



## Mental Health & Corporate “Wellth”

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## Executive Summary

The high cost of general health care has encouraged greater analyses of chronic and persistent conditions. It is now evident that one cannot successfully (and cost effectively) treat illnesses like hypertension, diabetes, asthma, congestive heart failure, and other conditions without dealing with related stress and depression.

Return on investment (ROI) analyses show employers that improving corporate mental health is in the best interest of both their employees and the interest of their companies. It's time that this problem is addressed by those who can see the broad picture and understand that mental health means corporate "wellth."

This white paper will help HR executives and benefit managers understand the value of addressing mental health and provides a check list for proactive action.



## Mental Health Reform – A Bipartisan Agreement

Mental health reform started with the passage of the 1996 Mental Health Parity Act. During the subsequent 12 years, more than 40 states separately equalized benefits between mental health and other coverages. As a result, states disproved the cost of coverage concerns and demonstrated the value of care integrating mind and body. In 2008, the federal Domenici-Wellstone Act expanded upon and standardized state laws. In 2010, the Patient Protection and Affordable Care Act (PPACA) included mental health as an essential benefit and continued the 2008 parity requirements.

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Mental health reform is the result of bipartisan support. Senators Pete Domenici (R-NM) and Paul Wellstone (D-MN) were legislative sponsors. Ted Kennedy (D-MA) was an advocate for parity to eliminate discrimination. Former Speaker of the House Newt Gingrich (R-GA) favored parity as an outcome of scientific brain research. Mental illness does not recognize party or political philosophy. Support for mental health crosses all economic and social segments.







## Workplace Awareness

Corporate “human capital” is a term used to reflect the value of employees in an organization. It may be a cold analytical term that equates humans to machines, but businesses need to make decisions on productivity and effectiveness of its assets – whether they are human or equipment assets.

If a company’s computers crashed and production ground to a halt, the CEO would demand immediate action to re-establish the “corporate brains.” In developing a knowledge-based workforce, it is just as important for CEOs to take care of the “central computer” within each employee.

As health care costs continue to rise, studies have focused on chronic and persistent conditions. However, three outcomes have emphasized the value of improving workplace mental health:

1. Scientific evidence proves that depression is not a character weakness, it is a chemical imbalance in the brain and is treatable
2. Medical studies demonstrate that mental and physical diseases and conditions are inter-related, and
3. Analytical (ROI) studies show the bottom line financial and productivity benefits of maintaining and improving a company’s mental health.

Stress and depression are treatable chemical imbalances in the brain, not a character weakness. However, mental illness is different from other illnesses. With mental illnesses people tend to push away family, avoid providers, and exhibit high levels of non-compliance with getting the appropriate care. It is for these reasons that business support is critical in areas of early intervention, coverage of medications, and respect for privacy. Career, job security, and work assignments should not suffer because an employee seeks treatment.

## No Health Without Mental Health

The good news is that there is a growing recognition that there is no individual or corporate health without mental health. There is corporate discomfort, ignorance, and uncertainty when dealing with the issues and the impacts of mental illness. For those suffering there is still stigma, discrimination, and fear of disclosure.

There is also individual responsibility for health and mental health. Individual “human capital” is the value each person brings to an employer to do the work required for personal and career success. What each person brings to the table are skills, contacts, knowledge, creativity, and health (mental and physical). Without health the other skills are compromised. It is up to the individual to seek care and comply with treatment if they are to maximize their work potential.

## ROI Analysis

Employers offer health coverage to their employees and families because they expect a financial ROI. They offer the security of health care coverage because they want their employees on the job, productive, and undistracted by health concerns for themselves or their family members.

They offer benefits to attract and retain good employees, thus keeping down “turnover” costs of hiring, training, and replacing staff.

The results were clear. The number one overlooked health condition impacting the corporate bottom line was untreated depression.

Cutting costs and shifting risks to employees is easy to do. What’s hard is to perform a real ROI analysis that includes direct and indirect costs. If health care was viewed as an investment with a desired ROI, the CEO might find that the cuts in their health care budget and restrictions on mental health coverage are actually a drain on corporate productivity and profits.

A study by Cornell University and the University of Pennsylvania developed an approach that modeled the financial impact of investing in a worker’s health status. The study used traditional business ROI modeling to measure the direct and indirect costs of several major medical conditions.

Direct costs are the medical plan costs incurred as a consequence of an illness. The indirect costs are the costs of absences and impaired presenteeism (coming to work with an illness that impairs the usual level of productivity). The results were astounding and unexpected. It is likely that direct health care costs represent their company’s second or third highest expense (after salary costs). However, the costs to the corporate bottom line are more than just direct health care expenditures. Indirect or related operational costs from untreated health care conditions are just as important.

Mental health costs were not the highest insurance plan costs, but were the highest total corporate costs per worker (direct and indirect costs). On average, 4.3 percent of workers suffer from depression, with a total work cost of more than \$25,000 per worker. Depression-related corporate costs were more than double the \$12,000 per worker corporate cost of diabetes.

