

Practicing What They Preach: GSK Announces Employee Wellness Initiative

GSK Shares Results of Internal Analysis, Urges Other Employers to Embrace Value-Based Benefit Design

PHILADELPHIA, PA – AUGUST 28, 2007 - How does a leading healthcare company foster a healthy workforce in its own organization? GlaxoSmithKline (NYSE: GSK) is sharing the results of a major internal analysis of its own healthcare spending for those with diabetes—and introducing a multilateral plan to further address the healthcare needs of this group. The initiative began with a detailed analysis of GSK's diabetic population—in which the company found that it spent more on medications, but less on medical care, than the national average. It also involved the development of a robust patient education campaign, and participation in a physician intervention program.

GSK compared its own healthcare data to the National Managed Care Benchmark database (IHCIS Waltham, MA)—a national database that includes de-identified data for more than 40 million insured individuals.

“As a nation, we are seeing our healthcare costs soar and patients' health decline due to chronic diseases such as diabetes. GSK faces these same challenges and is prepared to meet them,” said Michelle Killian, Vice President, US Benefits at GSK. “We recognize that there are many disease states out there, and we are committed to investing in what really works. We need to provide access to the right treatments and medicines, as well as prevention and maintenance programs, and think about each not as an expense, but as a way to support the health and wellbeing of our employees and their dependents.”

Diabetes, GSK, and the Nation

According to the national benchmark data, approximately 5% of non-elderly, privately-insured Americans are diabetic. The rate of diabetes in GSK's population was also 5%, although its diabetic population was older than the national average.

In 2005, GSK spent approximately \$26.2 million in total costs treating patients with diabetes, at an average cost of \$8,390 per patient. While GSK's diabetes population is older (mean age: 58) than the national benchmark data (mean age: 51), it spends more on medications and less on medical care, including hospital and emergency room visits, than the national average. Per patient with diabetes, GSK spends \$3,865 and \$4,525, respectively, on medications and medical

care; national average costs per patient are \$2,900 and \$7,966. For GSK, each additional \$1 spent for medications yielded a 3:1 return in lower medical costs.

Following a physician's orders for medication, diet, and exercise are essential to managing diabetes. In addition, the American Diabetes Association (ADA) recommends having a hemoglobin A1c (A1c) test—a laboratory test showing the patient's average blood sugar control over the previous two to three months—a minimum of two times per year if blood sugar is under control, or quarterly if medications are being changed or adjusted. The A1c test is the best way to assess if a patient's blood sugar is well controlled or not.

The good news for GSK is that its diabetic patients are more likely to follow the ADA recommendations for A1c testing than the national average. However, those numbers are still low; 35% of GSK patients with diabetes receive two or more A1c tests per year versus the national rate of 30%. Additionally, GSK discovered that an alarming 47% did not have even one test in the prior year.

GSK would like to be 100% compliant with the ADA guidelines of two A1c tests per year for its diabetic population. The company has set compliance goals of 50% or higher within a 12-month period, and 75% at the end of two years. To accomplish this challenging goal, GSK is implementing several initiatives—both to educate employees who have diabetes or are at risk of developing it, and to provide better access to medical intervention.

Know Your Numbers

For patients who are at risk of developing diabetes, GSK will encourage screening tests which can be completed in the office. For those patients already diagnosed with diabetes, GSK is launching a patient education program called *Know Your Numbers*. Its “ABC” campaign—developed to encourage patients to regularly test their **A**1c levels, **B**lood pressure, and **C**holesterol—employs GSK's National Committee on Quality Assurance (NCQA)-certified “Diabetes SET for Success®,” a workplace model for diabetes management.

Bridges to Excellence™

GSK is a founding member of the Research Triangle Area Health Care Collaborative—a group of forward-thinking local employers and health plans—created to find ways of providing high-quality, cost-efficient care for employees and beneficiaries. The Collaborative is implementing Bridges to Excellence (BTE)—a nationally-recognized program that compensates physicians for meeting

rigorous, evidence-based quality standards for key aspects of care. Physicians may achieve recognition in three areas:

- Diabetes care
- Heart-stroke care
- Physician office practices (e.g. electronic records)

All areas employ standards established by the NCQA.

Through the Collaborative, participating employers will compensate physicians who are NCQA certified and meet certain additional criteria. Physician compensation is based on the number of employees and dependents covered by participating employers who are treated by each physician or group.

“Access to care is important, but access to quality care is paramount,” Killian said of the BTE program.

Value-Based Benefit Design

GSK is a vocal advocate for healthy living, disease screening, and preventive care; proper medical intervention to better manage chronic diseases; and research to find innovative treatments that make life-ending diseases manageable. The company also works with other employers to show how health benefits, such as insurance coverage and patient out-of-pocket costs, influence consumer healthcare choices and outcomes.

Over the past few years, GSK has worked with hundreds of employers to reevaluate the way they design their health benefits, promoting a somewhat counterintuitive approach that reduces or eliminates prescription co-payments. GSK worked with Pitney Bowes, Inc. to publish a series of books based on Pitney Bowes' experience with value-based benefit design. After Pitney Bowes redesigned their health benefits, they saw a healthier, more productive workforce and dramatically lower healthcare costs for employees with asthma and diabetes.

“GSK has always offered its employees, dependents, and retirees a low prescription co-payment, free preventive services, and access to numerous support programs,” said Killian. “Now, with this strategic effort to address the enormous challenge of diabetes in our population, GSK is looking at fresh approaches that support a healthier workforce.”

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companies - is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For company information, visit GlaxoSmithKline on the World Wide Web at www.gsk.com.