

## **Mike Petters Keynote Speech**

### **Virginia Chamber of Commerce 2020 Healthcare Conference “Transforming Virginia’s Economic Future Through Health Care Innovation”**

**October 7, 2020**

Hello everyone.

I appreciate the opportunity from the Chamber to take part in this event that is focused on what I believe to be a very important topic – healthcare in Virginia. At Huntington Ingalls Industries, our motto is “Hard Stuff Done Right” — and it recognizes the difficult tasks our employees perform each and every day as well as our commitment to excellence.

And part of that recognition includes a responsibility to keep our employees as safe – and as healthy – as possible. And this commitment extends to their families. You might know HII as the largest industrial employer in Virginia because of our Newport News Shipbuilding division.

Each day, close to 24,000 hard-working men and women at Newport News focus their efforts on designing, building and maintaining America’s nuclear-powered aircraft carriers and submarines. You may have seen in the news lately that aircraft carrier *Gerald R. Ford* is undergoing testing in the Atlantic Ocean and at Naval Station Norfolk. And *Virginia*-class attack submarine USS *Delaware* joined the Navy fleet in April. Both were built by our employees in Newport News.

What you may not know is that we have two other divisions. In fact, HII employs about 42,000 men and women both in the U.S. and internationally.

Our Ingalls Shipbuilding division is the largest employer in Mississippi and it’s there that we build surface ships for the US Navy and fast cutters for the US Coast Guard.

And our Technical Solutions division, also headquartered in Virginia, supports a variety of national security missions around the globe and is becoming a prominent player in the Department of Energy market. So, all-in-all, HII operates in 42 states and 13 countries.

I believe we have the greatest workforce at HII. Our people work during the coldest of winter nights and the hottest of summer days. And our first priority has always been safety, but seven years ago, we knew we wanted to be more actively engaged in the health and wellness of our workforce.

Now we didn’t know this at the time, but we were creating a comprehensive wellness strategy that would serve us well when we needed to rapidly address the COVID-19 crisis.

So let’s look back — a decade before COVID-19 — to March of 2010 when Congress passed the Affordable Care Act. Companies everywhere had concerns that what is referred to now as Obamacare

would send their health care costs through the roof. And based on our best information, costs for both HII and its employees could eventually surpass sustainable levels. So we knew we had to do something.

And this wasn't going to be a quick fix either – we knew we had to play the long game. The more we looked into it, the more we realized that investing in our employees' wellness would lead to returns in work productivity and efficiency.

So we started asking some tough questions:

- How can we make it easier to visit the doctor?
- How can we reduce unnecessary emergency room visits?
- And how can we empower our employees to become savvier healthcare customers?

Based on their responses, we started to deploy a benefits strategy in 2013 that now focuses on three things: a healthy body, a healthy wallet and a healthy mind.

We saw an opportunity to invest in our employees, and in turn, we knew we would see benefits in productivity and reduced time lost due to injury and illness in the years to come. We started by looking at the four main factors that drive health care costs and found they are: genetics, environment, access and behavior.

Now as an employer, there are only certain things we can control. But when we took a deeper dive into the numbers, we found that half of our health care costs are directly traceable to people's diet, exercise and lifestyle. And another 20% is related to how they access medical care — whether it's through the emergency room, or a family doctor or some other means.

Now you combine those two figures, that means that HII can directly influence 70% of the health care costs that our employees face.

So In 2013 we began to launch new communications tools to make benefits easier to understand. We redesigned our benefits website, and we deployed a new suite of communications messaging — known as BeWell — that regularly arrives in the inboxes and mailboxes of each employee.

We now distribute a quarterly BeWell newsletter that includes healthy recipes, exercise tips and professional advice so it reaches employees as well as their families. And just as importantly, we began using the testimonials of our own employees to drive home the connection between working at HII and living a healthier, and more fulfilling life.

And that started to move the needle. But we were just getting started.

Research from the Kaiser Family Foundation shows over the past decade, Virginians are turning to emergency rooms far too often when they feel sick, rather than visiting less expensive primary care physicians.

