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MIND THE GAP:

Examining the Relationship Between Benefit Utilization, Employee Wellbeing, and Organizational Outcomes

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Executive Summary

This comprehensive analysis of 1,207 full-time employees across diverse industries reveals a fundamental paradigm shift needed in organizational mental health investment strategies. While traditional approaches have focused on expanding benefit availability, this research demonstrates that active utilization of mental health resources shows dramatically stronger correlations with business outcomes than simple benefit access.

Principal Research Findings:

- **The Utilization Gap:** Active utilization demonstrates 287% stronger correlations with employee wellbeing and presenteeism reduction, and 168% stronger correlations with psychological safety compared to benefit availability alone
- **Intensive Engagement Benefits:** Employees utilizing 6+ different mental health benefits show 17.3% higher wellbeing scores, 29.9% superior psychological safety ratings, and 18.8% lower presenteeism compared to minimal users
- **Organizational Scale Advantage:** Larger companies (1,000+ employees) saw a threefold stronger link between benefit use and reduced presenteeism—revealing that scale dramatically amplifies the productivity impact of employee benefits.
- **Benefit Effectiveness Hierarchy:** Manager training, flexible work arrangements, and dedicated mental health days emerge as the highest-impact interventions, while traditional clinical services show weaker business correlations

The strategic imperative is clear: organizations must transition from availability-focused to utilization-optimized mental health strategies. The evidence suggests that intensive, multi-benefit engagement creates compound organizational value that significantly exceeds the sum of individual interventions, positioning mental health as a core business capability rather than a peripheral healthcare benefit.

Introduction

The contemporary workplace mental health crisis has reached unprecedented dimensions, fundamentally reshaping organizational priorities and investment strategies. Recent epidemiological studies indicate that depression and anxiety disorders cost the global economy over $1 trillion annually in lost productivity, with meta-analytic evidence demonstrating that employees with untreated mental health conditions exhibit 21% lower profitability and 37% higher absenteeism rates compared to their mentally healthy counterparts (World Health Organization, 2022; Chisholm et al., 2016; Harvey et al., 2014).

Contemporary organizational approaches to workplace mental health have been characterized by what researchers term the "coverage paradox"—while 85% of large employers now offer comprehensive mental health benefits, utilization rates remain persistently low at approximately 23% of eligible employees (Milliman, 2023). This utilization gap has prompted increased scholarly attention to the distinction between benefit access and meaningful engagement, with emerging evidence suggesting that organizational culture and implementation factors may be more predictive of mental health outcomes than clinical benefit design alone (Melnyk et al., 2022).

The construct of psychological safety, originally developed by Edmondson (1999), has emerged as a critical mediating factor in workplace mental health effectiveness. Foundational research demonstrates that teams with high psychological safety show 76% greater engagement and 47% fewer operational errors (Edmondson, 2019), while recent meta-analyses establish links between psychological safety and reduced mental health claiming alongside improved return-to-work outcomes (Newman et al., 2017). These findings suggest that organizational culture may be equally important as clinical interventions in supporting employee mental health and business performance.

Research Gap: Despite growing organizational investment in mental health programming, limited empirical research has systematically examined the relationship between specific benefit utilization patterns and measurable business outcomes across diverse organizational contexts. This study addresses this critical knowledge gap through comprehensive analysis of both employee engagement patterns and organizational outcome metrics.

Disability Claims Landscape - Data from IBI Benchmarking

Mental Health Short Term Disability Claims Overall

Between 2021 and 2023, there has been a noticeable 15% increase in the number of claims. This rise has significant implications, particularly when considering the impact on productivity, as each claim results in an average loss of 68 calendar days. Such a substantial amount of downtime can considerably affect organizational efficiency and employee well-being. Additionally, this condition ranks as the second highest by volume, indicating its prevalence and potential strain on resources.

Moreover, the denial rate for these claims has surged to 20%, doubling from a previous rate of 13%. This increase in denials may reflect stricter claim assessments or changes in policy, which could further complicate the resolution process for those affected. Overall, these statistics highlight an evolving landscape in claims management, with both challenges and opportunities for improvement.

193,265
Mental Health Disability Claims in 2023

$1.18B
Total Payments for Mental Health Claims

$6,130
Average Cost Per Claim

Mental Health Claims by Industry

Services Sector
65,256 claims
$8,383 average payment
68 lost days per claim

Finance/Insurance
45,222 claims
$7,058 average payment
70 lost days per claim

Manufacturing
29,374 claims
$8,911 average payment
68 lost days per claim

Transportation/Utilities
28,031 claims
$7,469 average payment
76 lost days per claim

Retail Trade
13,434 claims
$4,997 average payment
62 lost days per claim

Methodology

Study Design and Research Approach

This analysis consists of employee survey responses examining mental health benefit experiences.

The research was designed to address three primary research questions:

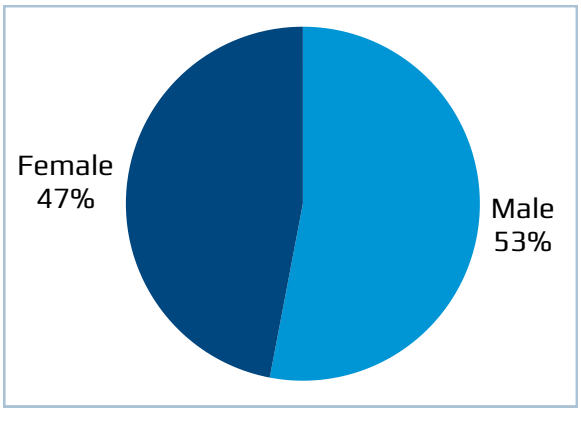
1. What is the relationship between mental health benefit availability versus active utilization and employee wellbeing outcomes?
2. How do organizational characteristics, particularly size, moderate the effectiveness of mental health programming?
3. Which specific mental health interventions demonstrate the strongest correlations with business-relevant outcomes including productivity, psychological safety, and employee wellbeing?

Sample and Recruitment

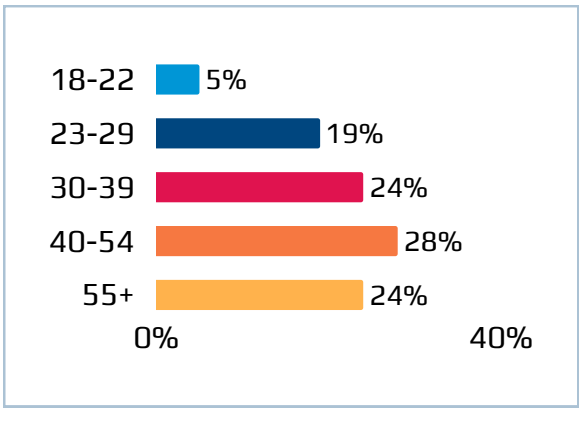
The study sample comprised 1,207 full-time employees recruited through a stratified sampling approach designed to ensure representation across industry sectors, organizational sizes, and geographic regions.

