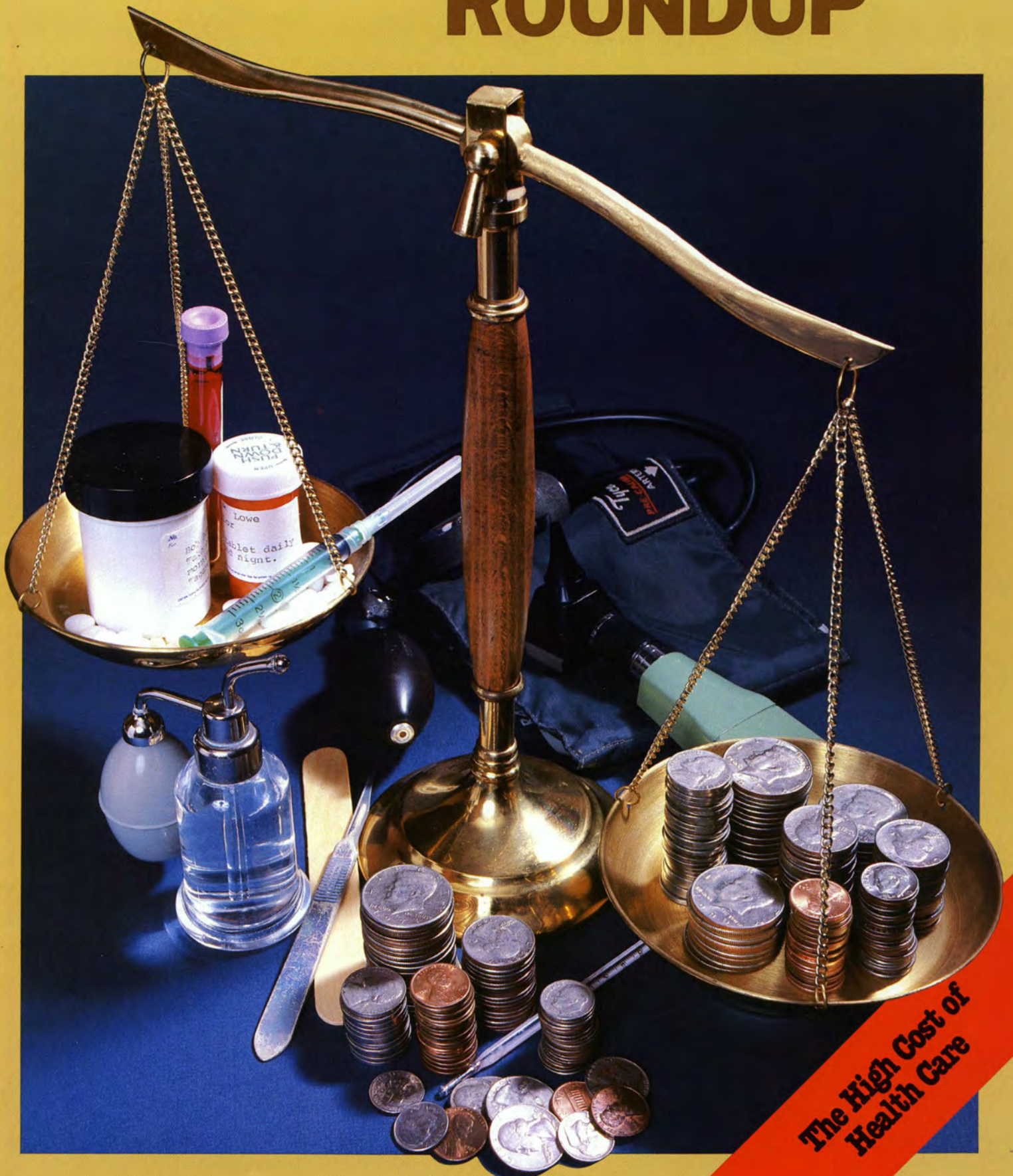


LUFKIN

APRIL 1983

ROUNDUP



**The High Cost of
Health Care**

From the President's Desk

"Good health is the main ingredient for a happy life."

At Lufkin Industries, we always have been concerned about our employees' health. Through the years, we have strived to improve our workplace, to make it a healthier and safer environment. One of our major benefits—the group insurance program—was designed with our employees' and their families' health in mind.

If we or someone we love is faced with an illness or injury, insurance can provide part of the needed funds for quality medical care. No one should have to worry about paying for medical bills at such a time.

But, we should be aware of our health care expenses even though we carry insurance. In the last five years, health care costs have risen at an alarming rate, and such rapid increases are threatening the scope of our insurance program. Both the company and the employee who share its expense are feeling the burden of higher insurance premiums.

We must work together to reduce our health care costs if our premiums



are to remain affordable. In this issue of the ROUNDUP, we examine the way our health care dollars are spent, and how we possibly can reduce these costs, without affecting the quality of our care.

