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WE ALL RECOGNIZE that major changes are occurring in the EAP field. Since last spring, a number of articles have been published in THE ALMACAN about managed mental health care. More recently, with the implementation of the Drug-Free Workplace Act, our field is benefitting from the rush of companies to implement EAPs—whether in full-service or scaled-down form—especially among small and mid-size firms.

Both developments may bode favorably for external EAP providers. And with the 80s trend of more companies contracting for external EAP services, the writing on the wall is that we all need to pay attention to new issues that have never been common topics of discussion in the EAP field before.

This month's cover is intended to convey three notions important to EAP contractors. The light bulb (yes, that overused cliche) represents creativity. It's often that entrepreneurial dint of genius which separates excellent companies from the mediocre. The business suit brings with it connotations of presentability and proper business etiquette. The contract is the document which puts the cards of a business deal on the table.

The starting point of this issue considers the EAP customer's viewpoint on why it wants EAP services and what it expects in terms of service delivery. Another article canvasses the current state of EAP competition in selected parts of the United States and in one Canadian location. Hopefully, this "straw poll" will help to quantify the EAP field's present state of activity.

Other articles delve into vital issues related to EAP contracting. It is important to note that none of the information presented should be misconstrued as ALMACA policy. For example, information related to the parameters/definitions of levels of EAP services is based primarily on the comments of the people interviewed, not on data contained in ALMACA's still-to-be released Revised Standards.

Lastly, a new monthly column appears on the inside back page entitled "The Business Page." It carries information that provides EAP practitioners with practical business knowledge on topics which include tax-status considerations (this month's topic), aspects of selling an EAP, and staffing patterns. If the column meets our objective, you may start reading THE ALMACAN from the BACK of each issue!
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FROM THE EXECUTIVE DIRECTOR

by Thomas J. Delaney, CEAP
ALMACA Executive Director

While the results of the vote to select a new name for ALMACA were not known at the time of this writing, it is significant that three of the possible new names do not include the word “consultant.” This reflects a change in the role of the consultant as it applies to the EAP field. The EAP administrators who belong to ALMACA also perform a range of services not envisioned when the current name was chosen in 1972. There are many organizations which specialize in providing a part of the spectrum of EAP services. One such specialty encompasses the old EAP consulting role.

I have been asked about the origins of the term “consultant” in the EAP field. In large part, it can be attributed to the late Ross Von Wiegand, who was director of industrial services for the National Council on Alcoholism 20 years ago. He came to the EAP field to follow up on the pioneering work of Lew Presnall. Ross had a strong business orientation and wanted to come up with a model for conveying the occupational alcoholism message to the leaders of industry. He decided that a good model existed in the benefits field. He knew of several prestigious management consulting firms that specialized in reviewing company retirement and health plans in order to help them design improved ones. The concept was based on loss control. Thanks to the work done by Lew Presnall, Ross had good information to demonstrate to industry the losses that were caused by alcoholism.

As the cover stories in this issue will show, the similarities between the benefits fields of today and during Ross’ time are now evident in the current products of EAP providers. In fact, EAP and benefits practitioners are now, again, closely collaborating as they realize that they can best contribute to the corporate human resources agenda that way. As I see it, they are both trying to design, implement and administer systems which will achieve healthy employees.

A number of EAP service providers are also doing consultation to in-house EAP and benefits administrators to better coordinate existing systems or design new ones, while in other cases EAP providers have developed separate product lines of EAP services, health care management or benefits consultation. As the same time, benefits consulting firms are developing EAP expertise. Each can certainly learn from the other and, increasingly, they are. This does not have to happen only on a company-to-company or company-to-client basis. A number of ALMACA chapters have sponsored programs featuring benefits or invited benefits administrators to chapter meetings. ALMACA chapters also provide speakers for benefits organizations, or business or labor conferences which address benefits.

