



Transforming Employee Health: Prevention, Intervention & Engagement

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About Walgreen Co.

“At the Corner of Happy and Healthy”



- **8,295** best corners in US
- **2** strategic global partners
- **\$100Bn** + combined revenue
- **400** healthcare clinics
- **63%** US live w/in 3 miles
- **6.5 million** customers per day
- **250,000** employees
- **210,000** members
- **75,000** in healthcare roles...
helping people Get, Stay, and Live Well



Health Care at Walgreen Co.

10% of the members attributed to 65% of the healthcare spend

	<i>PREVENTION</i>	<i>INTERVENTION</i>	
Walgreens Experience	Low Risk	Moderate/Chronic Risk	High Risk
% Plan Members	73%	19%	8%
Claims Cost	\$214.9m	\$186.3m	\$335.7m
Per Capita Cost	\$1,431	\$4,698	\$21,432
% of Total Cost	29%	25%	46%

True cost savings result from continually moving associates "one box to the left"



Our Guiding Principles in Moving to An Exchange

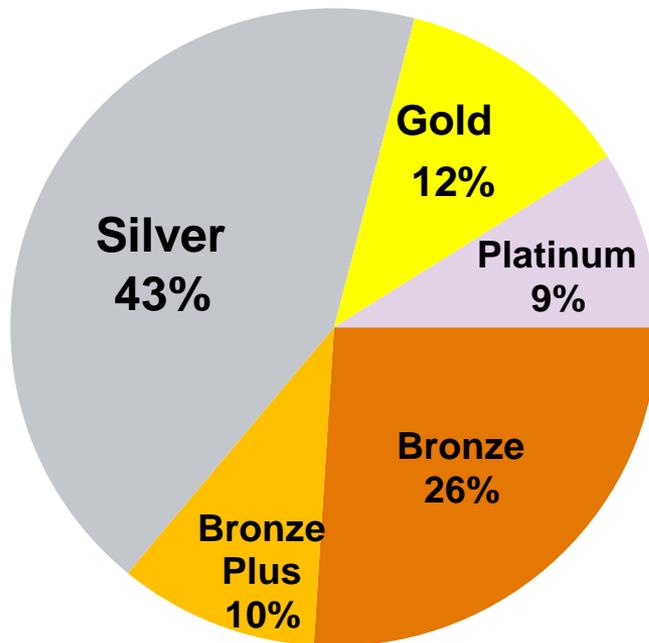
- Personalization of Benefits and Health Needs
- More Benefit Options
- Affordable Choices
- Wellness and Good Health Really Matters
- World-Class Enrollment/Engagement Tools



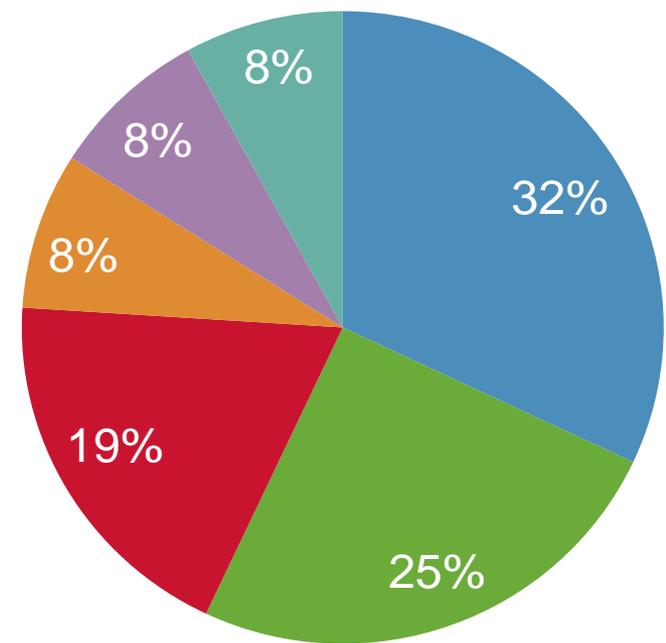
Healthcare Exchange Enrollment Results

Record enrollment - over 140K completed, 98% online

Walgreens Enrollment by Metallic Level



Primary Reason for Choosing 2014 Medical Plan Level



- 32% Best overall pricing (OOP + Premium)
- 25% Wanted plan as close to current plan as possible
- 19% Best level of medical coverage for me
- 8% Wanted lowest possible premium
- 8% Wanted lowest possible out-of-pocket costs
- 8% Other

Proprietary & Confidential | Annual Enrollment Results 2014



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Walgreens Zero Co-pay Program Today

- Team members and spouses are eligible for zero copay when participating with Health Coach
 - \$0 co-pay for generic diabetes, cholesterol, blood pressure medications (new for 2014)
 - \$0 insulin (up to a \$50 copay)
 - \$0 Walgreens branded diabetes test strips and syringes
- Results include adherence improvement of 10 points...