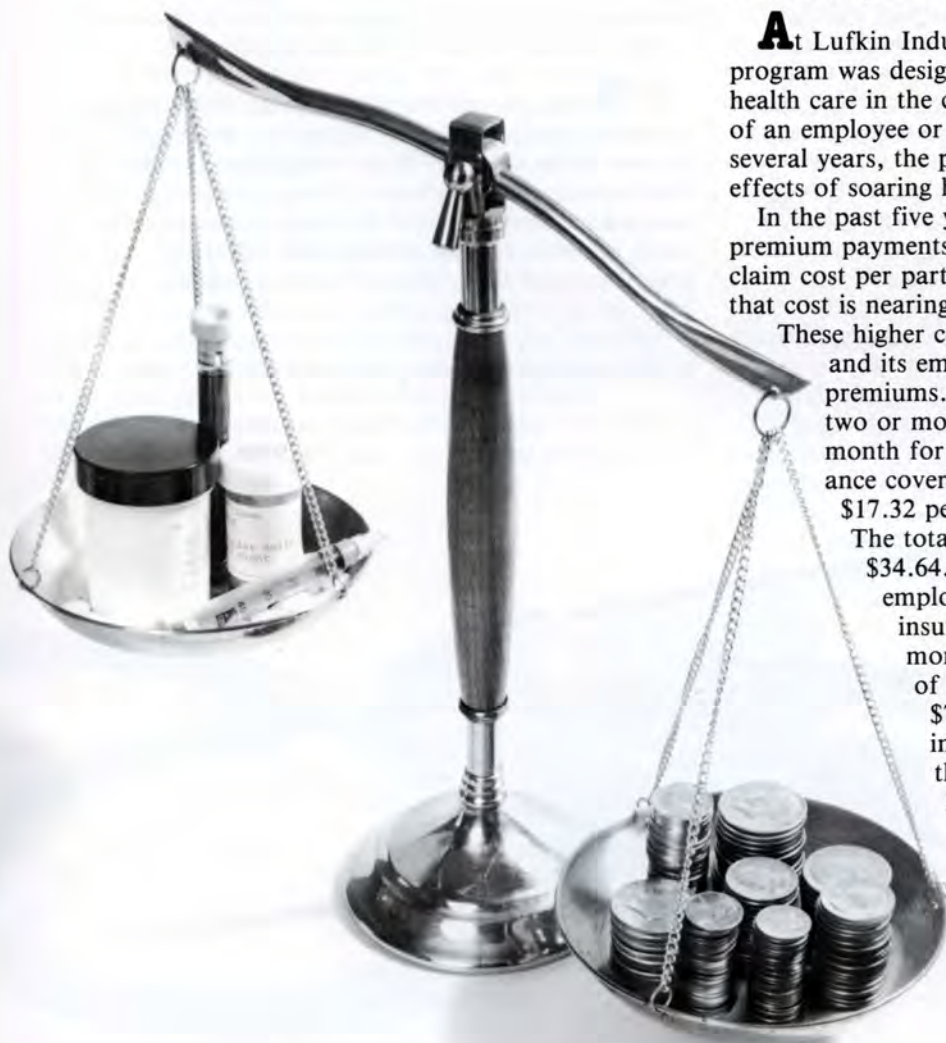
Perhaps, the most important way we can cut our medical expenses is by simply taking better care of ourselves. All of us need to be reminded from time to time to eat properly, exercise often and get adequate rest. We never should be too busy to take time for ourselves and our good health.

The best way to solve a problem is to prevent it. If we all endeavor to be healthier, less of us may have a need for medical care. After all, good health is the main ingredient for a happy life.

A handwritten signature in black ink, appearing to read "Deland". The signature is fluid and cursive, written in a professional style.

The High Cost of Health Care

Medical expenses are rising at an alarming rate and affecting our insurance program.



Health costs are soaring. This is not news to anyone who has been hospitalized or treated by a physician lately. Americans spent nearly 287 billion dollars on health care in 1981—an average of \$1,225 per person. In the past ten years, hospital expenses have quadrupled and charges by physicians have tripled. And costs continue to rise everyday.

The sad fact is that these costs are creating a crisis in our present health care system. We are receiving better and better medical care, but we are paying more and more for it.

It is an easy crisis to understand. There are few things more precious to us than our health, and we want only the best when it comes to preserving it. When we are sick or injured, we don't want second rate treatment, and we don't care what the treatment costs as long as it makes us well.

At Lufkin Industries, the group medical insurance program was designed to provide money for quality health care in the case of a major illness or accident of an employee or a family member. But, in the past several years, the program has begun to feel the effects of soaring health costs.

In the past five years, total insurance claims and premium payments have almost tripled. The average claim cost per participant in 1977 was \$535. Today, that cost is nearing \$1,100.

These higher costs are passed on to the company and its employees through higher insurance premiums. In 1977, an hourly employee with two or more dependents paid \$17.32 per month for his family's medical and life insurance coverage, and the company paid another \$17.32 per month toward that protection. The total monthly insurance bill was only \$34.64. This year, that same hourly employee's monthly medical and life insurance premium is \$47.63 per month, and the company's portion of the premium has increased to \$71.45 per month. The monthly insurance bill totals \$119.08, more than three times higher than in 1977.

However, premium increases are not keeping up with increases in health care costs.

Take a look at hospital expenses during the same period. In 1977, the average daily

The High Cost of Health Care

cost for patient care in a Lufkin hospital was \$130. Now the cost is estimated between \$210 to \$255 per day, a 91 percent increase. A routine tonsillectomy requiring a three-day stay in the hospital costs less than \$600 five years ago. In 1983, a two-day hospital stay for a tonsillectomy costs almost \$1,400.

Then, there are the expenses for medical techniques that did not even exist a few years ago. Open-heart bypass surgery is common today, yet, the pricetag for such an operation can range from \$15,000 to \$40,000, or higher. Advancements in neonatal care are saving thousands of newborn babies, but the cost for such hospital care can exceed \$600 a day.

No wonder health care costs are spiraling. Medical science has progressed to the point that physicians can diagnose and treat almost every kind of illness or condition. But what is the cure for the financial burden such health care has placed on our medical insurance program?

Johnny Long, personnel director, believes that there are ways we can control the cost of our medical care—and not at the expense of our health. Furthermore, he adds that if we do not become more cost-conscious about our health bills, the price of company medical insurance premiums will continue to climb.