Study Sample

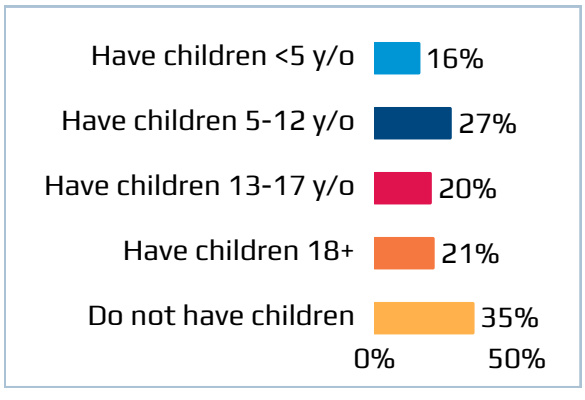
Gender



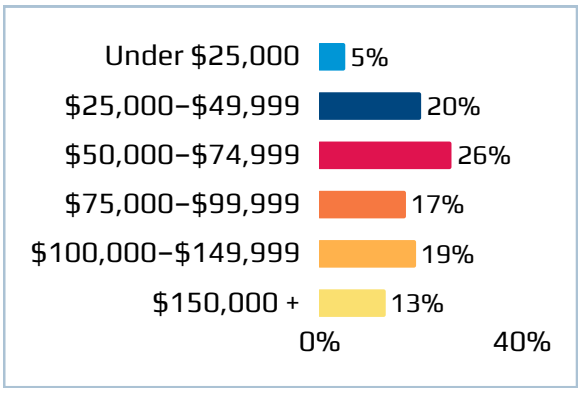
Age



Parental Status



Household Income

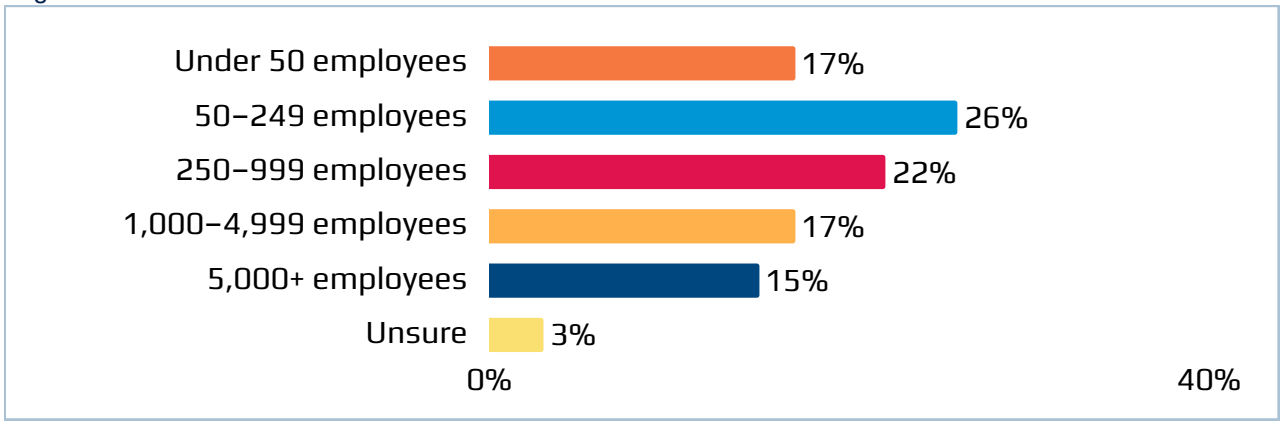


Methodology

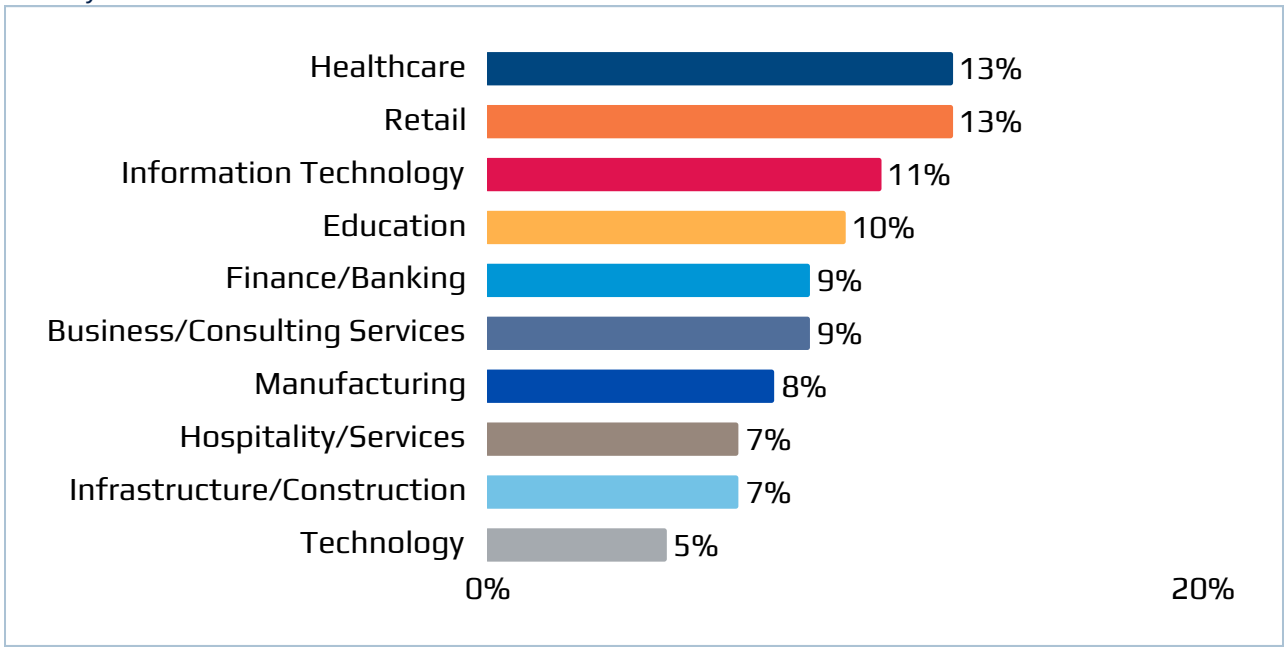
Most respondents work in organizations with 50–999 employees, and the majority (52%) are fully in-office, with 26% in hybrid arrangements. Job roles range from individual contributors to managers, with over one-third in supervisory positions.