A few years ago, ALMACA members would probably have expressed shock at the suggestion that the field is offering product lines. We may have already been doing it, but all but the most business-oriented of us did not recognize it as such. Today, it is essential to have a grasp on product lines and market niches. This is not to say that providers cannot offer a comprehensive line of services; many do. But the full-service companies have to package the components and be ready to install the portions that industry wants at the time. On the other hand, the specialists have to be able to fit their products into a comprehensive scheme, the other parts of which may be offered by in-house EAP or other service providers. The specialty EAP providers can offer a number of different kinds of services. A few examples are evaluation, executive intervention, case management, training, assessment and referral, and education.

Again, different EAP service providers can, and do, provide components of the same EAP. This requires cooperation, but there is also competition for business. ALMACA is usually a home to these competitors. Just as with many trade organizations and most professional associations, EAP providers have to make a professional commitment to work for their common interests in ALMACA while recognizing that they can be competitors. This relationship has matured nicely in the last few years. The Consultants Committee, in particular, is designed to provide a mechanism for them to participate. Jack Dolan is the current chairperson and the committee is meeting the new challenges under his guidance.

Another relationship which is maturing is that between the external EAP firms and in-house programs. Just as labor and management had some initial disputes before finding common beneficiaries in ALMACA and the EAP field, there are also disputes between these groups. But considering the changes that have taken place in the EAP field over the last few years, it is surprising that there have not been more.

One area that understandably upsets in-house programmers is the potential of a bidder going behind his or her back and trying to convince top management to abandon the in-house program for a contract. Although this rarely happens, just the possibility of it understandably detracts in-house people from servicing their work forces. It would seem that this is an area that could benefit from mutual discussion between the Consultants Committee and Program Managers Committee. While antitrust considerations may preclude specific agreements, it would seem that there are enough work sites without EAPs to keep both sides busy. Moreover, as management becomes more sophisticated about the potential for EAP, there will probably be more utilization of specialized service providers by the comprehensive in-house programs.
UPDATE ON CERTIFICATION

Table Talk With EACC Chairperson Dan Lanier About Recertification

ALMACA's Executive Committee approved the methods outlined in the recertification plan of the Employee Assistance Certification Commission (EACC), which was featured in the April issue. This month, in a question-and-answer interview, newly-appointed EACC chairperson Dan Lanier discusses some of the plan's specifics and the circumstances that contributed to them, and responds to questions raised by ALMACA chapters.

It is important to mention that the EACC commissioner most directly involved in the recertification process is Sandra Turner, recently elected as vice chairperson of the Commission. She heads the Recertification Committee.

ALMACAN: Exactly where does the recertification process currently stand? Was it formally approved as official ALMACA "policy"?

LANIER: Yes, the recertification plan is now policy. It was approved by the EACC and then reviewed by ALMACA's Executive Committee, which approved the methods and asked the EACC to proceed with implementation. The vote concluded a year-long process during which the Commission investigated recertification options, actively sought the feedback of ALMACA members and CEAPs, and provided a progress report to ALMACA's Board of Directors during the National Conference in Los Angeles. The actions led to formulation and approval of the final draft.

The next important date to remember on the recertification calendar is May 15, when the EACC will formally begin to accept applications from providers of training [ALMACA chapters, independent providers, colleges, in-house EAPs, etc.] for approval of Professional Development Hours, or PDHs. By the way, I would encourage instructors wishing to apply for the granting of Professional Development Hours to obtain the endorsement of their local ALMACA chapter or five CEAPs, then contact the EACC as far in advance of the course dates as possible.

Applications received on May 15 or later, for courses beginning on July 1 or later, will be reviewed by the EACC for assignment of PDHs.

ALMACAN: Introduction of the term "Professional Development Hour" may lead to possible confusion with continuing education unit (CEU) by CEAPs and ALMACA chapters. Wouldn't an ALMACA-controlled system of approving CEUs be a better alternative?

