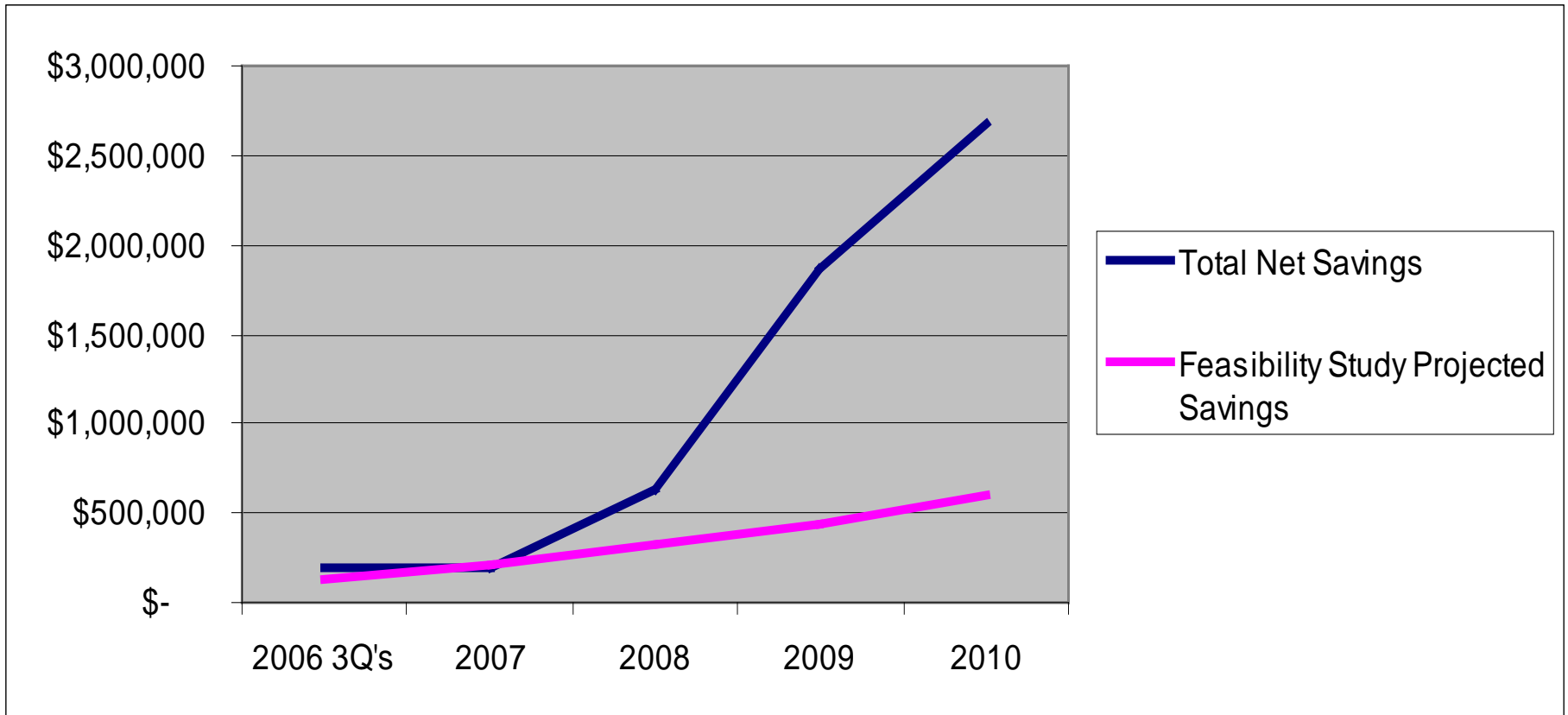


Pharmacy Results

- 41,813 prescriptions in 2009 calendar year
- 80% of all Vermeer prescription spend
- 90% generic utilization 2010 (76.6% 2009)
- 78% generic utilization off-site 2010 (60.4% 2009)
- Almost zero wait time for Rx pick up
- Cost per therapy day YTD 2010 \$0.071
- Cost per therapy day YTD 2009 \$0.082



Pharmacy Savings



Pharmacy – Benefit to Employee

- Easy access/minimal wait time
- All records part of Walgreen's system
- Co-pay:
 - \$10 – generic
 - \$25 – brand
 - \$40 – off formulary
- 90-day supply for 2 co-pays
- OTC meds and supplies at significant cost savings



Pharmacy – Benefit to Employer

- Very favorable unit pricing
- Fixed price for pharmacist services
- Pharmacists provide patient education
- High generic utilization
- Alignment with acute care clinic and provider community drives generic utilization and patient compliance