The sample is well-distributed by age, with the highest share between 40–54 years old. Gender representation is balanced, and most respondents are located in the South, East, and Great Lakes regions. Educational attainment varies, though nearly one-third hold a bachelor's degree. About two-thirds are parents, with a notable proportion raising school-aged children.

Organization Size



Industry



Measurement Instruments and Variables

Mental Health Benefit Assessment

Participants reported on the availability and utilization of 12 distinct mental health benefits, including Employee Assistance Programs, insurance coverage, digital resources, counseling services, mental health days, training programs, and flexible work arrangements.

Outcome Measures

WHO-5 Well-Being Index: Employee psychological wellbeing was assessed using the WHO-5 Well-Being Index, a globally validated 5-item scale measuring psychological wellbeing over the previous two weeks. Responses range from 0 ("at no time") to 5 ("all of the time"), with total scores multiplied by 4 to create a 0-100 scale.

Psychological Safety Assessment: Workplace psychological safety was measured using a 6-item adaptation of Edmondson's team psychological safety scale, modified for individual-level assessment. Items assess comfort with risk-taking, error disclosure, help-seeking, and problem discussion within the workplace context. Responses use a 5-point Likert scale from "strongly disagree" to "strongly agree."

Presenteeism Measurement: Work productivity and health-related impairment were assessed using an adapted version of the Stanford Presenteeism Scale (SPS-6), which measures the ability to maintain work performance despite health problems. The scale includes both physical and emotional health considerations, with higher scores indicating greater presenteeism (productivity loss while present at work).

Key Findings - Overview

The Mental Health Benefit Landscape

While many employers have made strides in offering mental health support, significant gaps remain in communication, utilization, and perceived accessibility. The most commonly offered benefits include health insurance that covers mental health care (42%), Employee Assistance Programs (33%), and flexible work arrangements for mental health needs (25%). However, 14% of workers say their employer did not offer any of the specific mental health benefits we asked about, 9% are unsure—indicating uneven benefit coverage and potential confusion about what is available and 6% indicated no mental health benefits were offered at all.

Awareness of mental health benefits is mixed, with 54% of respondents feeling “very aware.” While 61% of respondents believe their employer communicates benefits well and 63% find access easy, nearly 1 in 5 feel differently. This indicates a need for better outreach, clarity, and managerial engagement to empower employees to utilize benefits effectively.

6%

REPORT EMPLOYER DOES NOT OFFER MENTAL HEALTH BENEFITS

Most workers feel comfortable accessing support. Sixty-five percent agree or strongly agree that they feel comfortable using mental health benefits if needed. Still, 14% disagree—underscoring that stigma or organizational barriers may persist for a subset of the workforce.

65%

FEEL COMFORTABLE USING MENTAL HEALTH BENEFITS OFFERED

Perceptions of workplace culture vary, with 55% of employees reporting little stigma around mental health. Two-thirds feel their manager supports mental health needs, but 13% disagree and 22% are neutral, indicating a need for improved leadership involvement and training.

18%

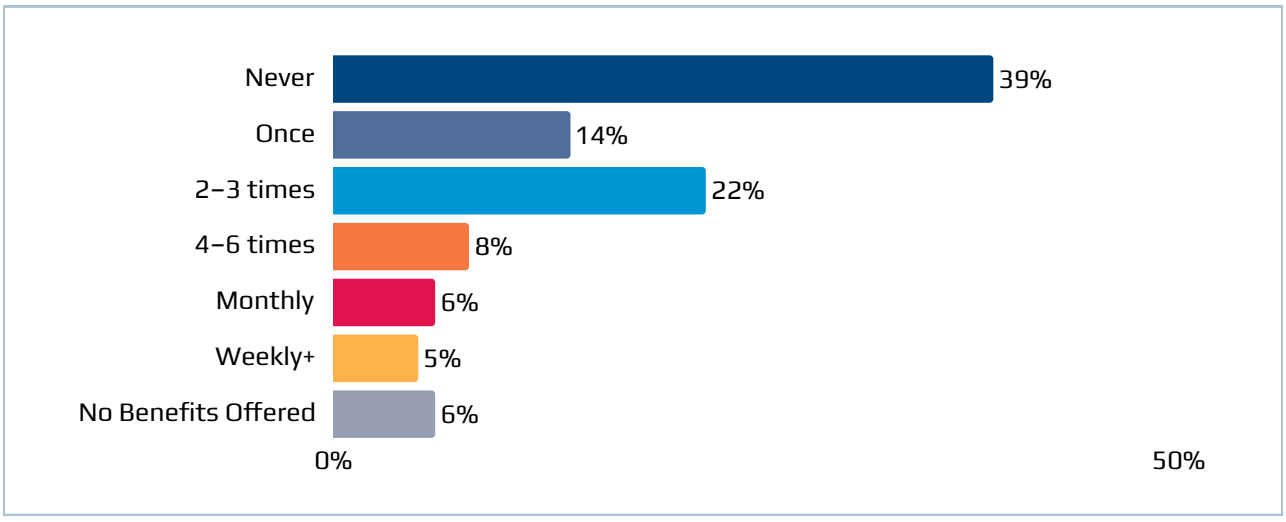
THINK COMMUNICATION AND ACCESS COULD BE IMPROVED

Innovation Gap: Advanced interventions such as manager training on supporting employee mental health (20.8% availability), peer support groups (15.1%), and mindfulness programs (14.8%) remain relatively uncommon despite growing evidence for their effectiveness in supporting employee wellbeing and organizational culture.

Key Findings - The Utilization Gap

The data reveals a striking disconnect between organizational investment in mental health programming and employee engagement with available resources. Almost 40% of employees report never utilizing any mental health benefits offered by their employer during the previous six months, despite widespread benefit availability.

Mental Health Benefit Utilization Frequency



Among employees who do engage with mental health benefits, utilization patterns vary significantly. Single-use engagement represents 14.1% of the sample, while 22.5% report using benefits 2-3 times over six months. Regular engagement—monthly or more frequent use—characterizes only 11% of employees, suggesting that sustained engagement with mental health programming remains relatively uncommon.