“Many people believe that because insurance is paying their medical bills, they do not have to be concerned about the price of their medical care, and

that is simply not true,” he says. “They end up paying much more than just a higher insurance premium. Government and business insurance programs now pay 91 percent of all hospital bills and about 63 percent of all physician’s fees. When the cost of public health insurance programs goes up, the government raises taxes. When business insurance expenses increase, the higher cost is reflected in the price of goods that the businesses sell. We are all taxpayers and consumers, so in one way or the other, we are assuming the costs of rising health care.”

The personnel department is currently in the process of studying possible methods of containing health care costs that could eventually save the company and its employees money in insurance premium payments. The Wyatt Company, a national employee benefits consulting firm, has been hired to examine the insurance program and suggest methods that could be used to reduce the cost of the insurance plan.

“We are discovering that the best way to reduce insurance expenses is by encouraging our employees to become more aware of their medical costs,” says Joe Perkins, insurance manager. “Shop around for medical services. The best care does not necessarily mean the most expensive care. Many medical procedures can be performed without checking into a hospital, and the cost savings are phenomenal.”

Leelana Orr, personnel office manager who has five years experience handling insurance claims, adds that



studies have indicated some patients actually recover sooner from an illness or surgery when they are not hospitalized. "A good example of a surgery that is being performed on an out-patient basis is a tonsillectomy and adenoidectomy," she explains. "The operation is performed primarily on children. For many of them, spending the night in a hospital is traumatic emotionally, and it hinders their recovery. The medical community is discovering that the surgery can be done more economically and more emotionally-acceptable without hospitalization."

The difference in the price for the surgery on an out-patient and in-patient basis is substantial, too. For an outpatient, the operation costs around \$800, but for a patient who checks into the hospital for one day, the tonsillectomy costs about \$1,250, a 56 percent increase in price.

"It is hard to believe just how much the cost of a broken bone has jumped in the last five years," adds Orr. "It used to be that a break was set in the emergency room, and then the patient was sent home. Now, the patient is checked into the hospital for observation. The hospital stay along with new techniques for setting broken bones has increased the cost considerably. A fracture of a femur bone cost \$850 five years ago. Today, that fracture would require a two-day stay in the hospital and cost almost \$2,500."

One reason physicians are requiring some patients to be admitted to the hospital for observation is because of the potential danger of lawsuits. "We have become a nation of suers, and the medical profession

has been hard hit," explains insurance manager Perkins. "Physicians are protecting themselves against malpractice suits by making sure nothing is overlooked as far as treatment is concerned. In the case of a fractured ankle, a whole series of unrelated tests might be run just to insure that no condition was missed. If there were, a patient might come back later and file a lawsuit."

As a result, he adds that limitations to the number and types of tests for a particular condition might have to be added to the company's medical insurance policies soon. "This is one area of the program we are looking at very closely. We cannot afford to pay for unnecessary tests, and we request that our employees question their physicians why certain tests are needed. If there is a valid medical reason, of course, the test should be performed."

The high number of malpractice suits has increased medical costs another way, too. "Physicians and hospitals have increased their rates to pay for malpractice insurance," continues Perkins. "And, of course, the ultimate source of money is the consumer."

But if health care costs continue to soar at the present rate, consumers may no longer be able to pay the price. The government currently is studying several proposals to reduce medical costs—from promoting competition among health-care providers to revising tax laws to discourage excessive use of hospitals and doctors.

"There will be many changes in our national health care system in the future, and many of them are going to be brought about strictly because of the cost of medical care," adds Johnny Long, personnel director. "In the meantime, we have to discourage employees from overutilizing medical services and when possible, seek less expensive care—or our insurance program will suffer."



Our Insurance Program – How It Works

The cost of our health care determines the cost of our insurance premiums.

When we are examined by a doctor or admitted to a hospital, we usually are not concerned about the cost of our medical care because we have insurance. But the cost of the services we are receiving now will determine how much we will pay in insurance premiums later.

That is because the group insurance program at Lufkin Industries is a cost-sharing plan. The company and its employees insure themselves. There is no large insurance company footing the bill. Medical and life insurance claims are paid for by the company and its employees through their monthly insurance premiums.

“We changed to the self-insured plan in January, 1973,” explains Johnny Long, personnel director. “The plan was recommended to us by the Wyatt Company, our employee benefits consulting firm that also set up our pension plan. They believed—and we agreed—that we could handle our claims less expensively and more efficiently than an insurance company.”

When the new plan was initiated, there was a considerable reduction in premiums. Prior to that time, the company had been insured with Aetna Life Insurance Company for its medical insurance coverage and Tennessee Life for its life insurance coverage. “Any time you insure anything, the insurance company tags on a substantial percent to the premium for its protection—in case of a catastrophe or epidemic. We eliminated that additional percentage by assuming that risk ourselves,” continues Long.

Philadelphia Life Insurance Company, a division of Tenneco, was hired to underwrite the program. For a small percentage fee, the Houston firm processes employee claims. The money to pay the claims is drafted from a special account funded by Lufkin Industries through company and employee insurance contributions.

Premiums are accumulated and invested until they are required for payment of claims. The interest that is earned on the accumulated premiums goes back into the plan to offset future claim increases. The company in no way benefits financially from the insurance program.

The insurance monies are divided into three plans: salaried, hourly not subject to collective bargaining, and hourly subject to collective bargaining. The cost of insurance for each group is determined by their expenses, and the three plans do not affect each other. “Currently, the salaried group is paying a higher premium than the other two groups because their claims costs have been up,” says the personnel director. “But there have been times when the hourly subject to collective bargaining group was paying more. Premiums are based on expenses which fluctuate. Our hourly not subject to collective bargaining group is paying the least for its insurance coverage now because they have had fewer claims in recent years.”

