

Workplace PossibilitiesSM

PRODUCTIVITY INSIGHT #4

Behavioral Health And The Workplace: Productivity Costs And Solutions

Workplace Possibilities, by The Standard

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Standard Insurance Company



Introduction To Behavioral Health And Presenteeism

Employers and their benefit advisors face a complex array of carriers and third-party administrators when attempting to choose absence and disability providers. In the past, these choices often hinged upon price alone. Recent research and surveys have demonstrated that employee absence and disability cost more than previously thought. The provider choice can ultimately have major implications for employee productivity as well as the employer's bottom line.

In this paper, the fourth in a series of Productivity Insights, we will explore how productivity is lost in the workplace when employees at work are suffering from behavioral health conditions, a leading cause of presenteeism, and we will suggest proactive steps to address the problem.

The Hidden Costs Of Health-Related Lost Productivity

The iceberg diagram shown here demonstrates that the full cost of poor employee health does not result only from expenses associated with health insurance and pharmaceutical benefits. In fact, these expenses are dwarfed by the productivity losses and costs caused by absenteeism and presenteeism, which together are known as health-related lost productivity (HRLP).

Behavioral Health Conditions In The Workplace

According to data from the 2011 Long-Term Disability Claims Review from the Council for Disability Awareness, musculoskeletal and mental disorders were the diagnoses most commonly mentioned by insurers as increasing in 2011. Twenty-nine percent of participating companies reported increased musculoskeletal claims, and 29 percent reported increased mental disorder claims.¹

It is no surprise that employees' behavioral health is being negatively affected by the post-recession world we live and work in. With layoffs in the news constantly, employers around the country are downsizing their workforces and often asking employees to do more with less. We live in a 24/7 global economy and we are digitally linked as never before. **Workplace productivity is essential, perhaps more now than ever.**

Behavioral disorders in the workplace can be described in two categories:

1. **Mood disorders.** These are usually thought of as "depression" and include depressive disorders (e.g., major depressive disorder, dysthymic disorder) and bipolar disorders
2. **Anxiety disorders** (e.g., generalized anxiety disorder, acute stress disorder)

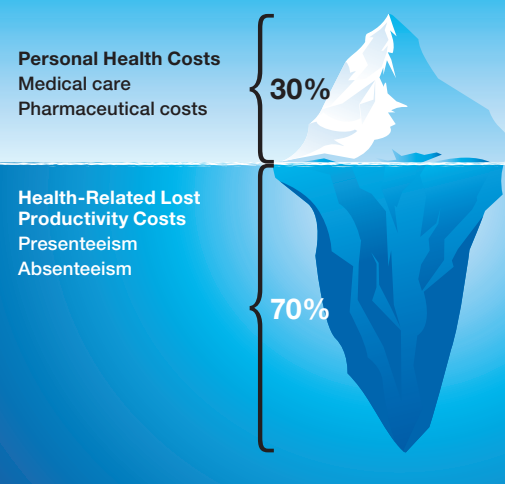
Mood and anxiety disorders are both common in the workplace. Depression has been studied more than anxiety in terms of impact on the workplace.

¹ Council for Disability Awareness website, www.disabilitycanhappen.org/chances_disability/disability_stats.asp. (Accessed Nov. 9, 2012).

Definition Of Presenteeism:

The practice of coming to work despite illness, injury, depression/anxiety, etc., often resulting in reduced productivity.

Full Cost Of Poor Health To Employers



Source: Loeppke R, Taitel M, Haufle V, Parry T, Kessler RC, Jinnett K, "Health and Productivity as a Business Strategy: A Multi-Employer Study." *Journal of Occupational Environmental Medicine*, 2009, 51(4):411-428, pp. 140-152.

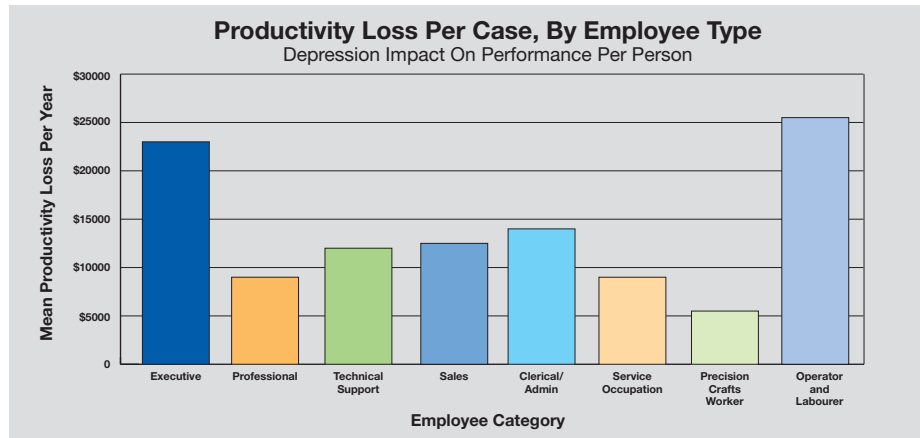
Most employees with depression are not being treated. In fact, for every single employee being treated, 2.3 (70 percent) are receiving no treatment.²