When asked about their awareness of the mental health benefits offered by their employer, just over half of employed adults (54%) reported being very aware, indicating they know what benefits are available and how to access them. Another 27% described themselves as somewhat aware, acknowledging a general knowledge that some benefits exist, but with uncertainty about the specifics.

20%

REPORT LITTLE TO NO AWARENESS OF MENTAL HEALTH BENEFITS OFFERED

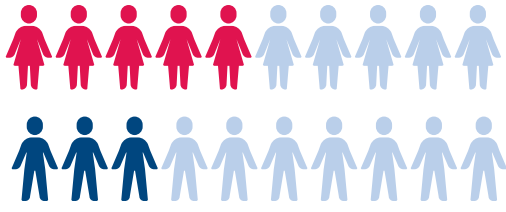
However, nearly 1 in 5 respondents expressed limited awareness: 8% were slightly aware, having only heard something was available but lacking clarity, and 11% were not at all aware of any mental health benefits offered by their employer.

Demographic Patterns in Mental Health Benefit Utilization

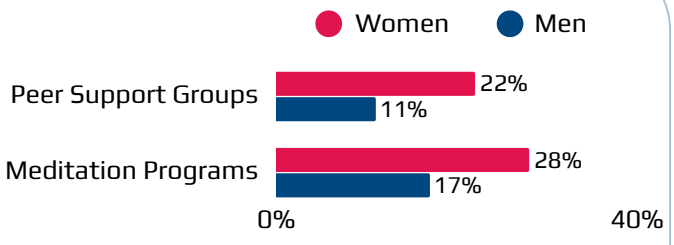
Demographic analysis reveals that utilization of mental health benefits is not evenly distributed across the workforce. Key differences emerge when segmenting by gender, parental status, and age—pointing to both opportunities and gaps in how employers support diverse employee needs.

By Gender

- Women consistently reported higher utilization of nearly every type of mental health benefit, including digital tools, teletherapy, and in-person counseling.



51% of women used at least one mental health benefit in the past 6 months, compared to 36% of men.

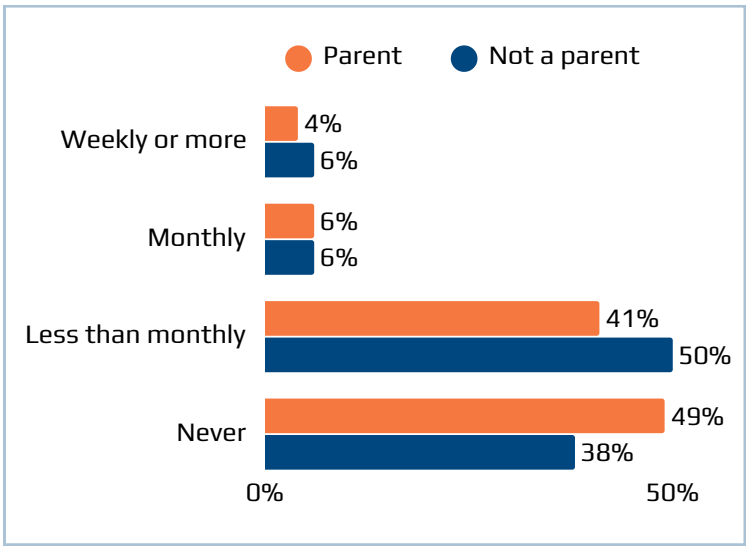


Women were more likely to use peer support groups (22% vs. 11%) and meditation programs (28% vs. 17%).

- Men, while more likely to report awareness of EAPs, were less likely to use them. Many indicated they preferred informal support or felt stigmatized in accessing formal benefits.
- The gender gap was most pronounced in industries like manufacturing and construction, where cultural barriers to benefit use may be stronger.

By Parental Status

- Parents with children under 18 had among the highest utilization rates of mental health benefits across all demographics.



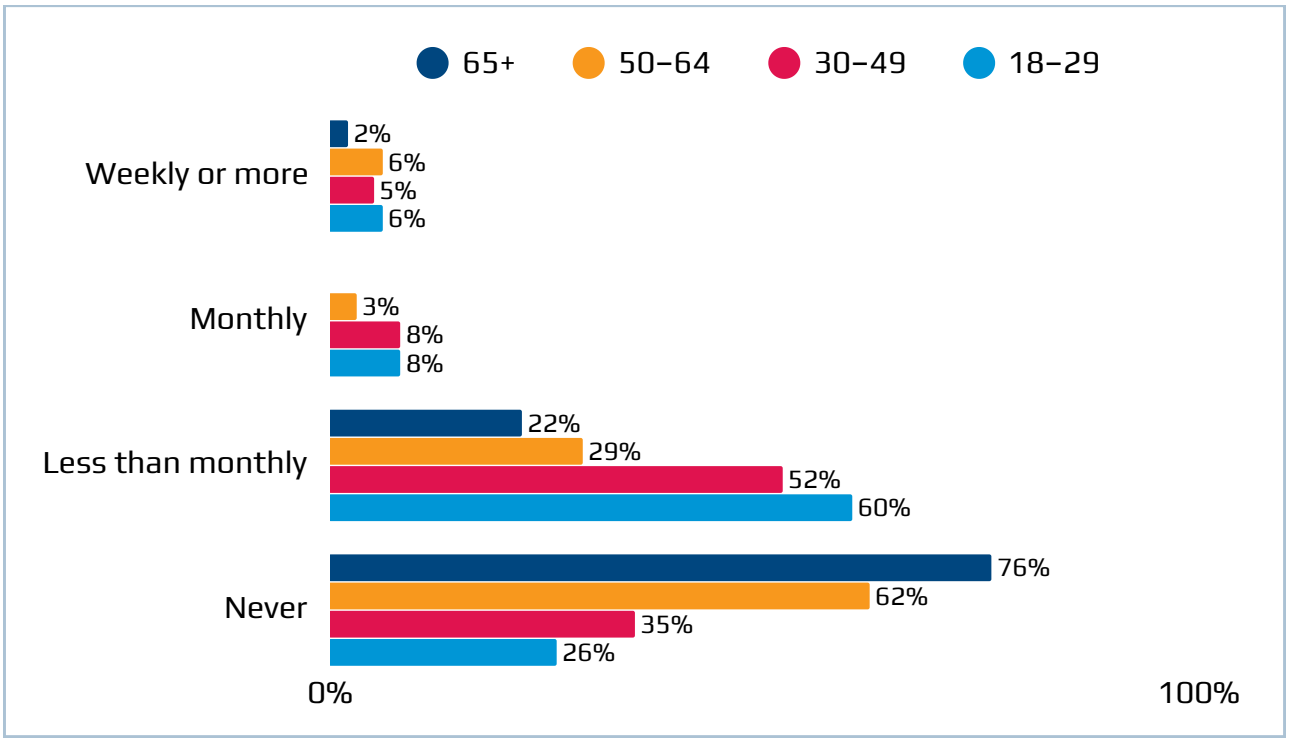
Mothers, in particular, used more benefits overall—especially mental health days, flexible work, and peer support

62% of parents used at least one benefit, with flexible work and teletherapy as the most commonly accessed.