However, the three plans have borrowed money from each other in the past to avoid an increase in premiums. Two years ago, the hourly subject to collective bargaining plan borrowed \$200,000 from the salaried plan. When the claims for the hourly subject to collective bargaining plan dropped, the money was repaid to the salaried plan. “This way we were able to avoid a premium increase,” says Long. “But if there is no money to borrow temporarily from another plan, we are forced to ask for a premium increase from the company and its employees covered under the plan.”

And the income into all three plans was affected by the company layoffs last year. "Generally speaking, it was younger personnel who were laid off, and they were contributing at the same rate as older employees. Yet, they were withdrawing less out of the plan," says the personnel director. "This is how our program works. We all pay the same, but we all do not withdraw from the plan at once. When we are younger, we do not use the plan as often as we do when we are older and tend to have more medical bills."

But with health care costs rising at such an alarming rate, company officials are concerned that claims cost soon may exceed premium income if something is not done to curb expenses. A number of cases of fraud have been discovered that have cost the insurance program money.

Claims have been submitted for treatments that never were received or prescription drugs that never were purchased. Several times, the date on doctor bills has been changed and another claim has been filed on one office visit.

"Our plan does not pay for annual physicals or any type of preventative care, like children's inoculations," continues Long. "So with the apparent cooperation of physicians, a 'diagnosis' is developed in order for the plan to pay for the care. There probably are dozens of other examples. Some of them we catch; some we do not. There is no way to estimate how much fraud costs our plan each year."

Still, the company believes it is offering employees the best insurance plan for the money. "There are criticisms of our insurance plan, but we believe we offer the best plan in the area for major illnesses and injuries," contends Long. "For very minor health problems, we are not the best, and we are the first to admit it. Our philosophy of insurance is that it should take care of the major illnesses or injuries that place a financial burden on families."

At the present time, the company is paying 60 percent of employees' premiums, and the remaining 40 percent is paid by employees through payroll deductions. Long does not foresee the company paying more of the percentage in the future. "The trend is away from companies paying for all of the insurance coverage. If employees assume some of the insurance cost, they are more likely to keep claims to a minimum which ultimately affects the cost of their premiums."

Cost-containment also will affect the addition of new benefits to the insurance plan. "Many employees inquire about dental coverage," says Long. "We have looked into it for a number of years, and for now, it is still too expensive. But how we contain costs today will determine our benefits tomorrow."



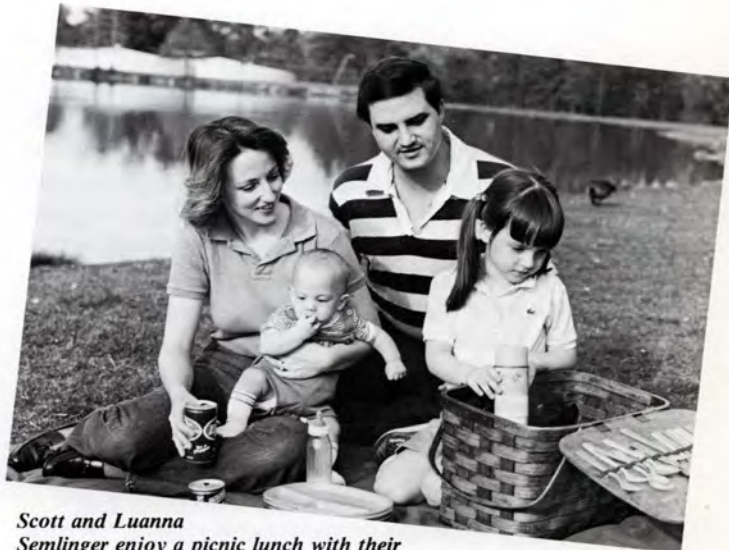
The People Behind The Program

Meet four employees who have been able to put aside their financial fears in times of medical emergency because of our group insurance program.

Scott Semlinger: Two Healthy Children

When your baby daughter is born three months early and weighs 2 pounds 13 ounces, you worry. Then when she has to remain in the hospital 55 days, you worry some more—about how you will pay the medical bills.

Six years ago, Scott Semlinger, foundry engineering, had no idea that the insurance would pay 80 percent of the \$6,000 bill for neonatal care for



Scott and Luanna Semlinger enjoy a picnic lunch with their two children, six-year-old Lauren and six-month-old Gregory.

little Lauren Maree. “With our first child, I was in a panic because I knew the bill was going to be phenomenal,” Semlinger recalls. “I was a relatively new employee, right out of school and wasn’t very well established. It was a relief to me to find out that because my daughter was premature she was covered by the company insurance from her birth.”



Lauren was a little fighter from the time she was born in Lufkin's Memorial Hospital. Six years later, she is a healthy, normal child. "She was the most active baby in the nursery," her dad says. "Today, you can't tell size-wise or mentality-wise that she was premature."

Semlinger's wife, Luanna, had surgery between her two children that she hoped would prevent her second pregnancy from being a high risk one. However, her second child, Gregory Scott, was born eight weeks early on August 24, 1982, weighing 4 pounds 1 ounce. Many advancements in neonatal care had been made since his sister was born in 1977.

At birth, Gregory received the most up-to-date care at St. Luke's Hospital in Houston. Then he was transferred to Texas Children's Hospital where one nurse monitors two babies in the intensive care incubators. Equipment, not available at the birth of their first child, pressurized his undeveloped lungs and force-fed oxygen into them to prevent brain damage. Gregory's blood was tested for its oxygen content every hour, while this was done only about once a month for Lauren five years earlier.

Although Gregory was hospitalized three weeks, his parents were allowed to handle and feed him from the beginning. When he weighed 4 pounds 12 ounces, they took him home. However, he returned to the hospital for a simple surgical procedure that corrected a problem which prevented him from keeping down his formula. At six months, he is doing so well that his pediatrician has cautioned his mother to start watching his weight, which is now 15 pounds.

