



G. Thomas Welsh – Director HR Benefits and Services

The Clinical and Economic Aspects of Health Management at PPG

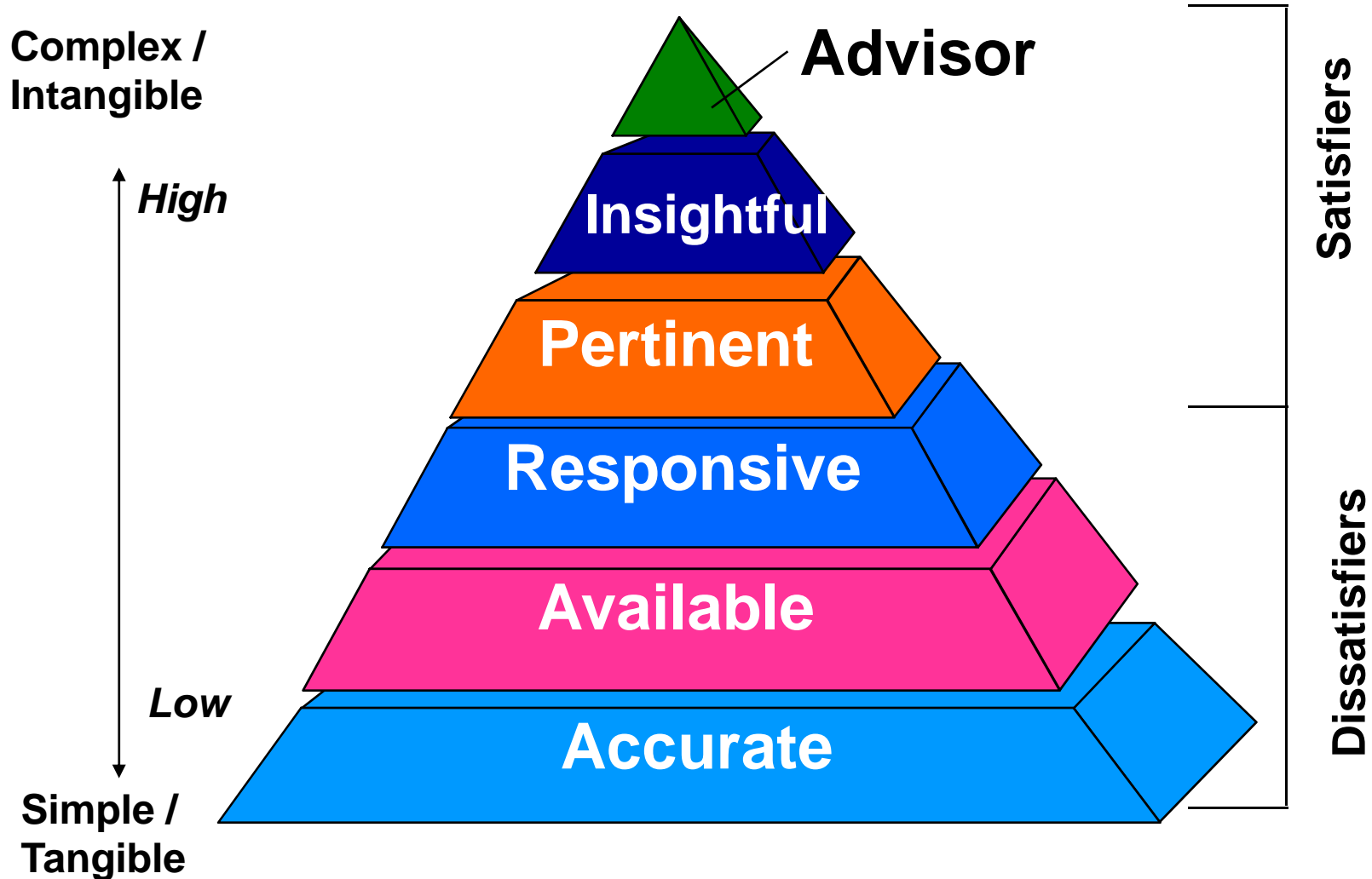


Presentation Objectives:

- Describe the information management process
- Detail specific engagement goal metrics and tactics