Non-parents were less likely to use benefits overall but more likely to report interest in mindfulness and stress training programs when available.

Demographic Patterns in Mental Health Benefit Utilization

By Age Group



Young workers (ages 18–34) had the highest engagement with digital and virtual mental health services

49% used teletherapy

39% used digital apps

This group was the most open to mental health support, yet also reported the lowest average wellbeing—suggesting high need and high awareness.

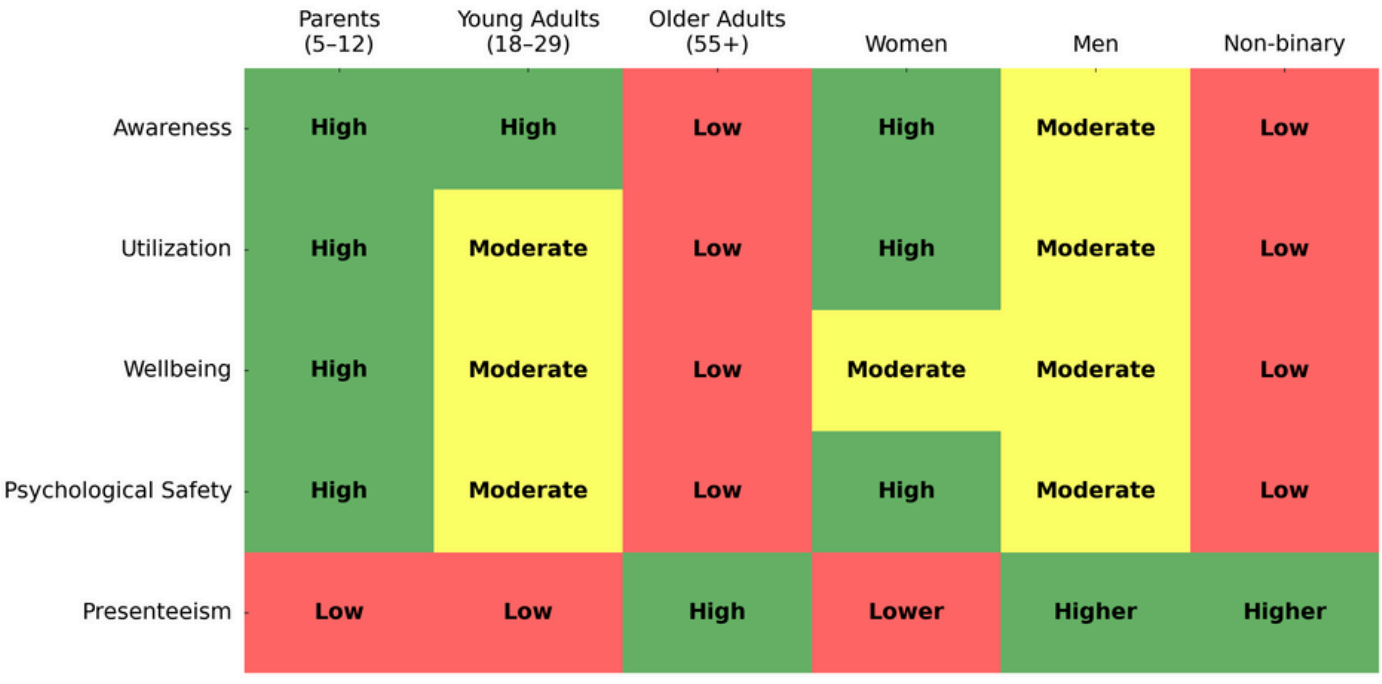
Older employees (55+) had the lowest overall usage rates across nearly all benefits.

26% reported using any benefit in the past 6 months.

Many cited a lack of perceived need or reluctance to engage in mental health programming, though presenteeism was higher in this group.

Demographic Patterns in Mental Health Benefit Utilization

Summary of Impacts by Demographics

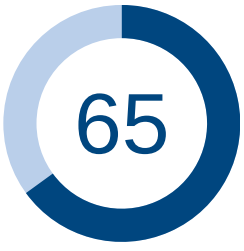


Employee Wellbeing Analysis

What are the associations among benefit availability, benefit utilization, wellbeing, workplace psychological safety, and presenteeism?

While most employers offer mental health benefits, only a subset of employees actively engage with them. Benefit *availability* demonstrated weak correlations with outcomes ($r < .10$), whereas *utilization* showed stronger, significant associations:

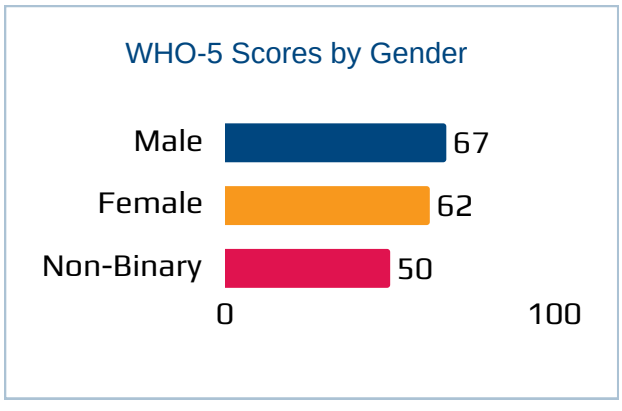
Respondents had an average of 65 points on the WHO-5 indicating a generally healthy workforce wellbeing, providing strong foundation for targeted improvements in specific populations.