What did this neonatal care that enabled Gregory to be a healthy child cost? Medical bills for the Semlinger's second child ran approximately \$23,000. "Even though the insurance pays 80 percent," says Semlinger, "I still have a sizable bill left to pay. But it's worth it. We've had the best care, and you can't put a price tag on human life—especially those little ones."

Brian Blackburn: An Accident Changed His Life



Annett Blackburn and her son, Brian, who is recovering from surgery, share a moment at the park.

Annett Blackburn's son, Brian, was only two-and-a-half years old when a lawn mower almost amputated his left foot at the ankle. Today, he is a 12-year-old fifth grader who plays baseball and is insulted when his friends say he limps.

He manages to live a normal life in spite of numerous surgeries and leg-lengthening procedures that have been performed and will continue to be performed until he reaches manhood. Many of his childhood days have been spent at Texas Children's Hospital in Houston.

When asked about her son's medical expenses, Blackburn, a welder at the trailer plant, just shakes her head. "I have no idea how much money Brian's doctor and hospital bills have cost through the years. The insurance has been excellent. His accident



**The People Behind
The Program**

happened before I came to work for the company. After I had worked at the trailer plant several months, I decided to drop the company insurance because I have a private policy. But my foreman, Oscar Milligan, encouraged me to keep the company policy because it pays for existing injuries. I am so glad I did; the insurance has been a lifesaver for us. If we didn't have it, we wouldn't have anything after paying all of Brian's medical bills."

Brian's brothers suggested to their mother that she write to "That's Incredible" about his many surgeries, particularly his leg-lengthening procedures, but she never did. Later, when the family saw children with similar but far less sensational surgeries than Brian's appear on the television show, they chided her for not writing about him.

But she does not think of her son as handicapped even though she remembers vividly the day his leg was mangled by the lawn mower. She never will forget hearing the doctor say that all he could do for the injured toddler was amputate his leg at the knee. Later that day, doctors at Texas Children's Hospital gave her little hope when they spliced together several arteries at his ankle to see if they would hold and circulate blood.

Yet throughout the long series of surgeries that have been a part of Brian's childhood, his mother has been determined that he would lead a normal life. "I'm not worried about Brian," she says. "I knew if he could walk, he would be all right. He is going to make it."

And she is helping him to make it by insisting that he mind her even when he is incapacitated in the hospital. When he is on crutches after a surgery, she encourages him to get for himself whatever he needs, even if it is hard to carry.

Brian is a determined child, though. He never quit walking, even when his leg was in a cast. In spite of what a lawn mower did to his leg, he does not fear mowers. He rides one to mow the grass.

On the baseball field, he excels at bat, but he is slow at running the bases. However, he is insulted if anyone else attempts to run his bases for him. His coach commented that if all the boys on his team put forth as much effort as Brian does, they would have a championship team.

"Brian is not handicapped," his mother stresses. "He doesn't have a self-pity complex. He has learned to compensate, and I forbid anybody to treat him differently."

Jim Fenley:
Insurance Supplements Medicare



Jim and Pauline Fenley relax in their backyard.

When Jim Fenley retired from the machine shop seven years ago, he had the option of keeping his company medical insurance or dropping it. He never has regretted his decision to keep the policy to supplement his Medicare coverage.

Fenley's hospital bill in 1979 was \$9,000. In 1980, it was \$4,500, and in 1981, his open-heart bypass surgery cost \$22,000. His wife's hospital bill when she had a heart pacemaker implanted last June totaled nearly \$30,000.

"I don't know how we would make it, if it wasn't for the insurance," Fenley says. "And it is good insurance. As many times as I have been in the hospital in Houston, they never have asked me once, who was going to pay the bill. They just asked if I had insurance; they never have argued over it."

In 1981, the company extended the group medical plan to allow spouses of retirees or active employees of the company who have met eligibility requirements of retirement benefits to retain their group insurance coverage upon the death of the retiree or employee.



It is a comfort knowing that his wife will be covered if anything happens to him.

Now recovered from their surgeries, both Fenley and his wife Pauline are enjoying an active retirement. His hobby of repairing lawn mowers and tractors keeps him busy in his shop. During the summer months, Fenley works part time with county commissioner's crews on county roads.

"I like to stay busy. I want to be here a long time," says the 69-year-old retiree.

Wallace Lankford:

Back On The Job

Although he is still recovering from quadruple bypass surgery performed in December, Wallace Lankford looks and feels like the picture of health. His doctor agrees that he is well enough to work if he remembers his limitations.

The 61-year-old assistant general foreman of shipping has been a heart patient since 1967 when he suffered a coronary. Until last December, his doctor controlled his heart problem with medication.

But irregularities in Lankford's heartbeat showed up while he was on the treadmill during his annual physical. His doctor sent him to Houston. Two of the arteries to his heart were 95 percent blocked; there was 75 percent blockage in another artery and 45 percent in the fourth artery. Immediate surgery was recommended, and his medical bills totaled more than \$25,000.



Wallace Lankford performs a final inspection on a pumping unit.

Lankford does not understand how an employee can afford to be without insurance. "I've had to use my insurance consistently since 1967," he says.

While he is grateful that he has medical insurance, Lankford is determined to recover his health. He tries to comply with his doctor's every wish, walks two to five miles a day and uses his treadmill when the weather is not suitable for walking outside. His efforts are paying off. Once again, he can feed his cattle by himself with the help of a tractor to do the lifting. He knows his limitations.

Lankford realizes the blessings of good health. He is enthusiastic about being on the road to full recovery and back on the job to celebrate his 19th anniversary with the company.