40 days of additional therapy



\$53 savings per enrolled



Health coaching up 34% versus last year



Zero copy up 48% versus last year



2013 Healthcare Clinic Population Overview – Leveraging Store/Onsite Clinics to Lower Costs

Employees in a 10-mile radius of a Healthcare Clinic	Number of employees who are enrolled	Percentage of employees who are enrolled
98,757	42,436	43.0%

Relationship	Enrolled members	Clinic utilization (n)	Clinic utilization (%)
Employee	42,436	14,278	33.6%
Dependent	37,797	8,643	22.9%
Total	80,233	22,921	28.6%

Average population density for zip codes within 10 miles of a Healthcare Clinic

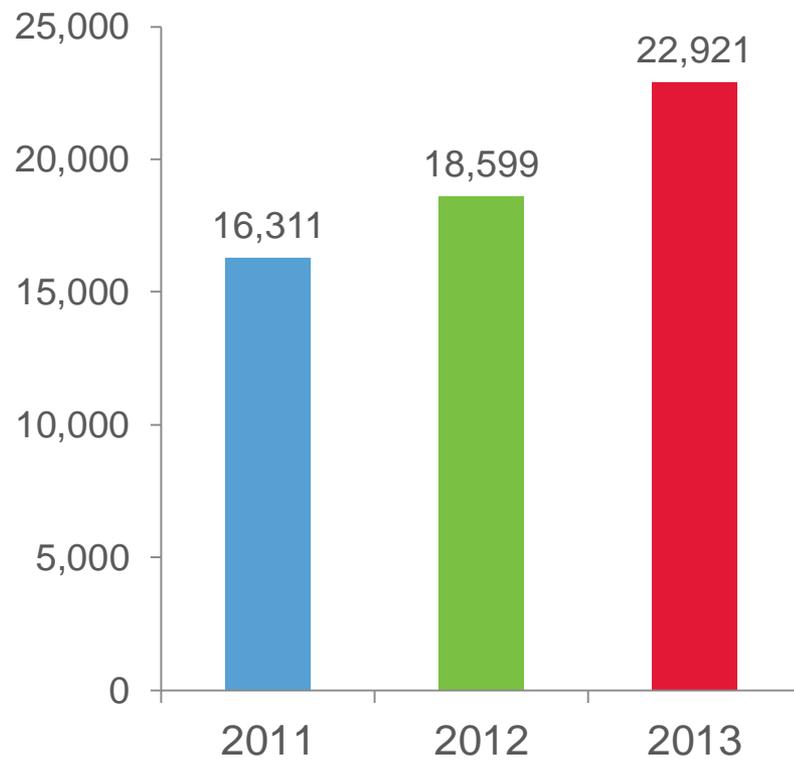
8,121 people per square mile

•Time period : 12/01/12 – 11/30/13

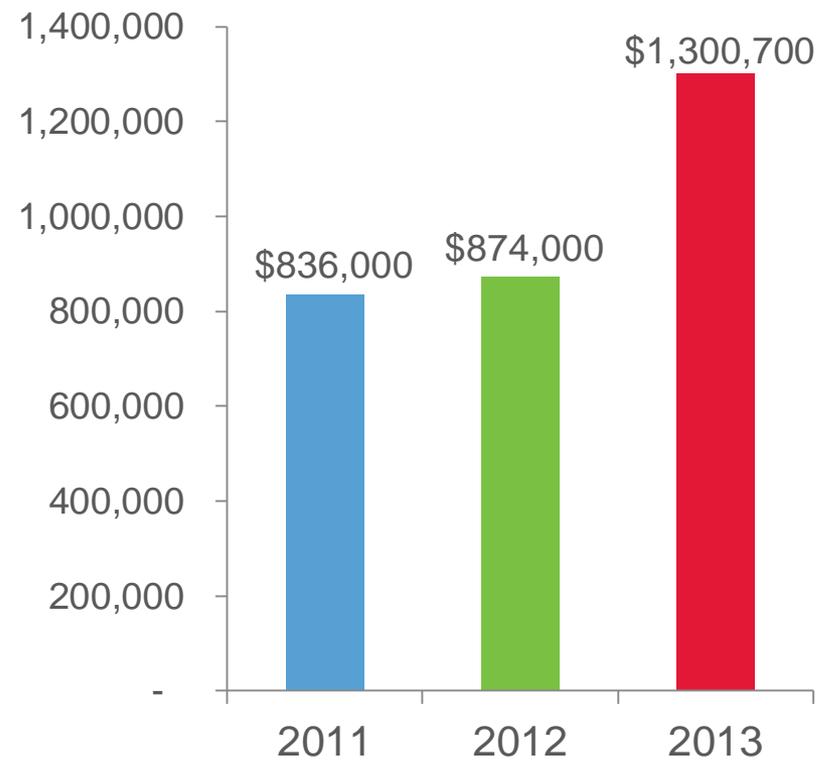


\$5 Co-pay at Healthcare Clinic: Walgreens Team Members Saved Over \$3 million in Healthcare Costs

Number of Healthcare Clinic visits by team members increased 40%



\$3 million in savings over three years for the top 15 diagnoses



•Independent analysis conducted by HCMS group on behalf of Walgreen Co.



Balance® Rewards Employee Incentive Offering

Team members enrolled in the medical plan have the opportunity to complete Healthy Activities across three periods throughout the year

- Earn up to 120,000 Balance Rewards
 - 40,000 points per Period (\$50 value)
 - Each activity worth 10,000 points
- Approximately 10 Healthy Activities are promoted each Period
- Examples of Healthy Activities include:
 - Did you get your Flu Shot?
 - Annual Preventative Screening
 - Participate in a Health Coaching program



Walgreens Team Member Engagement Increases Using Balance[®] Rewards

- ✓ Changed the incentive offering from gift card to loyalty points
- ✓ Significant increases in participant engagement

Engagement	2013 (\$150 Gift card)	2014 (\$150 in Balance Rewards)	Increase
Period 1 (January 1-March 31)			
• # of participants	18,190	30,556	68%
• Total dollars earned	\$717,750	\$1,500,000	
Period 2 (April 1-June 30)			
• # of participants	6,214	36,145	480%
• Total dollars earned	\$260,850	\$1,800,000	