Now it's one thing to tell people where to find better health care, it's another to bring those professionals to where they work. So in 2015, HII opened the first of two Family Health Centers — the first at Ingalls Shipbuilding, in Mississippi, and the second in 2016, in Newport News.

Now the health centers are exclusively dedicated to HII employees and their families, meaning that employees and families don't have to wait weeks to see a provider. And both offer comprehensive

services for \$15 per visit and include a full range of offerings, from lab services and X-rays to physical therapy and nutrition counseling.

And some preventive care, annual physicals, immunizations and wellness appointments are free. Because we want our employees and their family members to focus on avoiding health issues before they even start. Now we knew the capital expenses needed to get those health centers up and running were an investment for years to come, even if we didn't see a return on that investment right away.

So that's the long game I talked about earlier.

In 2019, the HII Family Health Centers saw more than 13,000 unique patients, including employees and their dependents.

Each health center is operated by a third-party vendor independent of HII, and the centers are in full compliance with all federal privacy rules including HIPPA. And that means patients' medical information is not shared with us, their employer.

So what we do know is that employees are benefitting from the health centers. Patient volume has increased more than 10% each year, and satisfaction rates with the employees who receive services are very high.

Patients consistently report they feel providers at the health centers spend more time listening, asking questions and explaining care options than if they had sought services at a different health care provider. The employees who use these services also report visiting emergency rooms and urgent care less frequently than those employees who seek care elsewhere. In fact, between 2014 and 2019, we saw avoidable trips to the emergency room decrease by nearly 3,000 visits.

And I can tell you, when I'm out in town, when employees come up to me, the first thing they say to me is, "Thank you for those health centers," for what it means to them, and what it means their families.

Well, we also offer a diverse mix of preventive programs and resources to keep the healthy well and to treat those who are sick. HII's Family Health Centers and on-site pharmacies are coupled with wellness coaching, diabetes prevention programs and telemedicine options — all of which are either free or low cost to employees.

An unprecedented number of employees are taking advantage of these programs. And we are constantly adjusting and trying new services each day.

We introduced telemedicine in 2014, partnering with Teladoc. And through Teladoc, eligible employees and their families can speak to a licensed doctor for non-emergency medical needs 24 hours a day, seven days a week, 365 days a year — for only \$10 per call. And in light of COVID-19, in March we decided to waive the \$10 employee-paid fee for the rest of 2020.

Teladoc helps avoid costly trips to the emergency room or urgent care. In fact, nearly 60% of our employees who called Teladoc said they would have either visited urgent care or the emergency room had the service not been available.

Teladoc also offers tobacco cessation support and behavioral health counseling which brings me to the topic of mental health.

At HII, we recognize that many of our employees and their family members may face a mental health issue at some point during their lives – whether it’s grief, stress, anxiety or depression. So our goal is to make it easier to find convenient, high-quality treatment for mental health-related issues.

Now historically, HII has offered a voluntary Employee Assistance Program for many years, but we recognized the stigma around the name, which discouraged employees from reaching out. So last November we rebranded the voluntary EAP and renamed it HERO: HII Employees Reach Out.

And through HERO, all employees and their household family members have access to eight hours of free counseling per issue per year. We have found that this program encourages our people to get the help they need – whether it’s one-on-one counseling or a referral. In 2019, HII employees made more than 2,500 calls to HERO. And nearly 70% of the people that dialed that number were first-time callers.

The National Alliance on Mental Health tells us that nearly 50% of workers say they need help learning how to manage job-related stress.

And Teladoc also has a mental health option. For \$10 per session – which is now waived - employees and their eligible family members can speak to a psychiatrist, psychologist, therapist, counselor or social worker seven days a week.

So finally, the third leg of our wellness strategy — a healthy wallet. Some of you may be thinking, “We pay our employees a competitive wage and offer retirement benefits, so why should we care how they spend or save their money?” But at HII, we looked at the numbers a few years ago, and we realized employees that have financial stress are among the least engaged in our workforce.