Occupational Health and Wellness

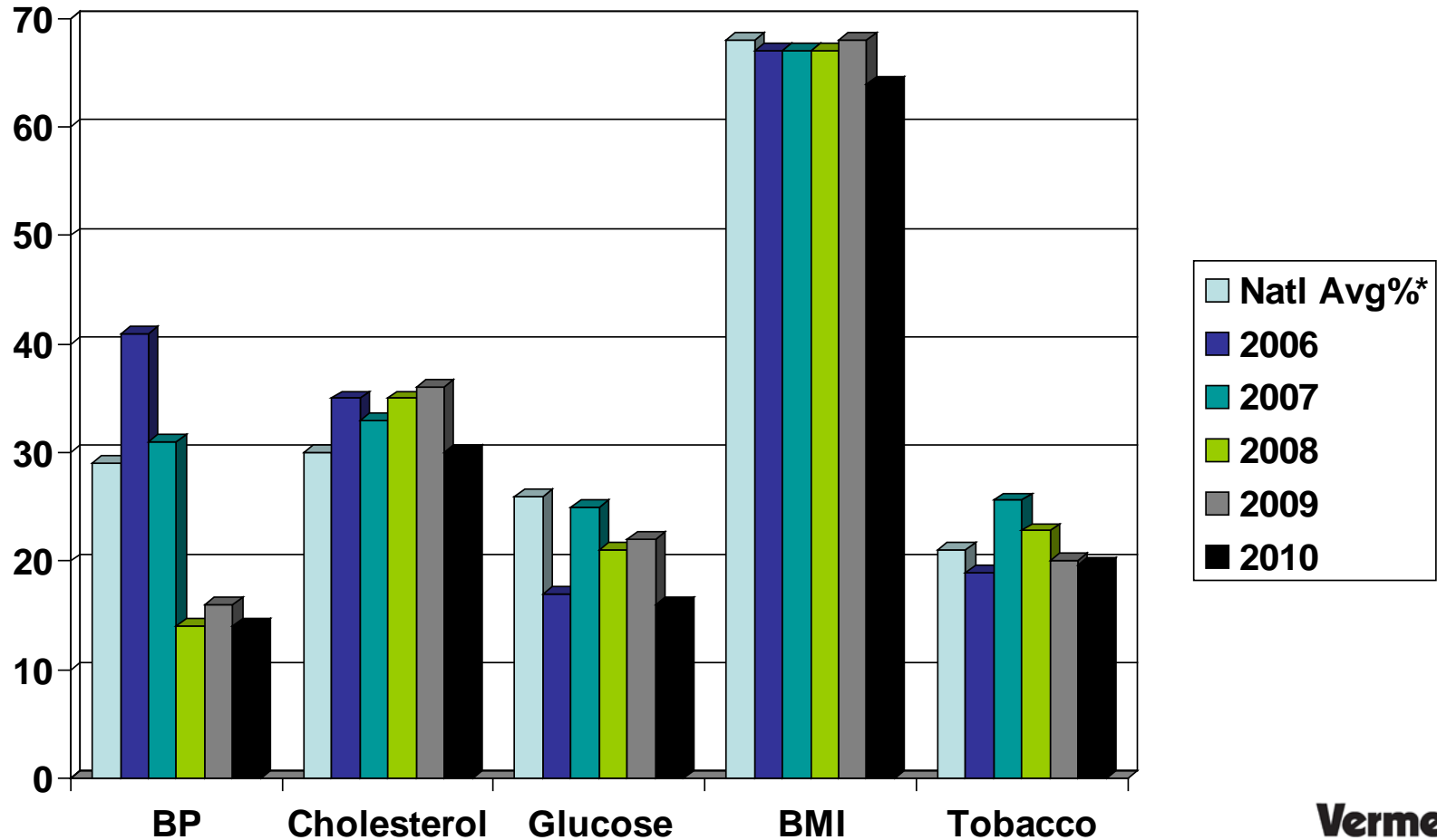


Health and Wellness - Results

- 80% of employees and spouses participate in wellness screenings
- Many participants learn their “numbers” for the first time
- All results discussed one-on-one with a registered nurse
- Contributes to a corporate “culture of health”
- Health risks are identified early



Abnormal Screening Values



Health and Wellness Program – Benefits to Employee

- Easy access to comprehensive biometric screening
- One-on-one nurse consultation
- Health insurance premium discount based on health risks for employee and spouse
- Low risk discount is \$300 per person