Primary focus will be on U.S. health care for active employees and dependents

Information Management



Importance of Cost



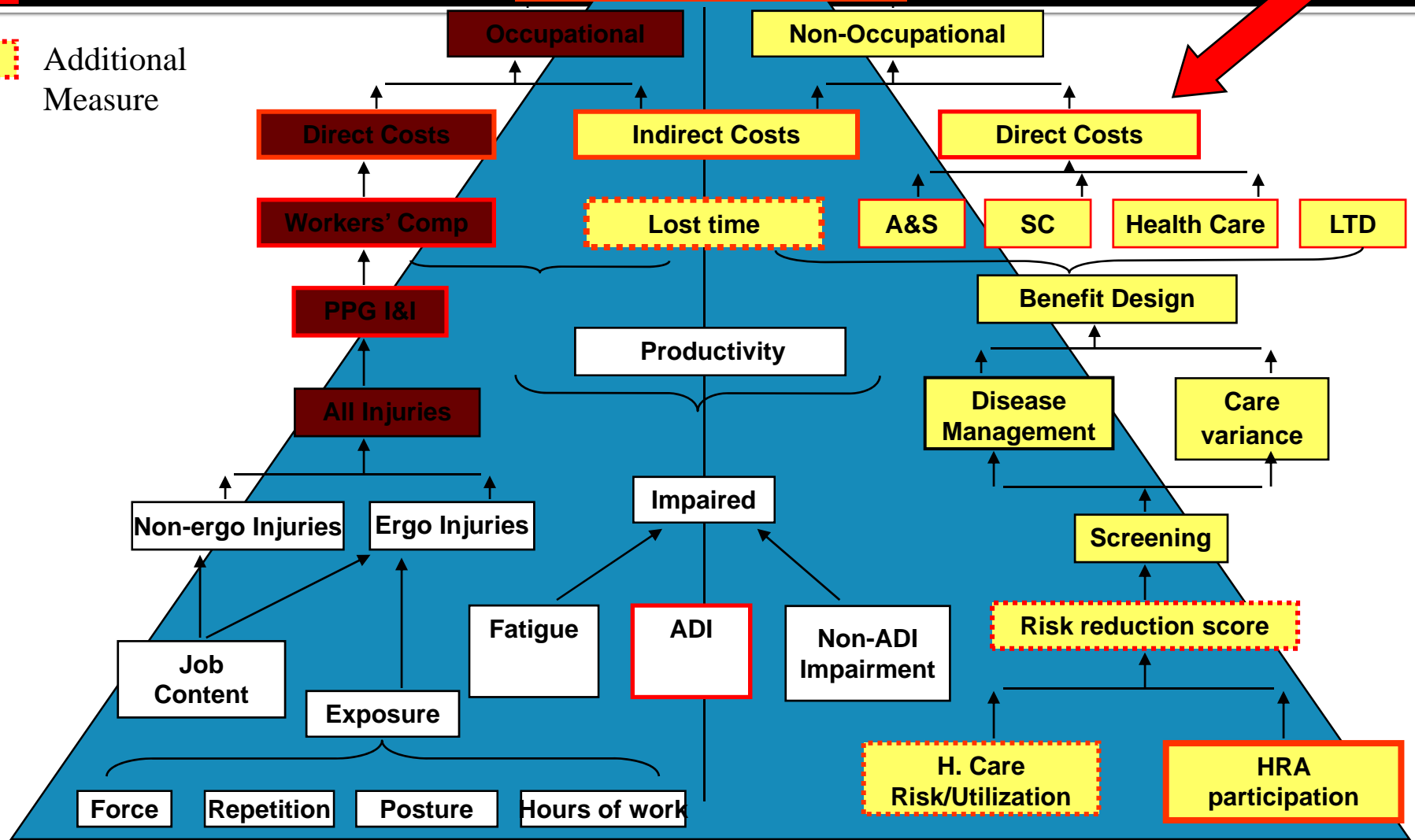
	1.BEHAVIORS	2.PREVENTION	3.PLAN DESIGN	4.CARE EFFICIENCY	5.WORK PERFORMANCE
Content	<ul style="list-style-type: none"> ■Participation ■Incentives ■Motivation ■Knowledge ■Skills ■HRA expand 	Best in class <ul style="list-style-type: none"> ■Promotion ■Protection ■Screenings 	Consumer driven <ul style="list-style-type: none"> ■Accountable ■Transparent ■Coordinated PPOs/HMOs <ul style="list-style-type: none"> ■Pay for value 	Challenge Waste <ul style="list-style-type: none"> ■Misuse ■Over use ■Under use Up-coding Late Care Business alliances	Total burden on Health and Productivity <ul style="list-style-type: none"> ■Lost days ■Absenteeism ■Presenteeism
Measure	<ul style="list-style-type: none"> ■HRA participation rate ■Risk reduction ■Know your numbers 	<ul style="list-style-type: none"> ■Preventive screening rates ■Avoidable admissions 	<ul style="list-style-type: none"> ■Health Care Cost and Utilization Scorecard (PEPY) ■Comprehensive financial metrics ■Head to head plan comparison 	<ul style="list-style-type: none"> ■Quality indicators ■Avoidable "re-work" 	<ul style="list-style-type: none"> ■Avoidable STD ■Lost work Days ■Presenteeism
Aim		Shift upstream	Share	Clear waste	The Other face of the moon

2008 Burden on Health & Productivity \$500MM

$$Y=f(X)$$



Additional Measure



Health Care Objectives and Goals



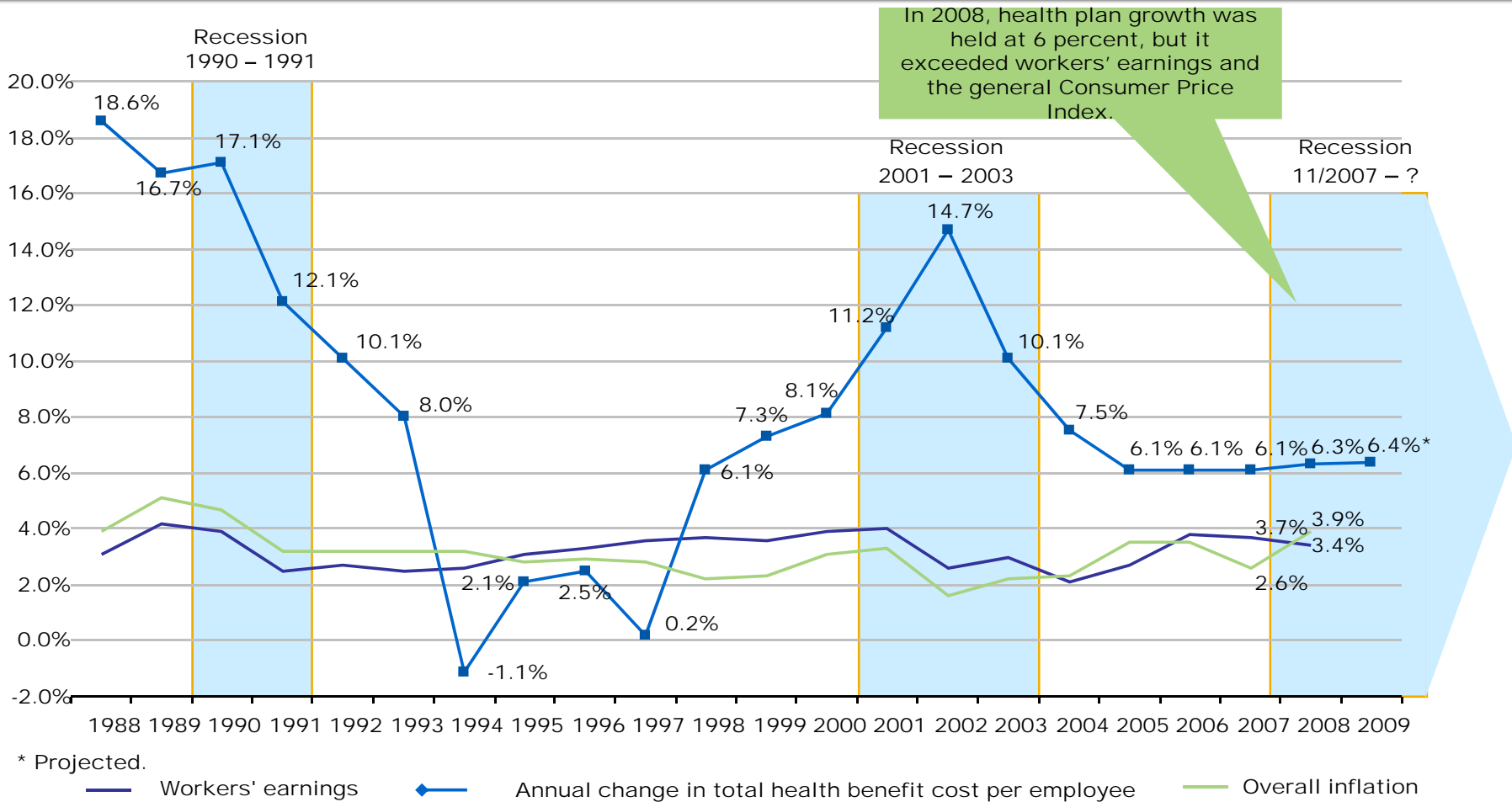
- ✓ To inform and motivate employees, their dependants and retirees to prevent disease, stay healthy and become better health care consumers in order to reduce overall costs.
- ✓ To use SMART goals and measures to achieve success
- ✓ To reduce burden on health and productivity cost to half of the prevailing national average change over 5 years.