Productivity Loss Due To Behavioral Health Presenteeism

In 2009, the Integrated Benefits Institute (IBI) asserted that most employees with depression are not being treated. In fact, for every single employee being treated, 2.3 (70 percent) are receiving no treatment. The study went on to show that for employees reporting depression, the largest cause of lost productivity was presenteeism, which was responsible for 63 percent of lost productivity for this group.²

A number of studies have been able to quantify the cost of behavioral health presenteeism. While they use different methods to draw conclusions, they paint a striking picture overall:

- Socioemotional factors such as depression, fatigue, sleep problems, etc., resulted in a productivity loss equivalent to 9.6 days per employee per year.³
- Employees with mental illness/presenteeism cost \$247.11 per employee per year.⁴
- A study of employee assistance plans (EAP) showed that 80 percent of the costs of lost productivity are associated with presenteeism while only 20 percent are associated with absenteeism.⁵
- A study of patients with dysthymia (a mood disorder) had 6.3 percent presenteeism while controls had 2.8 percent.⁶
- While conducting research in Australia on depression in the workforce, American forensic psychiatrist Michael C. Hilton found that the costs of screening for and treatment of depression are more than offset by increased productivity. This study estimated the mean productivity loss per year for different types of employees. Yearly presenteeism productivity losses from depression ranged from approximately \$6,000 for a precision crafts worker to just over \$25,000 for an operator and laborer.⁷



2 "The Full Costs of Depression in the Workforce," Integrated Benefits Institute, 2009.

3 "The Impact of Chronic Conditions and Co-Morbidity on Lost Work Time," IBI Quick Study, 2009.

4 "Estimating Money at Risk, Health and Productivity Toolkit," American College of Occupational And Environmental Medicine, Goetzal et al, 2006.

5 "EAP treatment impact on presenteeism: Implications for return on investment," *Journal of Workplace Behavioral Health*, Hargrave G.E., et al, 2008.

6 "The work impact of dysthymia in a primary care population," *General Hospital Psychiatry*, Adler, D.A. et al, 2004.

7 "Getting upstream of psychological disability in the workforce – who are we not seeing and at what cost?," The WORC Project, The University of Queensland and Harvard University, workshop presentation, January 15, 2007.

Calculating Costs

Given the causes of behavioral health-related lost productivity, it makes sense that an employee who is anxious or depressed may not be as productive as he or she could be. Presenteeism and productivity research over the last 10 years has not only verified this perception but also has quantified the productivity loss.

According to the Integrated Benefits Institute, on average, depression was associated with 2.2 days of absence and 7.5 days of presenteeism per employee per year.⁸ To put those numbers in real-world terms, consider a company that has 1,000 employees at an average salary of \$50,000 per year and an annual payroll of \$50 million. The formula below assumes the average employee is earning approximately \$192 per day:

$$\frac{7.5 \text{ days presenteeism per employee} \times 1,000 \text{ employees} \times \$192/\text{day}}{\text{=}} \\ \text{\$1.44 million per year [lost on employee presenteeism due to depression]}$$

To put that figure into perspective, \$1.44 million is 2.8 percent of the employer's payroll.

Taking Action: A Case Study

To help alleviate presenteeism costs, employers may want to hire a consultant to help identify and eliminate instances of health-related lost productivity, which also may, over time, decrease direct health care costs. For example, an on-site nurse or vocational specialist can help manage workplace absence and disability, perhaps finding stay-at-work and/or return-to-work solutions for employees.

The following example from The Standard's Workplace Possibilities program illustrates the potential results. An employer that operated a number of call centers had significantly increased job demands, leading to higher stress levels and increased incidences and durations of mental health-related absences.

The Standard provided an onsite consultant as part of the employer's long-term disability insurance. The onsite consultant was able to intervene early, and in some cases, before an absence occurred. Interventions included helping employees connect with the employer's employee assistance program to deal with their stress. Over a period of six months, 125 employees with mental health conditions were returned to work. Over 18 months, the program helped avoid \$740,000 in short-term disability claim costs.⁹

Case Study Results: Call Center

Returned to work:
125 employees with
mental health conditions

Cost Savings: \$740,000

⁸ "The Full Costs of Depression in the Workforce," Integrated Benefits Institute, 2009.