Premium Risk Discount

- **Employee and spouse both have to complete the wellness screen and follow-up by 9/30/2010**
- **Points awarded:**
 - **Body Mass Index** < 31
 - **Blood Pressure** < 131/85
 - **Total Cholesterol** < 200 mg/dl
 - **HDL Cholesterol** \geq 40 mg/dl
 - **LDL Cholesterol** < 130 mg/dl
 - **Triglycerides** < 150 mg/dl
 - **Glucose** <100 mg/dl
 - **Tobacco Use** = No usage



Health Risk Categories & Discount

Low	85-100	\$300
Medium	60-84	\$200
High	40-59	\$100
Extreme	< 40	\$50
No Screening	No discount	\$0



Health and Wellness Program Benefits to Employer

- Corporate “culture of health”
- Early detection reduces over-all health care costs long-term
- Targeted wellness promotion and intervention activities



2010 Health and Wellness Coach Cost Justification

High Blood Pressure

- 16% → 320 People
- High to Normal= \$4,050

High Cholesterol

- 36% → 720 People
- High to Normal= \$3,750

High Glucose Levels

- 22% → 440 People
- High to Normal= \$5,300

Part.			
%	Employees	\$ Saved	
1%	3	12,150	
3%	9	36,450	
5%	16	64,800	
10%	32	129,600	
20%	64	259,200	
30%	96	388,800	

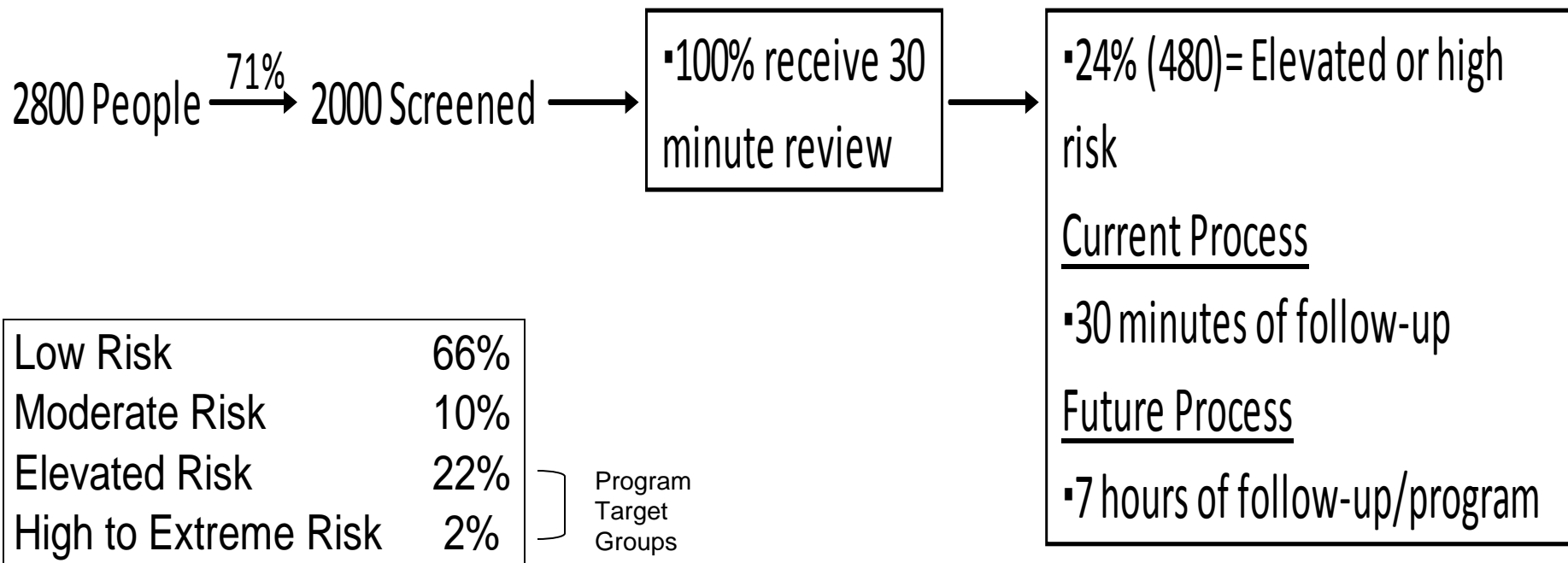
Part.			
%	Employees	\$ Saved	
1%	7	26,350	
3%	21	78,750	
5%	36	135,000	
10%	72	270,000	
20%	144	540,000	
30%	216	810,000	

Part.			
%	Employees	\$ Saved	
1%	4	21,200	
3%	13	68,900	
5%	22	116,600	
10%	44	233,200	
20%	88	466,400	
30%	132	699,600	