FOCUS

MACHINE SHOP EMPLOYEE RETIRES



Machine shop employee J.D. Pitts retired after 36 years with the company last month. Prior to his retirement, he was serving as first shift supervisor of the tool room.

He joined the company on his birthday on March 17, 1947. He worked in the shipping department until 1950, when he was transferred to the tool room. Six years ago, he was named first shift supervisor for the department.

"I started from the lowest bracket in the tool room and I worked my way up," he recalls. "The tool room plays an important role in the operation of the machine shop. We maintain and recondition machine tools and tools used by our service crews. You notice I keep saying 'we'. That's a hard habit to break. I'm no longer out there, but I still think of myself as a part of the department."

Pitts remembers his years with LUFKIN fondly. "The company has been good to me. It helped me build my home, and I raised and educated my two daughters here. As I look back, I have no regrets."

The former supervisor plans an active retirement. He and his wife have just returned from an extensive trip through the southwestern part of the United States, and a trip to Georgia is scheduled for the future.

"Oh, man, have we got some plans," he laughs. "I told my wife I had so many things I needed and wanted to do that I would never get caught up. After eight or nine years of working so many hours, I am looking forward to working on my farm and fishing. I've got an eight-year old grandson, and he and Grandpa are going to do some fishing."

But Pitts adds, it was not easy to leave the place where he had spent so many years of his life. "You work with people for 30-odd years, and it is hard to say good-bye. It was a good time for me to retire and for someone to come in and learn my job. I know I'll make the adjustment to retirement, though. Who can complain about a week with six Saturdays and one Sunday? Not me!"

SAFETY DEPARTMENT REMINDER

Safety director Jared Satterwhite reminds all employees in production areas, including supervisory and support personnel, that it is an unsafe practice to wear jewelry while operating or working near machinery.

"Our safety rules do not permit machine or equipment operators to wear jewelry of any kind while on the job," he says, "but jewelry should not be worn by anyone in a manufacturing environment.

He points out that Gene Hunziker, parts and preventative maintenance coordinator in the

foundry, was involved in an accident recently when his ring caught in a machine operating near a bin where he was removing tools.

"It was a severe injury," he adds, "and he was fortunate that he did not lose the finger. The accident could have been prevented if he had not been wearing his ring."

Hunzinker, who has recovered from his injury and is back on the job, adds his own reminder. "I had to learn the hard way. Maybe my accident can prevent a similar one from occurring to someone else. Don't wear jewelry in the plant!"



Nurse Ann Wareing administers first aid to the hand of foundry employee, Gene Hunziker, after an injury resulting from wearing jewelry in a production area.

FOUNDATION HOLDS ANNUAL MEETING

Johnny Long was elected president and director of the Lufkin Industries Foundation during its recent annual meeting. He succeeds retiring R.E. Barr, who has served as president of the group since 1973.

PRODUCTIVITY PLUS

(Productivity Plus is a continuing series of articles that feature employees who have discovered a better way of performing their jobs.)



Nancy Ballenger demonstrates the mittens that she makes for applying mold washes to molds.

When the foundry instituted a new method of mold finishing last year, it greatly improved the quality of castings. Liquid zircon, a filler material which repels hot metals, was rubbed into the mold with a mitten. The substance prevented metal from being absorbed into the sand, resulting in a smoother casting requiring less cleaning time.

There was one problem with the procedure though. The mittens used to cover the hands during the process were expensive and did not last. But Nancy Ballenger, foundry main bay, solved the problem.

"I like to sew. "So when I saw the mittens, I knew I could make a better mitten less expensively," she says. "I bought some fabric and elastic and made seven mittens in one night. The next day we used them, and

they worked. I made a dozen more the next night, and now I am making them on a regular basis."

Since January, she has made 91 mittens in various sizes. She estimates that it takes her two to three minutes to make each one. "I made three dozen the last time I made them, and it took me less than three hours to cut them out and seam them up."

Ernest Lord, production manager, estimates that Ballenger makes the mittens for 25 percent less than what the company was paying for them. "We are very pleased with the mittens. The new method of applying mold washes greatly reduces the amount of cleaning time, while improving casting appearance. This is a good example of the company and employee working together."

Also elected as a new director at the meeting was Frank Stevenson, executive vice president, and Dick McKay, vice president and manager of the trailer plant, was reelected to the board. They join Long and E.G. Pittman, vice president and manager of foundry operations, as board of directors for the organization.

New members selected to the board of trustees include C.J. Haley, secretary-treasurer, who also will serve as treasurer for the board; Fred Griffin, vice president and director of engineering; Mike Penn, vice president and manager of machining and assembling operations; R.E. Barr, retired executive vice president; and Ed Dietz, manager of the Industrial Supplies Division.

Other members of the board of trustees are R.L. Poland, company president; W.T. Pennington, vice president and manager of structural steel, final assembling and shipping operations; and W.W. Trout, Jr., vice president and assistant to the president; and Virginia Allen, director of public relations, who also serves as secretary for the group.

The Lufkin Industries Foundation was established in 1964 as a non-profit organization that awards scholarships to the children of company employees. Since the first scholarships were awarded in 1965, the foundation has given 164 scholarships totaling \$428,000.

COMPANY DISPLAYS GEAR

The prototype of LUFKIN's new line of case-hardened and ground gears was recently on display in the foundry and industrial gear machining areas. The unit was

shown at the Work Boat Show in New Orleans in February.

The gear was equipped with a small turning motor and light so that employees could actually see the gear elements rotate and the internals of the gear element itself.

Case-hardened and ground gearing is considered the gearing of the future, especially with the naval service. The company entered the market two years ago when it purchased a Hoefler gear grinder. The machine can grind the very hard surface of the gear to an accurate tooth form that carries more load per inch of face width. Consequently, the gear can be made with smaller rotating elements, and the overall package is smaller.