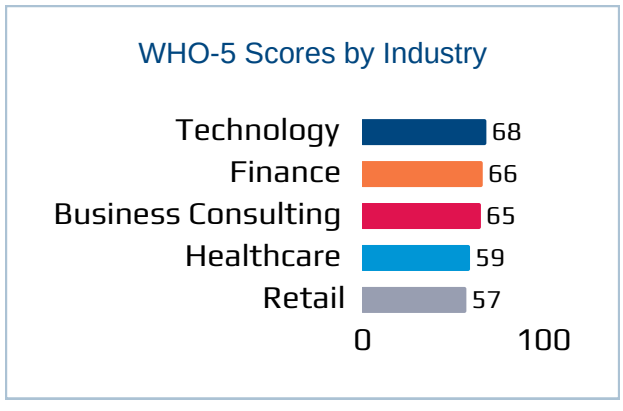


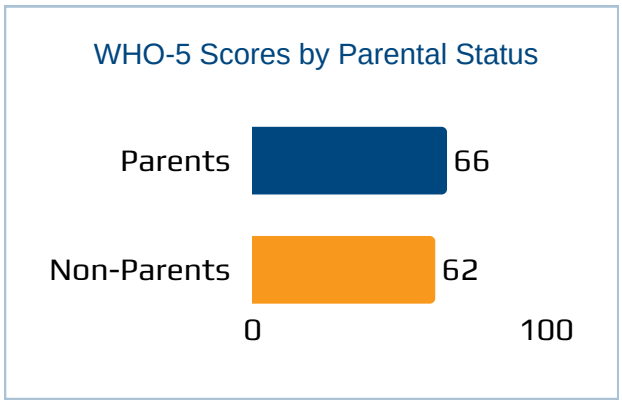
Overall Average
WHO-5 Wellbeing Score

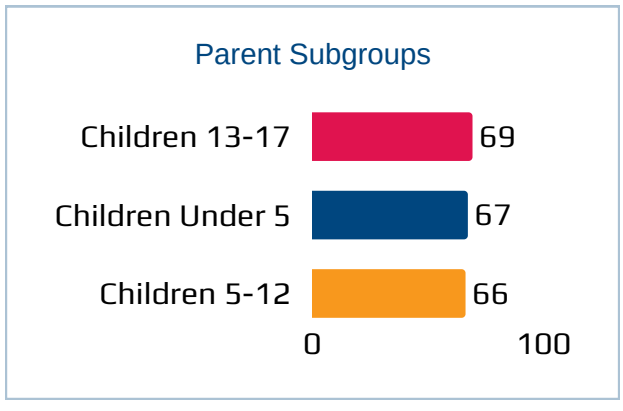
Overall Average
Psychological Safety Score

Overall Average
Presenteeism Score









Employee Wellbeing Analysis

Summary of Wellbeing Analysis by Demographics

Non-binary individuals score exactly at the clinical depression threshold (50), requiring immediate targeted support and specialized interventions. Gender Wellbeing Gap: Men score 5 points higher than women (67 vs 62), representing a significant difference that should inform gender-responsive mental health strategies.

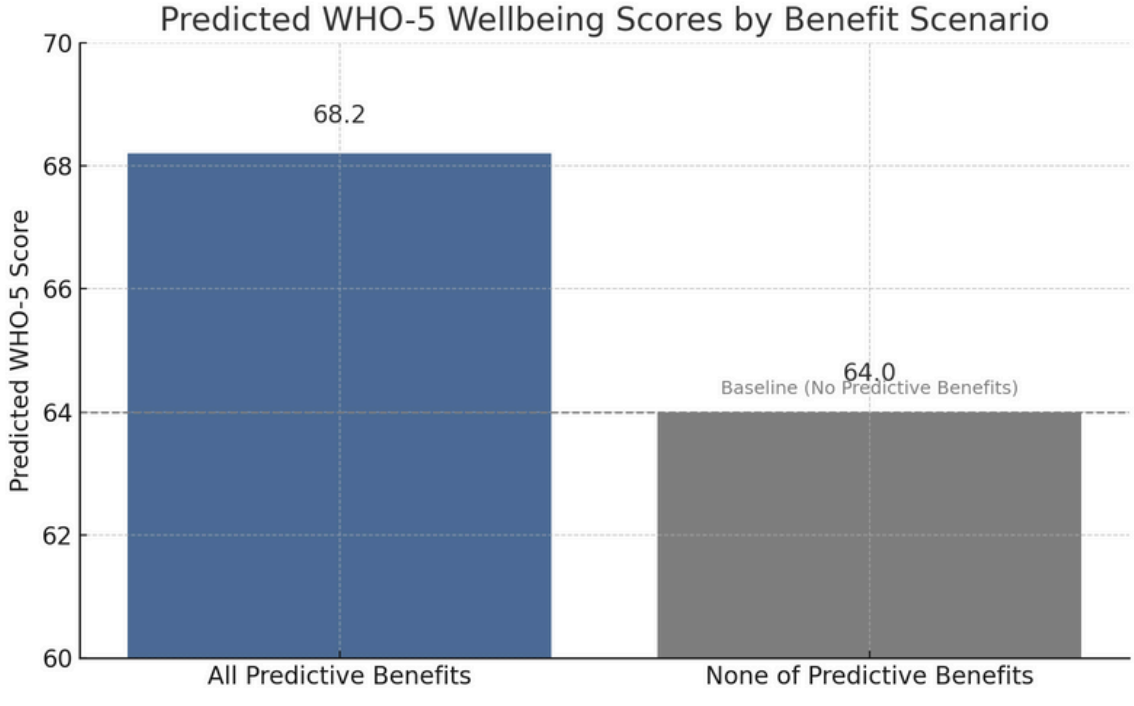
Parental Paradox: Parents consistently outperform non-parents (66 vs 62), with parents of teenagers showing peak wellbeing (69) - challenging assumptions about parental stress.

Industry Impact: 11-point gap between highest (Technology: 68) and lowest (Retail: 57) industries, though all remain in healthy ranges - opportunity for targeted interventions. Healthcare workers score lower (59) despite being in helping professions, indicating sector-specific stressors requiring specialized support approaches. Sectors with high stress, customer interaction, and lower autonomy consistently show reduced wellbeing.

Benefits That Most Strongly Predict Employee Wellbeing

Employees with access to these benefits show predicted WHO-5 wellbeing scores of 68–69, compared to 59–64 for those relying solely on teletherapy or with no targeted support.