⁹ Internal data from The Standard, Dec. 31, 2012.

Steps Employers Can Take Now

The first step in reducing presenteeism due to behavioral health issues is to educate the entire Human Resources team about the scope of the problem. Next, commit to effective policies and practices, including the following:

1. Offer behavioral health screening

A wellness program with a health risk assessment tool can be a prognosticator for mental health conditions emerging in the workplace. Depression studies have shown that 70 percent of employees with this disorder are not receiving treatment.¹⁰ It is in the best interests of all parties — employee, family, employer and benefit advisor — to reduce the incidence and morbidity of behavioral health disorders.

2. Choose a carrier with a proven program for managing absence and disability

Carrier abilities have changed in the last few years with the development of the on-site consultant model. The Standard's Workplace Possibilities Program pioneered this approach, which has proven to be effective in reducing the duration of behavioral health disability absences as well as engaging with employees before they leave the workplace due to a behavioral health condition.

3. Involve the employee assistance plan (EAP) in stay-at-work interventions

The onsite consultant model facilitates involvement of the EAP while the employee is still at work, early in the condition, when the employee may need it the most. Otherwise, the HR team can work with the EAP provider to increase awareness and utilization of its services.

4. Educate employees on behavioral health issues

Much progress has been made, but there is still a stigma associated with behavioral health disorders. Many employees find it difficult to ask for help from their medical provider or from the EAP. To combat this stigma, employers can implement a workplace campaign to inform employees about the kind of behavioral health resources available to them and encourage them to seek assistance – *while they are still at work*.

5. Consider job modifications

Employees who work with medical conditions or are absent because of them can often be assisted to stay at or return to work by modifying their jobs. Workplace behavioral health accommodations usually cost less than those for other conditions; equipment or physical modifications are rarely required. Modifications can take the form of change to: *Duties *Work location * Hours of work

¹⁰ "The Full Costs of Depression in the Workforce", Integrated Benefits Institute, 2009.

6. Improve vendor management

Some employer-sponsored benefit plans have a “carve out” vendor for behavioral health conditions. In this situation, we recommend that the EAP vendor be required to “warm transfer” appropriate employee cases to the behavioral health provider. We also recommend that the employer require both the EAP and the behavioral health vendor to actively cooperate with the onsite consultant, if applicable, to help employees stay at work.

7. Improve pharmacy programs

Pharmacy programs can have a significant impact. Research demonstrates measurable improvements in productivity with appropriate drug treatments.¹¹ Employers and their benefits advisors would be well served to examine their pharmacy programs to ensure they are maximizing productivity.

The pharmacy benefit provider may also offer services to help ensure employees with behavioral health disorders not only receive the correct medications, but also are compliant with taking them as required.

Conclusion: Behavioral Health Presenteeism Is Real. It is Costly. It Can Be Reduced.

Employers and their advisors have had difficulty getting their arms around the cost of behavioral health presenteeism in the workplace. Some employers are still skeptical that presenteeism even exists. Because the research on behavioral health presenteeism is fairly new, it will take some time for more convincing proof to be developed.

Based on The Standard’s disability expertise and the positive results generated by our innovative Workplace Possibilities program, we recommend employers and their advisors take a forward-thinking approach. Consider adopting some or all of the steps discussed in this paper. Through a proactive approach and the right partnerships, it is possible to reduce the cost and impact of productivity losses caused by behavioral health presenteeism.

7 Steps To Reduce Behavioral Health Presenteeism

- 1. Behavioral health screening**
- 2. Partner with a proven disability carrier**
- 3. Involve the EAP in stay-at-work interventions**
- 4. Educate employees on behavioral health issues**
- 5. Consider job modifications**
- 6. Improve vendor management**
- 7. Improve pharmacy programs**

¹¹ “Employee Health and Presenteeism: A Systematic Review,” *Journal of Occupational Rehabilitation*, 2007, 17:547-579.



About The Workplace Possibilities Program

The Workplace Possibilities program is a unique, proactive approach to helping employers prevent and manage employee absence and disability. A Workplace Possibilities consultant helps connect employees with their health management programs and identifies opportunities to keep at-risk employees on the job or return to work faster. In doing so, the program delivers rapid and measurable reductions in absence- and disability-related costs. For tips and tools HR professionals can use to help re-imagine the way they manage absence and disability, visit www.workplacepossibilities.com.

About The Standard

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