Exhibit A: FitWorks 1995 Evaluations (4 pages):  The FitWorks Program Evaluation demonstrates the 1994 and 1995 economic contribution to the Company.  The efficacy and cost savings to the Company from the FitWorks program demonstrated a return-on-investment of 2.22.  The studies showed that non-participants had more HIV cases in 1994, which partially contributed to a larger difference in short-term disability (STD) days in 1994.  Non-participants also had more mental health and musculoskeletal cases.  A tiered analysis based on total number of check-ins in 1995 demonstrates fewer absences for participants.

Exhibit B:  Prenatal Program Analysis (3 pages):  These data show that the Step-In-Time program many be beneficial to older women, who had better pregnancy outcomes than older women not enrolled in the Pacific Bell Program.  Since high risk and high costs associated with pregnancies are correlated with older women, the program may have a positive influence on this high risk group translating into further cost savings to the Company.  Other issues were revealed, including C-section rates were higher for Health Maintenance Organization (HMO) enrollees than the Point of Service (POS) enrollees, no significant correlation was found between mothers with health risk and poor birth outcomes.

Exhibit C:  Integrating Worksite Health Promotion Efforts with Provider’s Health Promotion Offerings (2 pages):  Included in this section is a summary report of the prevention capabilities of healthcare providers.  This study was designed to look at the efficacy of health risk reduction and program utilization specific to Pacific Bell.  The grid lists Pacific Bell’s top 5 intervention priorities in descending order.  Charts illustrating findings on the number of PTG patients who had prescriptions with at least one potential drug-to-drug interaction within a two-month window are also included.  In a 13-month period, about 7,300 patients had at least one potential Level 1 interaction (defined as a significant interaction, potentially life threatening or having the potential for permanent damage).  These findings indicate an opportunity to further contribute to health care cost savings through targeted education on DDI’s. These findings will be used to expand current work done with quality of care issues and drug plans and to target individuals with more than four scripts and lifestyle related diagnoses.

**1996 FitWorks Program Evaluation**

FitWorks, a fitness and educational program, is one of a variety of human resource and benefit programs currently provided by Pacific Bell to ensure the health of their employees.  Since the implementation of FitWorks, Pacific Bell has been committed to measuring the program’s effect on employee health, productivity, and the program’s return on investment (ROI).  To measure the effects of the program, The MedStat Group performed a cross-sectional and longitudinal evaluation.

Medical cost and short term disability (STD) experience differences between yearly participants (current participants) and non-participants were studied.  Additionally, analysis on whether higher participation (number of visits per year) was correlated to lower medical and STD activity was conducted.  The regression analysis accounted for differences in age, sex, job title, and health plan migration for participants and non-participants.

In the initial study, participants who were in the FitWorks program since its implementation (continuous participants) were also compared to current participants to evaluate possible health outcomes of longer participation in the health promotion program.  In recent evaluations, yearly trends in medical cost and STD experience for employees who participated in FitWorks for at least two consecutive years were measured.  These trends were also compared with the trends of the non-participants (employees who never participated).

**Annual FitWorks Savings**

The annual savings and ROI for the three measures (STD, absence, medical) were:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Health Measure** | **1992** | **1993** | **1994\*** | **1995\*** |
| STD Days | $2.52 M | $3.32 M | $4.72 M | $3.18 M |
| Incidental Illness Absences | $0.97 M | $1.54 M |  $2.00 M |  $1.61 M |
| Medical Claims Cost  | Not Significant | Not Significant | $0.68 M | Not Significant |
| All other savings |  $1.18 M | $0.94 M | $1.05 M | $1.25 M  |
| **TOTAL** | $4.6 M |  $5.80 M | $8.50 M | $6.00 M |
| Return On Investment (ROI) |  1.82 | 2.15 | 3.10 | 2.2 |

\* Indicate new data.

Exhibit A:  1996 FitWorks Program Evaluation (1995 Data Emphasis)

Current (1995) FitWorks ROI is 2.22.

In 1995, findings suggested participants either required shorter disabilities or recovered quicker from illness and accidents.

Based on 1995 data, it was found that an additional visit to the fitness facility was correlated to lower Short-term Disability (STD) experience:

|  |  |
| --- | --- |
| Dependent Variable or Measure | Savings for Each Check-in (average)  |
| Number of STD Claims | 0.0009 claims/employee |
| STD Days | 0.05 days/employee |
| Non-disability Absences | 0.023 days/employee |
| Medical Cost | Not significant  |

On the average, participants with 20 check-ins annually have one less STD day than a non-participant per year.  Participants with 43 check-ins annually experience one less absence (day) than a non-participant.

The findings support that the FitWorks program offered to active Pacific Bell employees is an effective vehicle for providing positive benefits to the shareholder, business, and employee expectations.  Lower absence rates also results in higher employee productive time.  Further investigation and information is needed to show the FitWorks program’s influence on employees’ medical utilization and cost.

Exhibit B:  1996 Step-In-Time Prenatal Program Evaluation

The objectives of this evaluation were to address whether the program produced financial savings for Pacific Bell and if the program was effective in promoting normal deliveries and healthy newborns.  Birth outcomes of SIT participants were compared to non-participants for CIGNA Health Care Network point-of-service medical plan (HCN) and HMO enrollees separately by age bands.

For all deliveries, older SIT participants (ages 35-49) had a lower average length of stay than non-participants.  Although C-section rates for all deliveries have been decreasing in recent years, C-section rates were higher for SIT participants.  For SIT mothers, lengthy stays were related to C-sections, while pre-existing health risks were not found to be an indicator of lengthy stays.  Most (80%) of SIT participants were employees, while employees comprised 35% of all pregnancies.

While results suggested differences in ALOS, cost differences were not notable.  Since high risk and high costs associated with pregnancies are clearly correlated with older women, the program may have a positive influence on this high risk group.  However, a thorough comparison of health risks for SIT participants and non-participants is planned to identify other factors which may drive participation in the SIT program.  ﻿