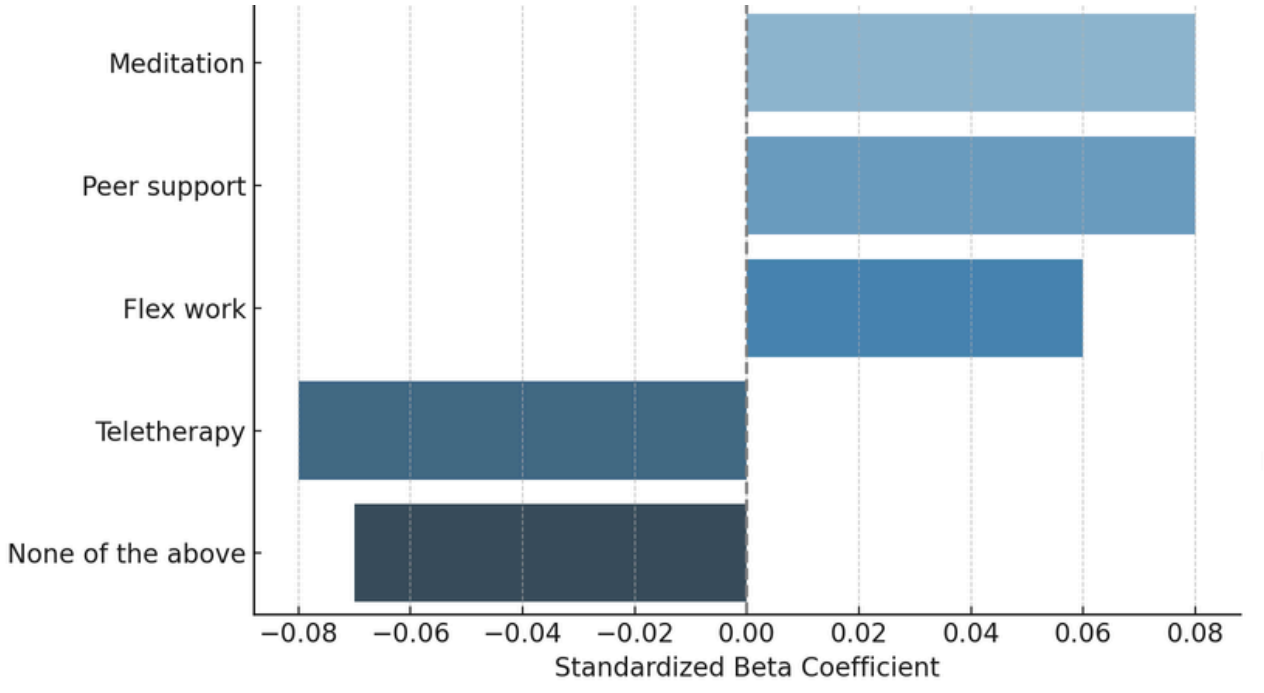
The model explains approximately 70% of the variance in overall well-being ($R^2 = 0.70$), indicating a highly meaningful relationship; this level of explanatory power suggests that targeted interventions can drive substantial and measurable improvements



Employee Wellbeing Analysis

To evaluate which benefits mattered the most to wellbeing, workplace psychological safety, and presenteeism, a two-step process was utilized. First, stepwise regression was used to identify which benefits uniquely predict the target outcome in order to avoid multi-collinearity issues in parameter estimation.

Second, after identifying which benefits uniquely predicted the target outcome, covariates were added in with the identified benefits in a standard regression model to examine if predictive effects remained after accounting for the influence of age, gender, level of education, income, parental status, company size, and job level.



After accounting for these factors, meditation programs (β = .08, p = .01), flexible work arrangements for mental health needs (β = .06, p = .05), peer support groups (β = .08, p = .01), teletherapy/virtual counseling (β = -.08, p = .01), and “none of the above” (β = -.07, p = .04) still predicted wellbeing. The graph above predicted wellbeing based upon the presence or absence of these benefits after accounting for the influence of covariates.

Although teletherapy is generally intended to support mental health, our analysis found a modest negative association with wellbeing scores (β = –.08, p = .01). One plausible explanation is that teletherapy is often accessed at the point of greatest need—meaning lower wellbeing may prompt usage, rather than result from it. Another possibility is that teletherapy alone may not be sufficient for some users, especially if it's not complemented by workplace support, time flexibility, or long-term care. Additionally, differences in perceived effectiveness, provider quality, or session frequency may vary widely, affecting outcomes. Importantly, this is a cross-sectional finding, and causality cannot be established—but the result underscores the need to consider both who uses teletherapy and the broader support ecosystem surrounding it.

Employee Wellbeing Analysis

WORKPLACE PSYCHOLOGICAL SAFETY

Several workplace supports were initially predictive of higher psychological safety, including:

- Flexible work arrangements for mental health needs
- Manager training on mental health
- Mental health coverage through health insurance

However, after controlling for other variables, only mental health coverage through health insurance remained a significant and consistent predictor of workplace psychological safety.

PRESENTEEISM

Two benefits were initially predictive of reduced presenteeism:

- Mental health coverage through health insurance
- Access to digital mental health resources

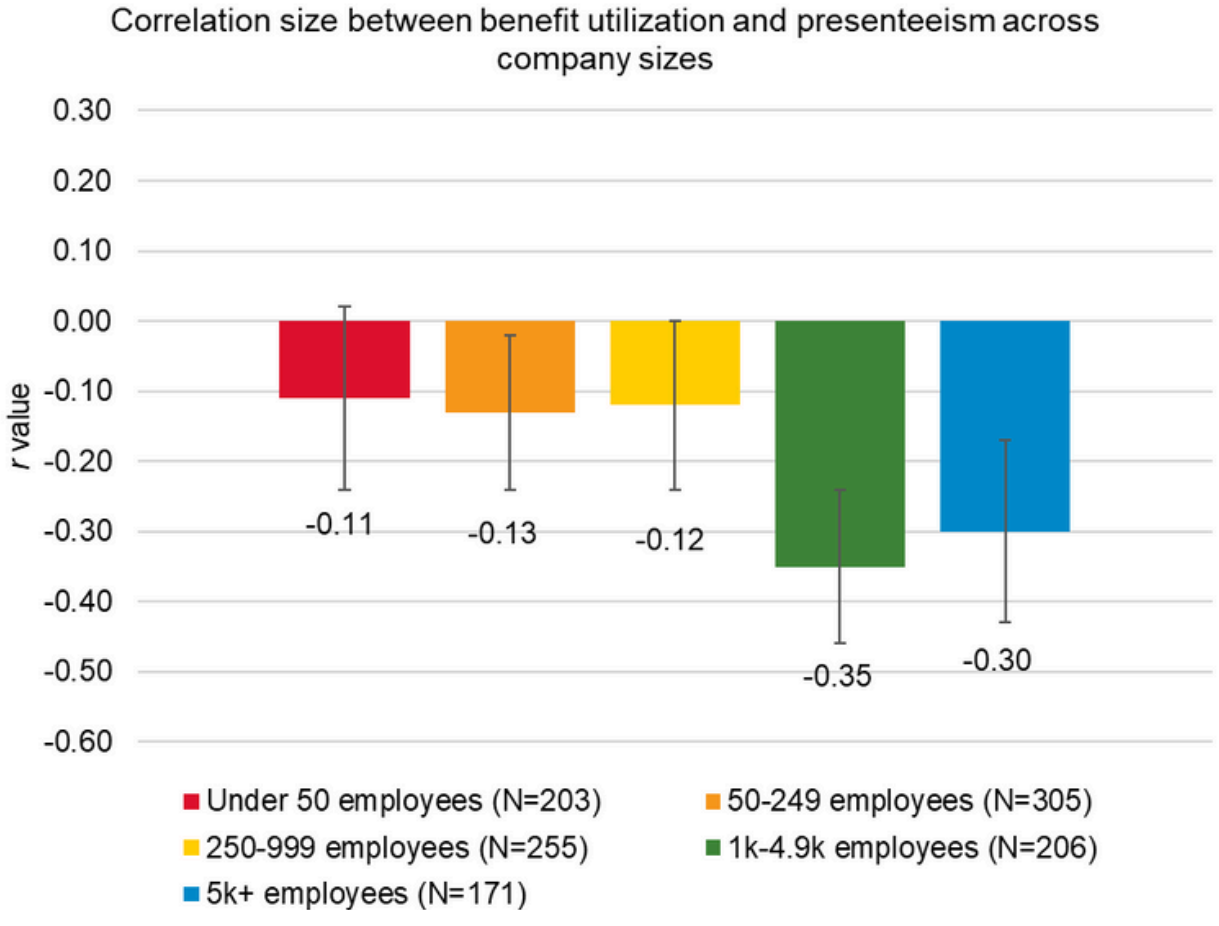
Both remained significant predictors even after accounting for other factors—highlighting their unique and lasting impact on employee productivity.