DEPARTMENT ANNOUNCES PROMOTION



The data processing department has announced the promotion of Sara Birdwell from operations assistant to operations trainee. A graduate of Lufkin High School, she joined the company last year.



Pam Lovett, office services, and William Redd, Jr., material control, look over the new case-hardened and ground marine gear on display in the industrial gear machining area.

TRAILER EMPLOYEES DONATE EFFORTS

Thirty-nine trailer plant employees volunteered their time and talents to build livestock panels for the local chapters of the 4-H and Future Farmers of America. The panels will be used by the organizations during the Angelina County Junior Livestock

Show held each spring.

The materials for the panels were purchased by the chapters, and trailer employees spent Saturdays and after working hours to form, fabricate and weld the panels.



Trailer volunteers were (front row) (l-r) Ethel McClendon, David Ivy, Ed Clifton, Reggie Moore, Andy Beddingfield, Roy Erwin, Bill Smith, Archie Rice, Chester Oden, Gene Martin, Kelly Hopson, (back row) (l-r) Jim Riggs, Brown Hays, Charles Kilgore, John Graham, J.C. Crawford, Polly Deason, David Bailey, Essie Jenkins, Larry Edwards, Sam Adams, J.W. Watson, Milton Watson, Ray Brown, Ray Loving, Delbert McGuire, Freddy Williamson, Robert Thigpen, James McDuffie, David Burris, Robert Clark, Jerry Swearingen, Roy Weathers, Gary Latham. Not pictured are Ed Williams, John Short, Hugh Lambright, Arden Jinkins and Leon Carroll.

ANNIVERSARIES

FOUNDRY OPERATIONS

	Employment Date	Years With Co.
Clyde Grisham	April 17, 1944	39
Philip Sharp	April 3, 1951	32
Jim Singletary	April 17, 1952	31
Freeman Berry	April 23, 1952	31
James Durham	April 4, 1955	28
Eddie Sowell	April 17, 1962	21
Leon Denning	April 20, 1964	19
George Yarbrough, Jr.	April 26, 1965	18
Leo Cranford	April 12, 1966	17
John Alexander	April 11, 1967	16
Otis Bradford	April 2, 1970	13
Samuel Johnson, Jr.	April 20, 1972	11
Lester Gilder	April 24, 1972	11
Johnny Miller	April 27, 1973	10
MacArthur Hatton	April 10, 1974	9
Roger Horace	April 23, 1975	8
Charles Polk	April 25, 1975	8
Dudley Flenoy	April 21, 1976	7
Loy Williams	April 4, 1977	6
Jimmie Suell	April 19, 1977	6
Perry Davis	April 26, 1978	5
Roy Clifton	April 11, 1979	4
Armando Rocha	April 12, 1979	4
Nancy Ballenger	April 16, 1979	4
Jose Garcia	April 25, 1979	4
Wilbur Painter	April 26, 1979	4
Vincente Segura	April 6, 1980	3
Jimmy Dennis	April 25, 1980	3
Stephen Reynolds	April 6, 1981	2
Michael Kitchens	April 27, 1981	2

FINAL ASSEMBLY AND SHIPPING

	Employment Date	Years With Co.
Wallace Lankford	April 20, 1964	19
Jefferson Kee	April 26, 1965	18
John Gyger	April 12, 1978	5
Ray Montgomery	April 19, 1978	5
Roy Traweck	April 30, 1979	4
Calvin Richard	April 2, 1980	3
James Edwards	April 22, 1980	3
Berta Curl	April 23, 1980	3

STRUCTURAL STEEL OPERATIONS

	Employment Date	Years With Co.
Arthur Holiday	April 4, 1956	27
Smith Malone, Jr.	April 3, 1962	21
Roger Williams	April 4, 1962	21
Ray Steele	April 10, 1962	21
Talmadge Smith	April 8, 1964	19
R.O. Lewis	April 5, 1965	18
Don Stringer	April 20, 1965	18
Benny Wilson	April 1, 1966	17
Frankie Heaton	April 29, 1968	15
A.D. Whisenant, Jr.	April 6, 1972	11
Cullen Malone	April 2, 1970	13
Winford Jones	April 29, 1974	9
Alfonso Compean	April 18, 1975	8
Martin Walden	April 28, 1975	8
Harold Woods	April 8, 1975	8
Hershel Ragsdale	April 26, 1976	7
Charlie Sanders	April 21, 1978	5
Margaret Sowell	April 10, 1979	4
Brent Husband	April 12, 1979	4
Loretta Gibson	April 23, 1979	4
John Oliver	April 30, 1979	4
Bill Bardwell	April 16, 1980	3
Jeanette Taylor	April 28, 1980	3

MATERIAL CONTROL

	Employment Date	Years With Co.
Jerry Cortines	April 29, 1968	15
Michael Burley	April 2, 1979	4

CORPORATE OFFICES

	Employment Date	Years With Co.
Luda Belle Walker	April 7, 1938	45
John Cantrell	April 29, 1974	9
Leah Johnston	April 12, 1976	7
Tim Coker	April 26, 1976	7
Judy Cain	April 1, 1977	6
Arturo Lozano	April 15, 1980	3
Sara Birdwell	April 23, 1982	1