The Society for Human Resource Management recently found that 83% of people said personal financial challenges had an impact on their overall performance. And that's a real workforce concern.

So we decided to address financial health because we want to provide our employees with the financial literacy tools they need to make smart decisions for themselves and for their families. Plus, it’s hard to have a conversation with an employee — or anyone else for that matter — about saving for retirement when they’re struggling to pay their monthly bills and expenses.

So we worked to develop tools and partnered with outside companies that provide resources to help with every day financial needs so our employees can tackle those issues first and make their way to developing a retirement plan. We want to begin talking to our employees as early as possible about how to manage their money, how to pay their bills and how to save toward any financial surprises in the future.

And to address this gap, we partnered with a company called SmartPath who coordinates classes at our facilities and online about how our employees can manage their money. And these classes are free to our employees who participate. Last year, SmartPath spent more than 1,000 hours coaching our employees.

So in summary, HII has been making significant investments in the physical, mental and financial health of our workforce for nearly 8 years.

Well as a business decision, was this a smart one? I'd say, "Absolutely." Our benefits strategy supports our business strategy. We've laid a foundation that enables us to be very agile and shift these services in ways that ensure our employees have the best opportunity to do their best work every single day.

So now think about the beginning of the COVID-19 crisis, when there was a lot of uncertainty about how this virus would affect companies and their workforces.

Early on, we knew we were going to stay open because we were identified as being critical and mission-essential by the Department of Homeland Security, by the Department of Defense and by the Department of the Navy. And we knew we would see positive cases.

So as a company, we plan for hurricanes and winter storms and various other types of crisis. And that preparation gives us a chance to think about problems and to respond well before the storm clouds form on the horizon.

So with COVID-19, we only had about 10 days to prepare. And that meant we needed to make some decisions early on about how to protect our workforce.

We realized we needed to give each employee as much flexibility as we could give relative to our policies and our procedures so they could deal with the situation that was presented to them as they made critical decisions about protecting themselves and their families in this new environment.

We introduced several benefit changes, including extended liberal leave to make it easier for our employees to stay home if they had child or elder care challenges, so that those absences would not count against them. We told them that whatever decisions they had to make to get through this time, and through this crisis, we stand with them to help them make those decisions. We wanted them to know that they can always count on their jobs being secure on the other side.

Now as mentioned earlier, we suspended the \$10 employee-paid Teladoc fee for the rest of 2020, and HII Family Health Centers offered virtual visits via phone or secure video conference. To help with employees' emotional and financial worries, HERO counselors offered virtual counseling sessions and SmartPath launched a special COVID-19 financial help center online.

And at the same time, we also had to stay in step with, or in some cases, stay ahead of the CDC guidelines to assure those coming to work that it was safe to do so. These included adjustments to shift schedules to facilitate social distancing, temperature screenings, enhanced cleaning of high touch-point areas between shifts and requiring face coverings by everyone entering our shipyards.

A part of making our company safer involved setting up nearly 10,000 employees so they could work remotely as much as possible. And throughout this process, we've seen some remarkable transformation and innovation and ingenuity.

From a business and operations standpoint, one of the unique things about COVID-19 is that we are learning how to recover from the crisis at the same time we are responding to it. So let me give you just a few examples of what that means.

Just a few weeks ago, on September 12, we christened *Virginia*-class submarine *Montana* and we continue to make progress on aircraft carrier *John F. Kennedy* at Newport News. At Ingalls, the destroyer *Delbert D. Black* sailed away from our facility to its Navy homeport on September 4. And

Technical Solutions has been awarded significant contracts to provide services for our defense customers as well as in the Department of Energy space.

All of these milestones are possible because we prioritized – and we continue to prioritize - the health of our workforce. So again, I want to thank you for inviting me to speak today.

I hope you find the information I talked about today useful and that the next time we do this, we can do it together and we can do it face to face. And we can do it safely.

Thank you.