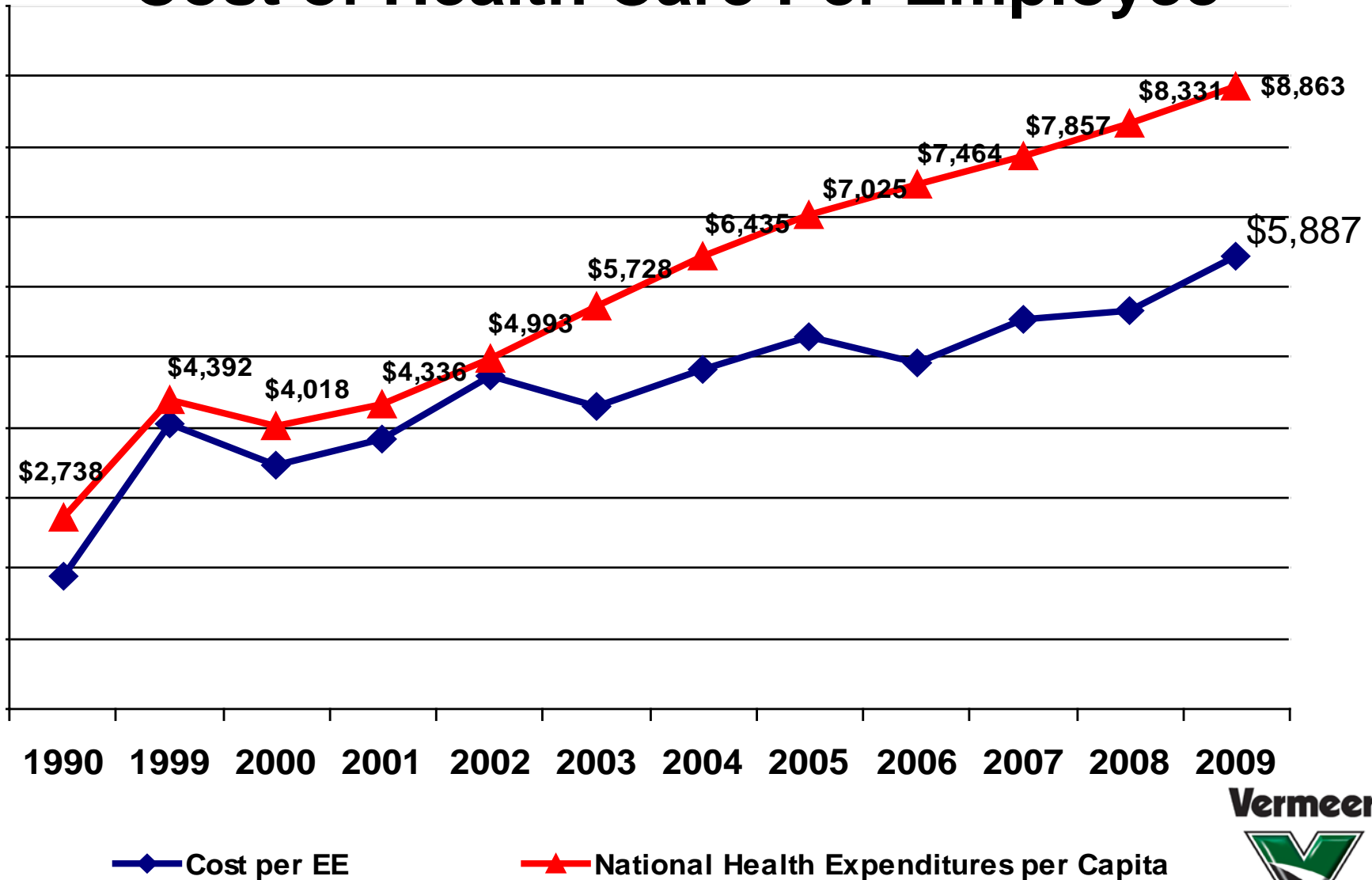
Sources: Prevention Makes Common Sense 2003 U.S. Department of Health and Human Services Report & The Power of Prevention, U.S Department of Health and Human Services, 2003. National Center for Health Statistics and the National Center for Chronic Disease Control, American Heart Association Mortality data 2005, MMWR 2000; 49[33]:750–5. American Diabetes Association, Burton et al, 2005, Dr. Eduardo Sanchez, 2007 & Mayo Clinic Research, January 2009, World Health Organization. The Health Consequences of Smoking: A Report of the Surgeon General, 2004. www.cdc.gov/tobacco/sqr/sqr_2004/index.htm