# Total Corporate Costs of Mental Illness

Even emotional disorders not rising to the level of clinical depression can affect corporate efficiency. If untreated with no prevention or early intervention, these conditions can progress to higher direct costs and more serious impacts on indirect corporate costs. The following chart shows the spectrum of corporate cost impacts from minor to more major mental and emotional conditions.

## The Corporate Costs of Mental Illness

Medical Intensity	Type of Mental & Emotional Condition	Direct Health Plan Costs	Co-Morbid Conditions (Related Conditions)	Indirect Corporate Costs
<b>Low</b>	Frustration Anxiety Low Stress Minor Depression	<b>Low</b>	Tobacco Use Sleeplessness Colds/Flu Blood Pressure	<b>Moderate-High</b> Increased Errors Presenteeism Loss of Teaming
<b>Medium</b>	Moderate Stress Depression Anger Attention Deficit Post-Traumatic Stress	<b>Medium</b>	Hypertension Musculoskeletal Digestive Gastrointestinal	<b>Moderate-High</b> Unscheduled Absences Poor Morale Relation Conflicts Lost Productivity
<b>High</b>	High Stress Major Depression Schizophrenia Bipolar Disorder Obsessive Compulsive Panic Disorder Anorexia-Bulimia	<b>High</b>	Cardiovascular Cancer Diabetes Asthma Back Pain Alcoholism	<b>High-Very High</b> Low Productivity Divorce Turnover Early Retirement Worker's Comp Disability
<b>Catastrophic</b>	Violence Suicide	<b>Very High</b>	Accidents Burns	<b>Very High</b> Death Work Violence Disaster Recovery

The spectrum from low-cost to catastrophic conditions may increase the health plan costs, but due to indirect costs, the overall corporate impact can be many multiples of the plan medical payments. Staff conflicts, turnover, and work place violence can be devastating to the corporate mission. Without treating underlying depression, patients tend to be non-compliant with taking medications, making and keeping office appointments, and are frequently unable to deal rationally with other medical symptoms. Untreated depression is the underlying cause behind many payments made for treatment of digestive disorders, musculoskeletal, and cardiovascular diagnoses.

# Stress, Depression & Mental Health – C-Suite Issue

A focus on individual and corporate mental health is clearly a C-suite issue. Human resource executives and benefit managers can elevate their roles with programs to improve corporate mental health.

The following is a check list for proactive action.

- 1. Do not treat mental illness as a single diagnosis.** Surveys show that employers do not understand the interrelationship between many diseases and depression – generally referred to as co-morbid conditions. Many employees cannot effectively recover from or stabilize chronic and persistent conditions such as diabetes, asthma, heart conditions, hypertension, or cancer because of a coexisting level of depression.
- 2. Protect and respect medical privacy.** Do more than provide insurance coverage. A recent survey showed that benefit managers believed they were providing high quality accessible behavioral health programs to the corporate staff, but that 50 percent of their employees feared using the benefits because of stigma and the potential loss of their job or a promotion. The high voluntary response rate to the survey from those suffering from depression indicated a cry for help and a need to voice concerns that could not be stated directly to corporate management.
- 3. Treat underlying clinical depression.** Patients tend to be non-compliant with taking medications, making office appointments, and are not able to deal rationally with other medical symptoms. Untreated depression is also the underlying cause behind many payments made for treatment of digestive disorders, musculoskeletal, and cardiovascular diagnoses.
- 4. Educate staff and management that depression is treatable.** Depression is a chemical imbalance in the brain, not a character weakness. According to the Institute of Medicine, 30,000 people die each year from suicide. 90 percent have diagnosed treatable depression.
- 5. Know the costs and ROI numbers.** CEOs should be provided with cross-silo multi-year ROIs for health conditions affecting corporate human capital. In doing so, CEOs may find the number one overlooked health condition impacting the corporate bottom line is untreated depression.



## Conclusion

Constructive tension may be helpful in an organization, but stress and depression are destructive. Business leaders need to be more aware of the impacts of depression, stress, and anxiety on their organizations. Divorce, disability, and violence in the workplace can hit anyone at anytime. For companies ignoring mental health, the total costs can be devastating. If a key employee or executive suffers from untreated clinical depression, productivity losses can be crippling to the organization. Medical, clinical, and medication therapies have advanced such that clinical depression and other mental health conditions have cure rates equal to and greater than many medical conditions. Clinical depression can be cured. Treatments work. Medications are effective.

No company, large or small, can avoid the issues and corporate costs of stress and depression. However, mental health goes beyond dealing with stress and depression. More serious mental health conditions and co-morbid complications can be even more damaging. In many cases it takes a personal or family experience with the disease to understand the challenges and difficulties to recovery. Family and dependent problems will affect employees and their workplace effectiveness. Comprehensive coverage and treatment support will yield the best results. It does have an economic return. Corporate “wellth” does translate into corporate wealth. It can be about the numbers, but in the end it is mostly about real people with real problems.

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