S.M.A.R.T. Goals



1. Annual net cost per participating employee will be on average (five years) 50% of the rate experienced by companies of like size
2. Total net cost to the company for health care will be maintained at 2003 level
3. HRA participation rate will be maintained at 80% of the employee population on the three year average
4. The employee population at low or no risk will be at 70%
5. At least 80% of the population will know their key health metrics (BMI, cholesterol, blood pressure)

Health Cost Trend



Source: Mercer's National Survey of Employer-Sponsored Health Plans;
 Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1988 – 2008;
 Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April) 1988 – 2008.

Health Care Metrics

2008 Data – for Actives



Gross: PPG payments to TPAs + employee out of pocket \$XXX MM
– Best measure of overall change

Less: Employee out of pocket (deductibles/co-pays) YY MM

Employee contributions (pay withholdings) XY MM

Net: PPG payments less employee contributions \$ZZZ MM
– Good bottom line number, but

Employees: 15,500 (US)

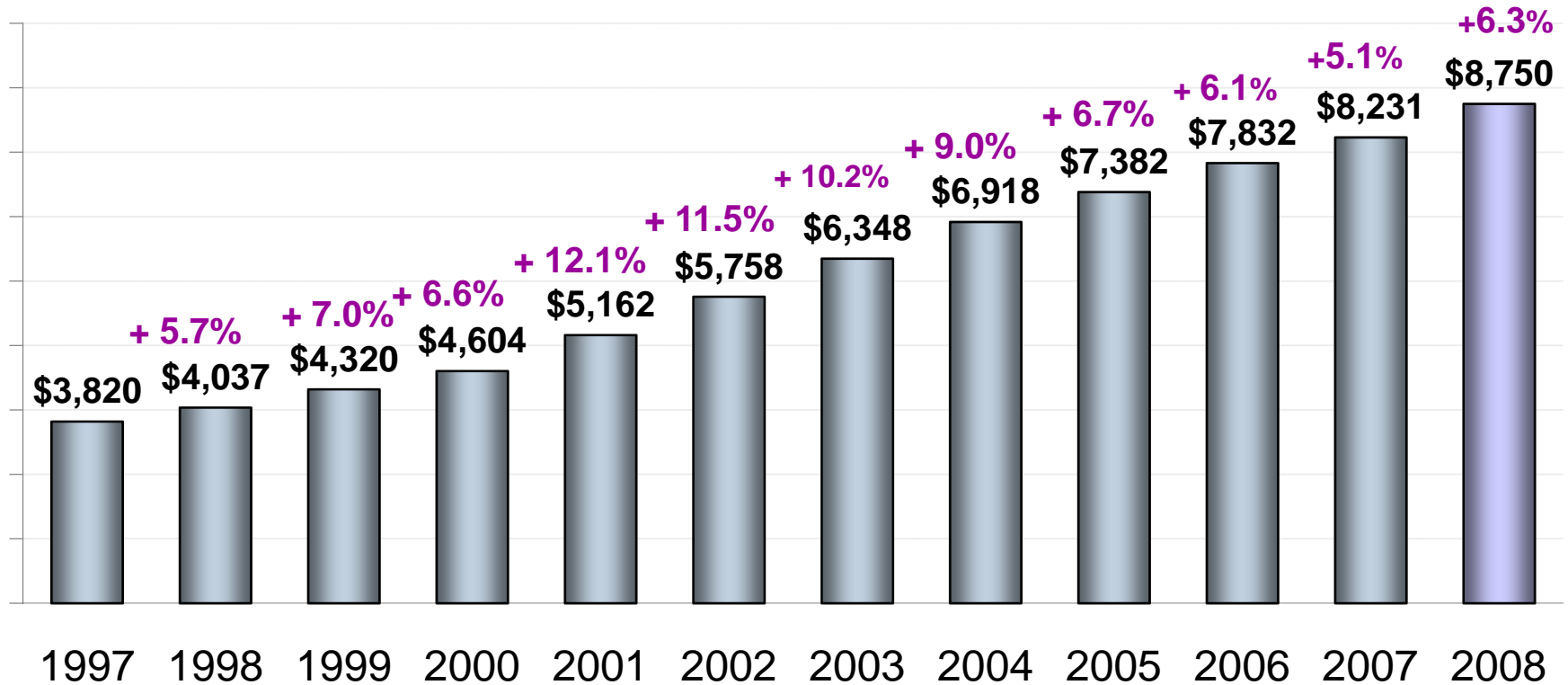
Employees – participating: 13,700 (US)

Participants: 31,500 (US)