Employee Wellbeing Analysis

Company Size Insights

In general, despite variability in correlation estimates, different industries did not have statistically significant differences in the association between benefit utilization and presenteeism.

However, there was a difference among company size; for those below 1,000 employees the link between benefit utilization and productivity (i.e., reduced presenteeism) was weak and statistically nonsignificant — r ≈ –.11. While company sizes above 1,000 employees saw that same relationship became much stronger: r ≈ –.35, p < .001 — a nearly threefold increase in impact. This highlights a key insight: scale matters when it comes to translating employee benefit utilization into meaningful reductions in presenteeism.



< 250
Employees
Weak/non-significant correlations

250-999
Employees
Moderate correlations (r = -18)

1000+
Employees
Strong correlations (r = -33)

STRATEGIC RECOMMENDATIONS

1. PRIORITIZE UTILIZATION OVER AVAILABILITY

What we found: Utilization of mental health benefits was up to 287% more strongly correlated with employee wellbeing than simple availability.

Strategic implication: Too many programs sit unused. Metrics and incentives should shift from offering benefits to driving meaningful engagement. This includes proactive promotion, opt-out enrollment models, and supervisor-level enablement.

Example action: Track participation rates and user satisfaction—not just HR catalog listings.

2. ADDRESS THE “DON’T KNOW” POPULATION

What we found: A significant portion of employees reported not knowing whether benefits were available—and these individuals showed lower wellbeing scores than those who reported "none of the above."

Strategic implication: Lack of awareness is its own form of inequity. High-value programs cannot deliver impact if employees are unaware they exist.

Example action: Launch targeted communications and education campaigns, ideally integrated into onboarding, manager training, and mental health awareness weeks.

3. REDESIGN CLINICAL SERVICES FOR IMPACT

What we found: While mental health insurance coverage and teletherapy are widely offered, they showed neutral or negative associations with wellbeing and presenteeism.

Strategic implication: These benefits may be inaccessible, overly complex, or stigmatized. Organizations should re-evaluate delivery models and address barriers to effective clinical care.

Example action: Invest in navigation tools, culturally competent care networks, and low-friction access options (e.g., embedded EAP counselors, drop-in sessions).

STRATEGIC RECOMMENDATIONS

4. SCALE CULTURAL INTERVENTIONS

What we found: Manager training, peer support, and flexibility policies—programs rooted in organizational culture—had strong, positive predictive value on wellbeing.

Strategic implication: These interventions are underfunded relative to their impact. A 60–70% mental health benefit budget allocation toward high-trust, high-utility programs may yield superior returns compared to expanding underused clinical services.

Example action: Embed peer support in ERGs; train all people leaders on mental health literacy; formalize flexible work policies tied to psychological safety.

5. MAKE MENTAL HEALTH STRATEGY DEMOGRAPHICS-RESPONSIVE

What we found: Utilization patterns and comfort levels varied significantly by gender, parental status, and age. Non-binary employees reported the lowest comfort and utilization, and parents of young children reported higher wellbeing and engagement.

Strategic implication: Mental health benefits must be tailored, not one-size-fits-all. Failing to address demographic gaps risks both inequity and underperformance.

Example action: Design campaigns and offerings for specific identity groups, such as LGBTQIA+ mental health resources, or parent-specific resilience tools.

6. LEVERAGE SIZE-BASED STRATEGY

What we found: In firms with 1,000+ employees, the link between benefit access and wellbeing was three times stronger than in smaller organizations.

Strategic implication: Scale amplifies impact—but also means responsibility. Large firms can lead by example, while small and mid-sized employers may benefit from collaborative consortiums or shared service models.

Example action: Encourage coalitions among small employers (e.g., regional chambers or industry groups) to offer pooled mental health resources or shared vendor platforms.

Conclusion

The evidence from this analysis is clear: utilization—not availability—is the strongest predictor of positive mental health outcomes in the workplace. Employees who actively engage with resources such as meditation programs, peer support groups, and flexible work arrangements report significantly higher wellbeing, psychological safety, and productivity. In contrast, traditional clinical benefits like insurance-based mental health coverage and teletherapy, while commonly offered, show weaker and sometimes even negative associations—particularly with psychological safety outcomes. This indicates that cultural supports may be more impactful than clinical access alone.

To fully realize the value of mental health benefits, employers must undergo a strategic shift. Expanding benefit menus is no longer enough. Organizations should focus on driving meaningful engagement with the programs they already offer. This means reallocating budget from underutilized clinical services toward high-impact, culturally embedded interventions. It also means measuring success not by what's on paper, but by who is using it—and how. The bottom line is simple: mental health benefits only work when employees actually use them. A data-driven roadmap is now available—one that prioritizes engagement over expansion, culture over clinics, and utilization over availability.

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