LANIER: This was one of the areas most intently looked at by the Commission. The Commission feels that, as a standard for ongoing education, the CEU concept is too informal to guarantee the level of professional development that CEAPs told the EACC they wanted. Please keep in mind that in a very real sense we are developing a profession rather than continuing an education. You have to remember that very few of us were originally educated in EAP work.

Based on the feedback of CEAPs and ALMACA members, the recertification process requires more precise parameters than can be delivered by the CEU concept. For instance, Professional Development Hours will be obtainable through union or in-house training programs. PDHs may be earned at meetings that EAP professionals regularly attend, such as ALMACA chapter programs. CEAPs choose the PDH course work that is appropriate for themselves. PDHs relate to the six content areas of the certification exam which, combined, are EAP-specific.

Historically, CEUs have been the accrual method of continuing education for certified alcoholism coun-
The recertification process. The EACC’s recertification plan, like the certification test, is weighted heavily toward EAP Direct Services, and EAP Policy and Administration. Only 20% of the exam is weighted toward knowledge of counseling and treatment.

The point has been raised that introduction of the professional development concept could lead to confusion by CEAPs and ALMACA chapters about the difference between PDHs and CEUs. Just like any new program, an educational process will help to clear up any temporary misunderstandings. This is what the EACC is presently attempting to undertake. It is more important that the business community, which will ultimately determine the validity of the CEAP designation, not erroneously connect CEAP recertification with continuing education on strictly counseling and treatment topics.

There is another, less conspicuous, reason for the adoption of PDHs. Many ALMACANs remember back to the 1985 Annual Meeting in Boston. During the Opening Session, the original proposal developed by ALMACA’s credentialing consultant called for the participation of ALMACA members in a human resource professional credential program. The plan would have credentialed senior employee assistance professionals and been under the control of an association in the personnel field. Basically, ALMACA would have underwritten the plan and received very little of the credit.

ALMACA members in attendance at the Opening Session of the Boston meeting stated their opposition to the plan and, afterward, the Board of Directors voted against it. Today, we have a professional certification program that is entirely our own. There is no doubt that it operates under ALMACA’s auspices. Just as certification is a product of the EAP field, so too is the recertification process.

Through our information-gathering process last year, we knew of many ALMACA members and CEAPs who stood on each side of the PDH vs. CEU issue. Either decision by the EACC would have likely drawn criticism.

ALMACAN: Concerns have been raised about the $60 annual maintenance fee for recertification. How does the EACC justify the fee and how will it be spent?

LANIER: Before I answer that, let’s remember that the professionalization of any young field is an extremely ambitious undertaking. It is hard to see around every turn and anticipate every situation that arises. In particular, it is unlikely that a sufficiently complete recertification plan could have been written concurrent with, or even prior to, adoption of the CEAP certification program. It was necessary that recertification and its associated costs be addressed after the original certification testing program was implemented.

Some CEAPs have been confused because they believe they will be billed $300 when their recertification comes due, in addition to the $60 annual fee, meaning that a total of $600 will be spent over five years to retain the CEAP designation. This is not the case! The $60 annual fee, paid over five years, amounts to $300—the same amount that we anticipate a new candidate for certification will pay in 1992, when the 1987 class of CEAPs will need to recertify. There will be no additional $300 recertification fee.

Let me add another thought. For those people outright opposed to the annual maintenance fee idea, it is doubtful that as much opposition would have been raised for a single payment of $300, due on the date of a recertification exam, since very few professionals expect to participate in a testing program for free. But on the other hand, that balloon payment would have created financial hardship for some people. Since CEAP recertification is also attainable through ongoing education and training—which will occur throughout the five-year cycle—the Commission believes that spreading out the payments is a more practical solution. For those people who elect to recertify through PDHs, the $60 fee will be used to compile and maintain information on each CEAP’s attainment of PDHs.