Total health benefit cost for active employees up 6.3% for 2008

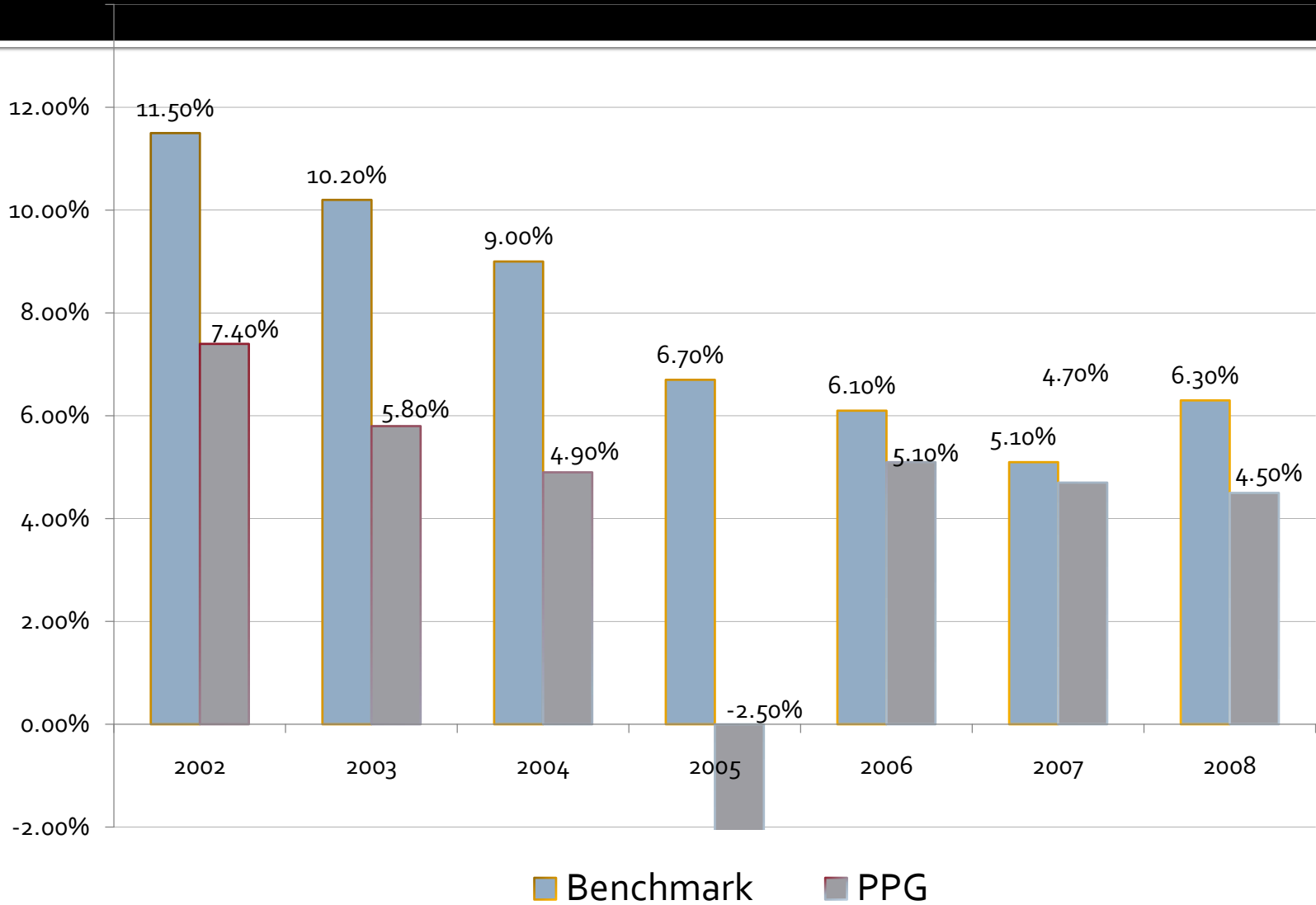


Large employers



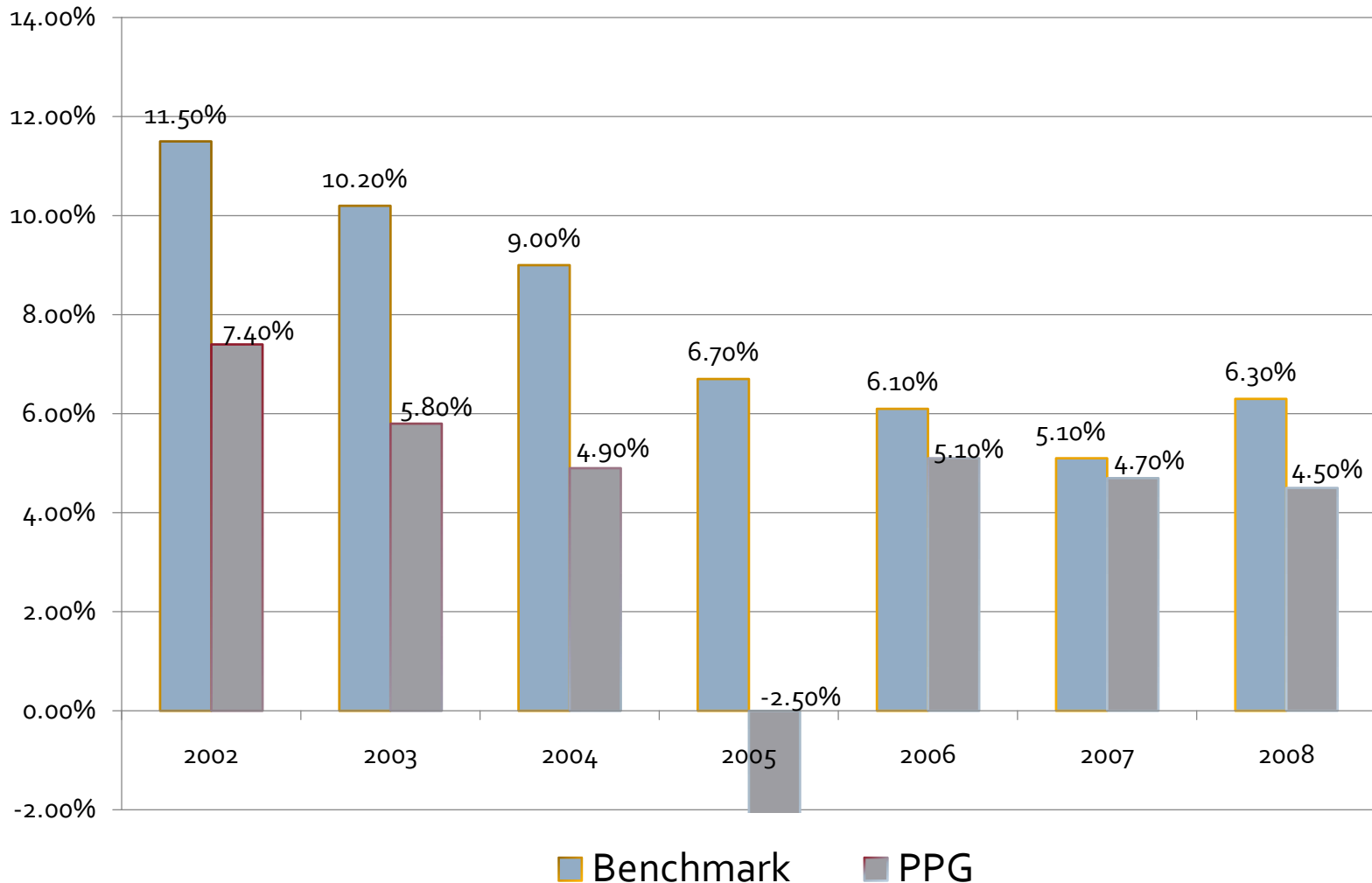
Source: Mercer

Net Active Health Care Cost % Change Per Participating Employee



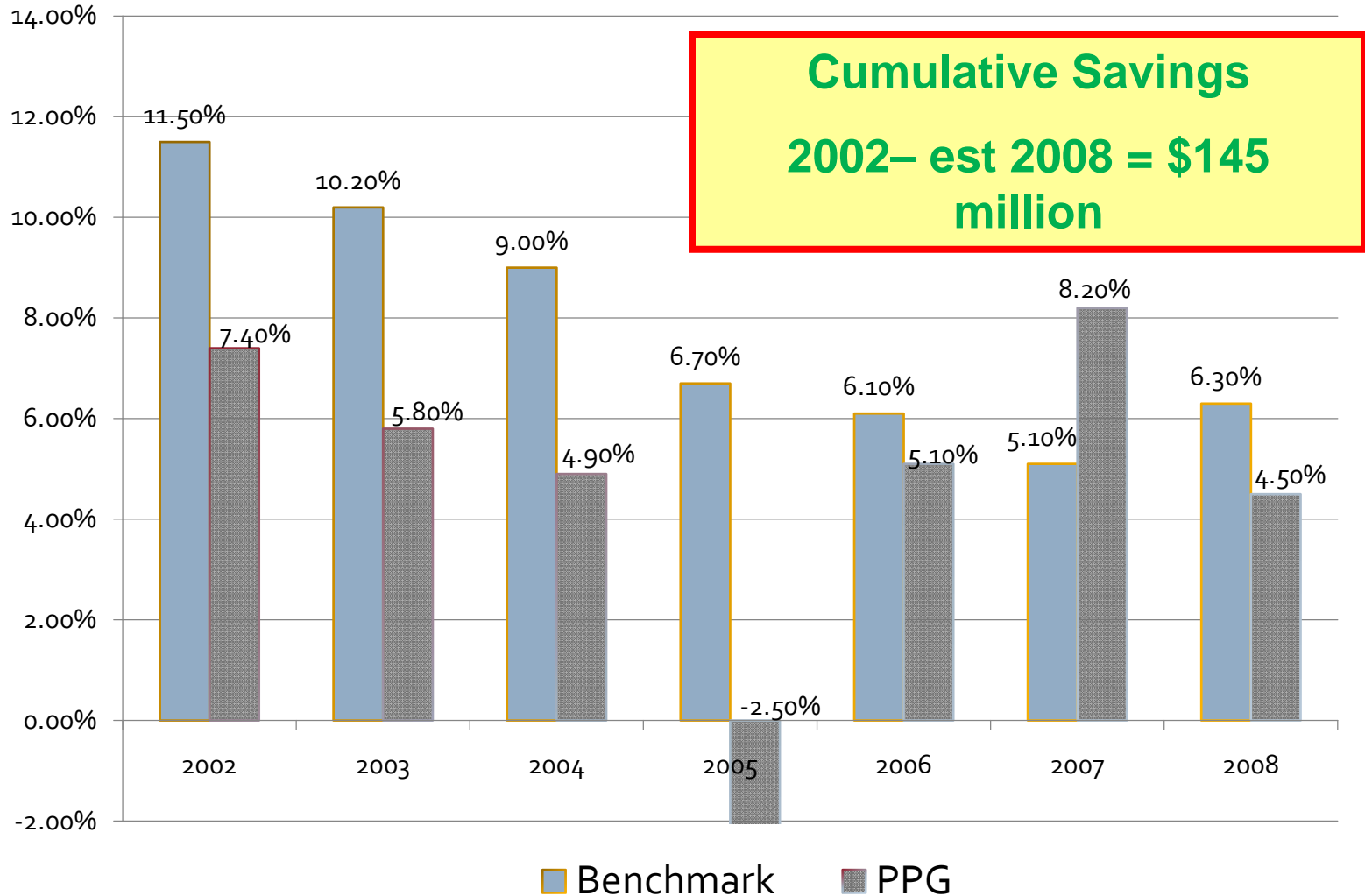
Source: Mercer

Net Active Health Care Cost % Change Per Participating Employee (without incremental 2007 high cost claims)



Source: Mercer

Net Active Health Care Cost % Change Per Participating Employee



Benchmark Source: Mercer

2008 Active Health Care Quarterly Scorecard



Top 10 Locations - Active Employees For the Twelve Month Period Ended December 31, 2008

COST

Location	YTD Q4 2008 Gross		YTD Q4 2008 Participating		YTD Q4 2008 Net Cost Per Employee	YTD Q4 2007 Net Cost Per Employee	% Change from YTD Q4 2007
	Expense (In 000's)	% Change from YTD Q4 2007	Employee Count*	% Change from YTD Q4 2007			
Plant A	\$ xxxx	6%	306	-8%	\$ xxxx	\$ xxxx	17%
Plant B	xxxx	7%	555	-2%	xxxx	xxxx	10%
Plant C	xxxx	7%	657	2%	xxxx	xxxx	4%
Plant D	xxxx	6%	838	0%	xxxx	xxxx	4%
Plant E	xxxx	5%	193	2%	xxxx	xxxx	1%
Plant F	xxxx	-8%	121	-3%	xxxx	xxxx	-6%
Plant G	xxxx	0%	364	-1%	xxxx	xxxx	-1%
Plant H	xxxx	10%	475	-5%	xxxx	xxxx	21%
Plant I	xxxx	17%	394	-4%	xxxx	xxxx	30%
Plant J	xxxx	-5%	102	-3%	xxxx	xxxx	-8%
Total high cost locations	\$ xxxx	6%	4,004	-2%	\$ xxxx	\$ xxxx	19%
Total PPG	\$ xxxxx	1%	13,700	-4%	\$ xxxxx	\$ xxxxx	4.5%

Note: The top 10 locations identified above were based on the calendar year 2008 report.