2011 Health and Wellness Focus

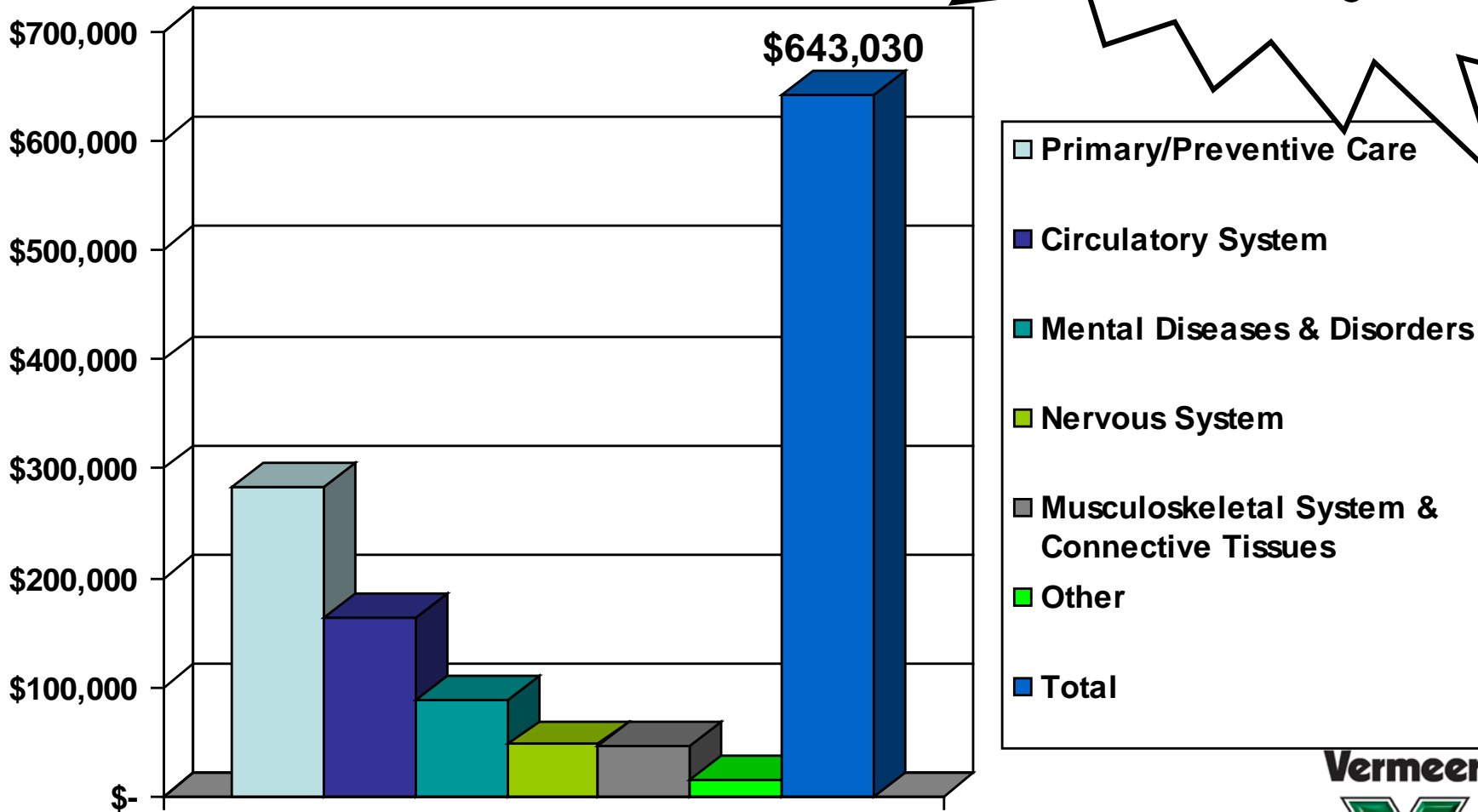


Cost of Health Care Per Employee



Cost Avoidance

Total savings
(including estimated lost workday savings)
\$1,258,056



Cost Savings – 2009

Medical Cost Savings

12,133 visits x \$130 (community cost) = \$1,577,290 (allowed equivalent) - \$721,102 (fixed cost for clinic site)
= \$816,188 (hard medical savings)

Productivity Savings

12,133 visits x 2 hrs/visit (reduced travel and wait time) x \$24.73 (average wage with benefits)
= \$600,098 (productivity savings)

Total Measurable Savings

\$1,416,286

Employee Goodwill

Priceless



Workforce Health Initiative

- Supported by Mercy Medical Center
- Collaborates to build a healthier community
- Cost effective approach when starting a wellness program
- Contact Amy Ziegler at 515-643-8229 or aziegler@mercydesmoines.org



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