PERSONNEL

	Employment Date	Years With Co.
Joan Griffin	April 14, 1955	28

MACHINERY SALES AND SERVICE

	Employment Date	Years With Co.
Ben Elliott, Jr.	April 16, 1946	37
Lee Stevens	April 25, 1962	21
Gary Seaton	April 4, 1966	17
Betty Bardwell	April 4, 1969	14
Doris Jones	April 24, 1969	14
Bob Burrelli	April 15, 1976	7
Paula Oravec	April 1, 1977	6
Elaine Thomas	April 18, 1977	6
Inocencio Reyes	April 25, 1977	6
Anna Ballew	April 27, 1977	6
Lorraine Gregory	April 17, 1978	5
Billy Atchley	April 17, 1980	3
Mary Phillips	April 21, 1980	3
Julie Palumbo	April 5, 1982	1
John Callender, Jr.	April 12, 1982	1
Annette Bush	April 26, 1982	1

MACHINERY OPERATIONS

	Employment Date	Years With Co.
Clint Youngblood	April 8, 1952	31
Jimmy Lamont	April 2, 1951	32
Albert Wilkins	April 16, 1954	29
Chester Hornbuckle, Jr.	April 20, 1954	29
Troy Edwards	April 25, 1955	28
Gordon Thomas	April 11, 1962	21
Milton Martin	April 11, 1962	21
Leroy Garner	April 24, 1963	20
Robert McNeely	April 13, 1964	19
Leslie Durham	April 15, 1965	18
William McCalister	April 26, 1965	18
Darvin Dominey	April 28, 1965	18
James Eddings	April 11, 1966	17
David Jinkins	April 12, 1966	17
Doyle Robertson	April 24, 1967	16
Donald Smith	April 15, 1968	15
James Williams, Sr.	April 15, 1968	15
James Pate	April 13, 1970	13
Don Allen	April 18, 1972	11
Michael Doss	April 4, 1973	10
Bobby Smith	April 16, 1974	9
Shirley Johnson	April 29, 1974	9
Edgar Ditsworth, Jr.	April 14, 1975	8
Bobby Barber	April 4, 1977	6
Donald Jackson	April 5, 1977	6
Temple Farr	April 21, 1977	6
Elton Hendry	April 5, 1978	5
Tom Spencer	April 7, 1978	5
Larry Jackson	April 7, 1978	5
Bobby Polk	April 12, 1978	5
Juan Moreno	April 3, 1979	4
Judie Walters	April 3, 1979	4

	Employment Date	Years With Co.
Steven Carlin	April 4, 1979	4
Gary Reppond	April 6, 1979	4
Robert Huizar	April 16, 1979	4
Calvin Walker	April 18, 1979	4
Chester Read	April 20, 1979	4
Luvert Siglar	April 24, 1979	4
Kenneth Sand	April 25, 1979	4
Albert Larabell	April 25, 1979	4
William Poe	April 30, 1979	4
Mark Dearing	April 30, 1979	4
Coy Taylor	April 7, 1980	3
Mathew Mathen	April 7, 1980	3
Linda Dunn	April 9, 1980	3
Albert Blalock	April 10, 1980	3
James Redd	April 14, 1980	3
Coreta Mark	April 14, 1980	3
Thomas Brewer, Jr.	April 14, 1980	3
Steve Whitaker	April 20, 1980	3
Roy Williams	April 21, 1980	3
Michael Standifird	April 21, 1980	3
Jerold Runnels	April 24, 1980	3
Jesse Amie	April 28, 1980	3
Linda Dunn	April 29, 1980	3
Billy Marble	April 29, 1980	3
Jeff Jackson	April 30, 1980	3
Adrian Windham	April 30, 1980	3
Jessie Harrison	April 6, 1981	2
Carl Phillips	April 6, 1981	2
Robert Daugherty	April 27, 1981	2

ENGINEERING

	Employment Date	Years With Co.
Orpha McCall	April 4, 1973	10
Cathy Salagaj	April 24, 1978	5

INDUSTRIAL SUPPLIES

	Employment Date	Years With Co.
Mary Baker	April 2, 1973	10
Trina Skinner	April 7, 1980	3

TRAILER PLANT

	Employment Date	Years With Co.
Bennie Spivey	April 1, 1946	37
A.G. Colburn, Jr.	April 12, 1946	37
John Bourrous	April 15, 1946	37
Billy Deal	April 9, 1951	32
William Jones	April 3, 1962	21
Jerry Swearingen	April 15, 1968	15
C.B. Stanley	April 7, 1969	14
Prentice Brooks	April 12, 1972	11
Ewell Jackson	April 2, 1973	10
Linley Ham	April 5, 1974	9
Sue Massingill	April 15, 1976	7
Tommie Fox	April 11, 1977	6
Anthony Niosi	April 27, 1977	6

TRAILER SALES & SERVICE

	Employment Date	Years With Co.
Jim Alexander	April 16, 1965	18
Johnny Rhodes	April 11, 1972	11
James Holton	April 16, 1973	10
Mary Guerra	April 15, 1974	9
L.P. Adair	April 22, 1974	9
Walter Shaw	April 5, 1976	7
Ethel Boyles	April 15, 1976	7
Jimmy Martin	April 6, 1978	5
Louis Polasek	April 27, 1981	2

LUFKIN INDUSTRIES, INC.
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COVERS

Front: The cost of health care is rising at an alarming rate. For how the increase in medical expenses is affecting the company and its employees, see page 2. Photo by Tom Johnston.

Back: The company insurance program has meant protection from financial loss because of high medical bills for Scott and Luanna Semlinger. Both their children, Lauren and Gregory, were born prematurely. For the story, see page 7. Photo by David Freeze.

LUFKIN ROUNDUP

Volume 40, Number 4, 1983

Published monthly by Lufkin Industries, Inc., for active and retired employees and their families. Produced by the Public Relations Department: Virginia Allen, Director, P.O. Box 849, Lufkin, Texas 75901. Janice Aston: Managing Editor/ Elaine Jackson: Staff Writer/ David Freeze: Manager, Photographic Services/ Tom Johnston: Photographer/ Ken Burke: Art Director.

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