* Employee count is based on the number of those participating in PPG's medical plans.

2008 Active Health Care Quarterly Scorecard



Top 10 Locations - Active Employees For the Rolling Three Year Period Ended December 31, 2008 (Jan 2006 - Dec 2008)

HEALTH

Location	Employee Count* (3 Year Avg)	HRA Participation Rate (1) (1/06 - 12/08)	HRA Participation Rate Change**	Percent Low Risk (2) (1/06 - 12/08)	Percent Low Risk Change**	Screening Rate (3) (1/06 - 12/08)	Screening Rate Change**
Plant A	328	40%	-33%	64%	8%	72%	19%
Plant B	572	18%	-1%	51%	0%	81%	1%
Plant C	700	85%	2%	65%	1%	95%	0%
Plant D	861	40%	0%	52%	0%	54%	-1%
Plant E	193	9%	-49%	47%	6%	65%	5%
Plant F	121	95%	0%	50%	0%	48%	0%
Plant G	363	9%	1%	53%	1%	64%	4%
Plant H	541	68%	-56%	45%	6%	90%	2%
Plant I	413	7%	-2%	50%	10%	73%	9%
Plant J	105	65%	0%	60%	0%	61%	0%
Total high cost locations	4,197	44%	-14%	54%	3%	70%	4%
Total PPG	14,469	47%	-6%	58%	1%	71%	3%

(1) Goal is to maintain HRA participation at or above 80% in any three rolling years

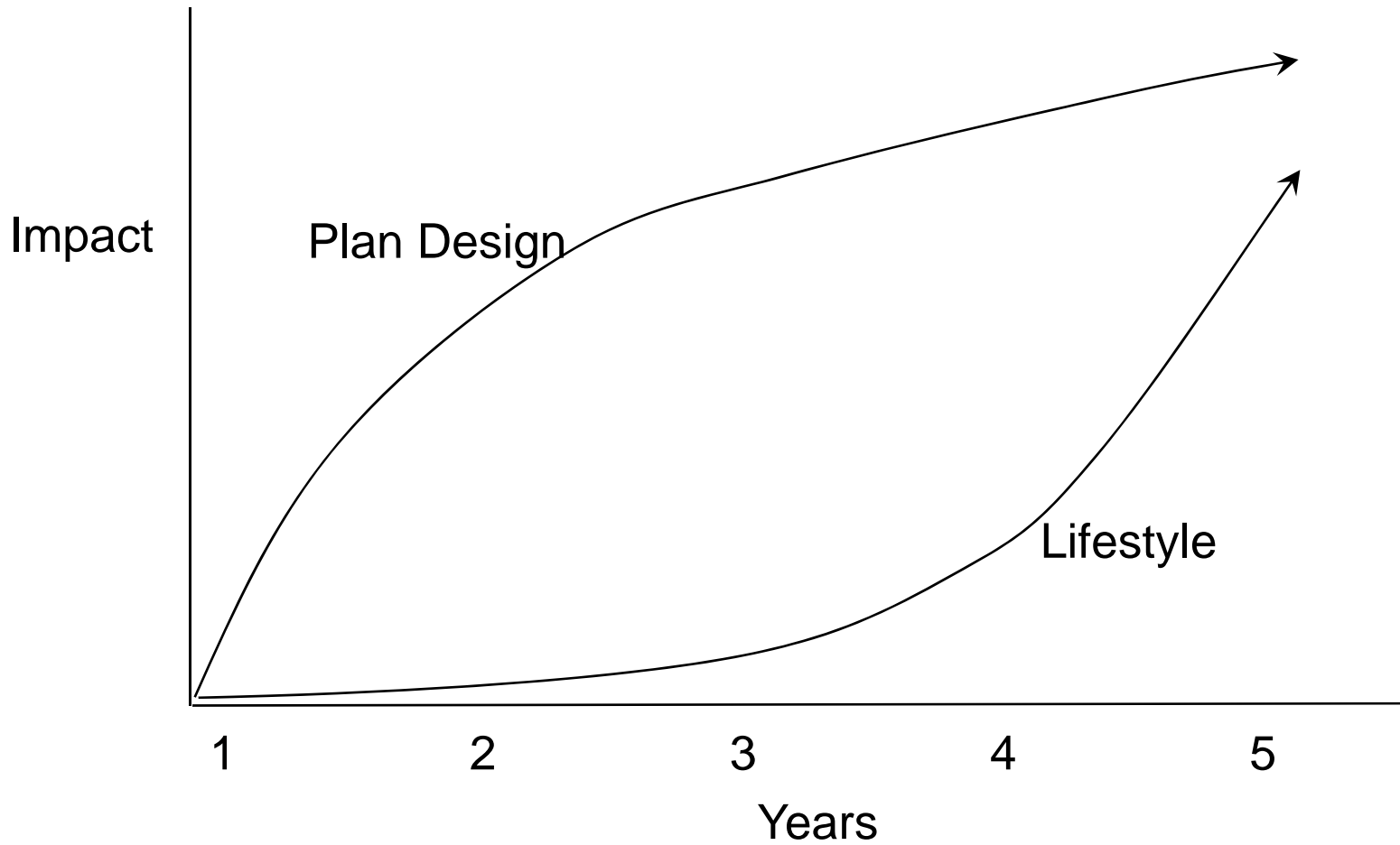
(2) Goal is to maintain "low risk" for 70% of the population at any point in time

(3) Goal is to achieve screening rates of 80% of recommended

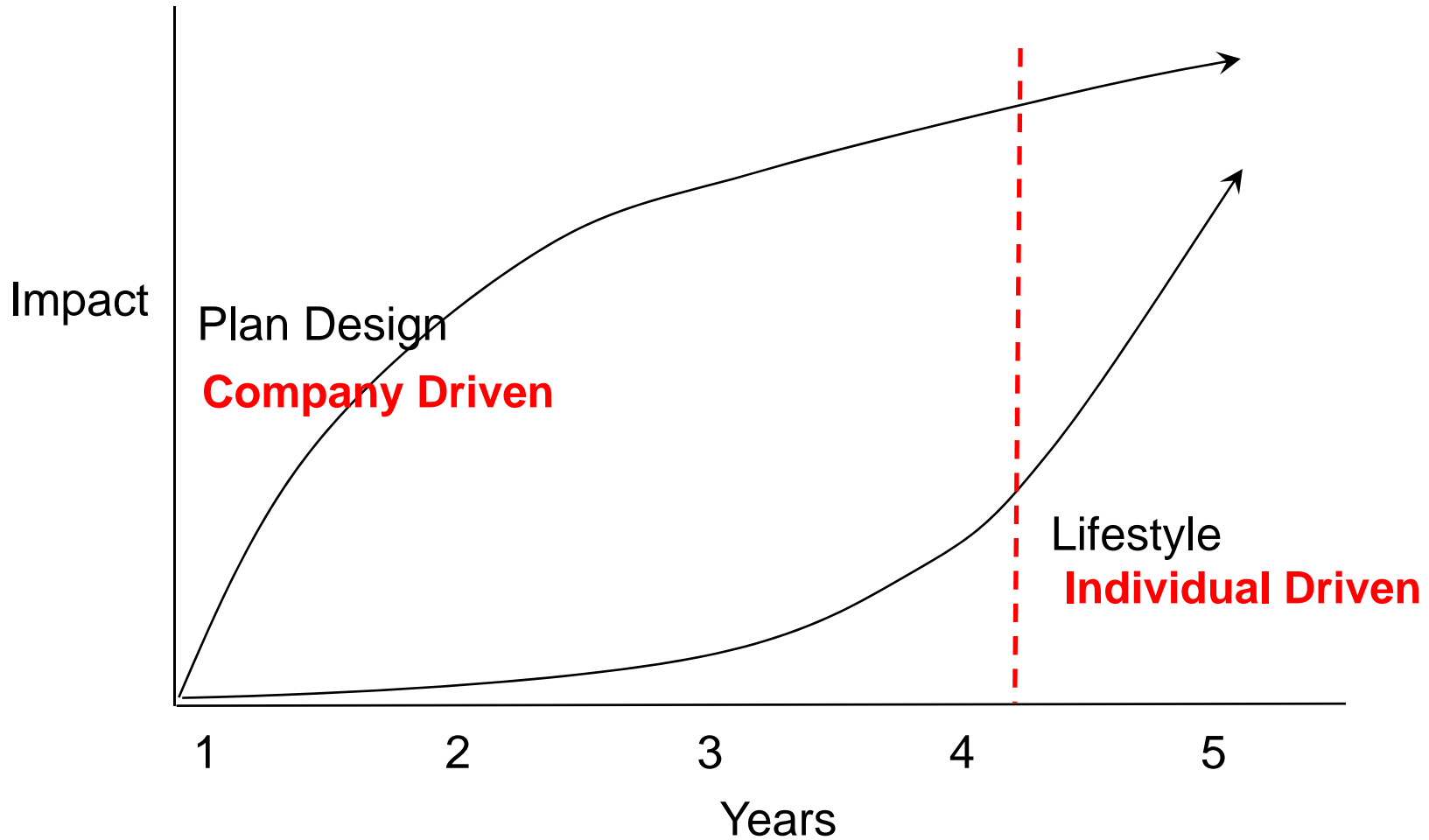
* HRA employee count is based on three year average of the actual number of employees at location as of December.

** Represents the change from the prior rolling three year period (October 2005 - September 2008).

PPG Cost Reduction Impact



PPG Cost Reduction Impact

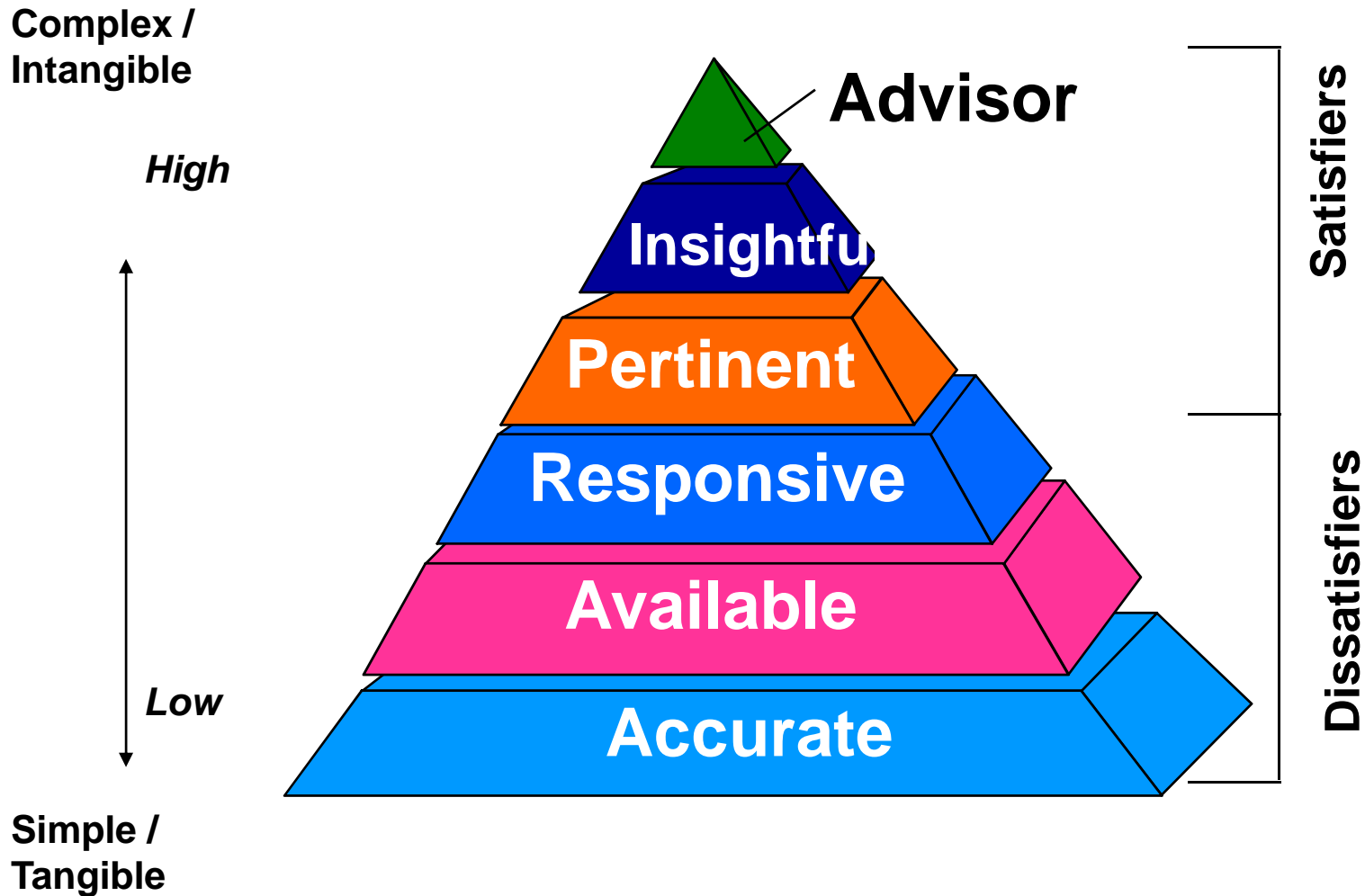


Five Tactics for Health Management Metrics



1. Establish a database that is accurate, available and responsive to inquiry
2. Make head to head comparisons and measure results
3. Compare spending to peers
4. Tie behavior to cost and compare spending to analogous in house spending
5. Professional and consistently describe initiative (including ROI real and perceived)

1. Information Management



2. Make Head to Head Comparisons and measure results



There is nothing like competition to get people into the game and focused.

Some overall indication of success is an excellent measured result. Overall \$145 MM savings.

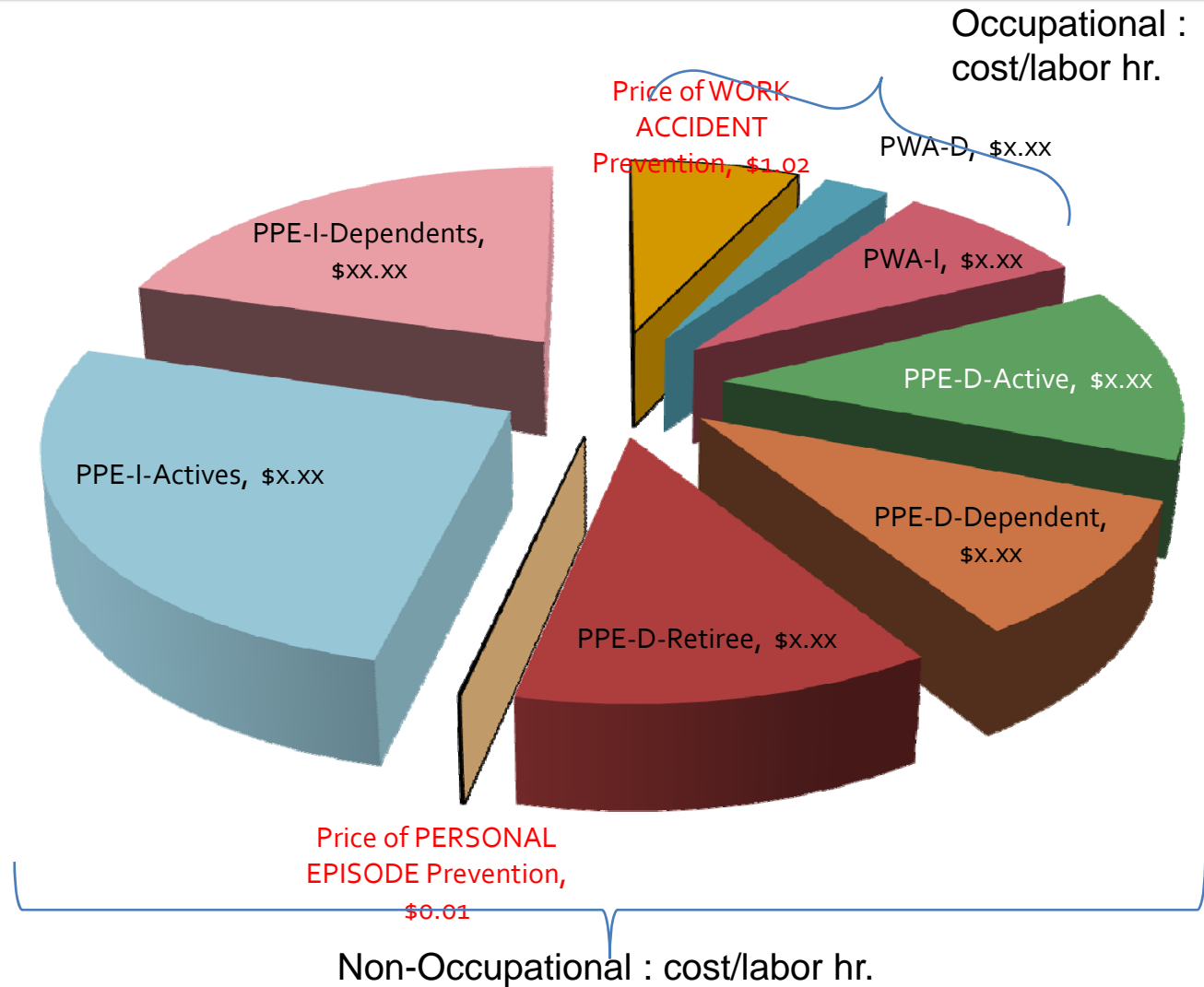
3. Compare Spending to Peers



Corporate investment in healthy behaviors as a percent of total net cost:

Company A	3%
Company B	2%
Company C	1.5%
Company D	1.6%
Company E	1.6%
Company F	1.0%
Company G	1.0%
PPG	.25%

4. Compare Health Promotion Spending to Analogous other In-House Spending



5. Describe Initiative - Measure ROI



Summary message to PPG Management in most recent engagement:

- Significant success has been achieved in mobilization of resources, metrics/reporting and cost mitigation
- Further success in cost reduction through communications, metrics and spirit seems limited
- PPG's investment in prevention and behavioral change in the area of health and wellness is minimal by a number of measures
- Further cost reduction through investment in health and wellness initiatives is considered viable
- We will professionally manage and demonstrate return on these investments



The PPG Industries Story

“Have a Healthy Day”