It is interesting that, had credentialing for EAP professionals been handled by the personnel organization as was originally proposed, disagreement over the annual recertification maintenance fee would have been a moot point, since we would have plugged into someone else’s pre-existing system. But then again, we would have supported a middle man and lost control of “our” credentialing program. As it stands, every cent from the maintenance fee stays with ALMACA and the EACC and is intended to help us break even, not make a profit.

In regard to the budgetary specifics of the $60 annual maintenance fee, it will be used for expenses related to test development, administration, course monitoring, the handling of ethics

CORRECTION

The article on the recertification plan which appeared in the April issue contained information which is incorrect. On pages 8 & 9, the article indicated that while most PDHs (60% of them) must be earned in content areas (3) and (4)—EAP Policy & Administration and EAP Direct Services—the remainder (40%) can be earned in any of the other four content areas.

The remainder (40%) can be earned in ANY OF THE SIX CONTENT AREAS. In other words, the remainder (40%) can be earned in content areas (3) and (4) as well as any of the others.
complaints, appeals, and marketing materials to inform the public of the CEAP standard. Administration includes staff costs and applications processing and approval. Based on our budgetary projections, $60 is the lowest reasonable fee under which recertification through PDHs can be accomplished. If that sounds like a lot of money, the ACSW certificate program fee is $140 annually—and it has no professional-development component.

ALMACAN: Explain in more detail what the function of the monitors will be.

LANIER: Along with the EACC approval process for coursework, the monitors will be a quality-control device. The monitors will be CEAPs who have been selected at random by the workshop instructor to evaluate on the EACC’s behalf the PDH-approved education and training events. The monitor will complete a form designed by the EACC, which will be returned to the EACC after the training event. This is our way of determining the quality of training that received prior EACC approval. It will also help the EACC to improve on its approval procedures over time.

ALMACAN: Some chapters have stated concerns about how much control the EAP field—as distinct from the EACC—will have over the recertification process. Please comment on this.

LANIER: The EACC has consulted with the membership throughout the process of formulating policy for recertification, just as it did with certification. CEAPs told us that they want education and training as a recertification option. That is exactly what the EACC did. They told us that they wanted opportunities for CEAPs in remote areas to be recertified without having to commit to prohibitive expense and time in order to travel. The EACC is working on a study kit for those individuals, although it will not be available for use by CEAPs until a future date. ALMACA chapters said they wanted an opportunity to present education and training programs. In fact, that was one of the EACC’s predominant goals in establishing our very flexible PDH system. At every step along the way, the EACC complied with the wishes of ALMACA members and CEAPs.

The Commission itself is composed of people who were either elected by the popular vote of ALMACA members or appointed by the President of ALMACA. We all work within the EAP field and have the same interests as other EAP people. We on the Commission feel that we have been as open and up-front about the entire recertification process as possible. Solicitations for information on policy development were published in THE ALMACAN and through other means in step-by-step fashion during the process of policy development. Last year’s co-chairs of the Subcommittee on Recertification, namely Jesse Bernstein and Tom Pasco, took a great deal of time away from their jobs to speak with as many CEAPs and ALMACA members as possible. They received a great deal of help from commissioners Betty Reddy and Dick Groepper, and I can assure you that the recertification plans that they forwarded to the EACC were fully accountable and were not formulated out of self-interest.

Incidentally, now that our recertification proposal has become policy, we are publishing a detailed Recertification Guide, which may be in the hands of CEAPs before this issue of the magazine.

ALMACAN: The expense of retaining certification is adding to the cost of participating in the EAP field. How do you respond to the comment that this could hurt ALMACA membership?

LANIER: I truly hope that this will not be the case. The professionalization of a field of work comes with its costs. The EACC has tried to keep its costs as close to the floor as possible in order to avoid any possible conflict of interest here.

ALMACA, as a professional association, is the EAP field’s most valuable asset. It was ALMACA which determined the need for a professional certification program, just as it will be the impetus for other necessary improvements in the field. As the EAP field increasingly becomes the object of scrutiny by government and the business community, ALMACA’s role in protecting our interests and furthering EAP development will become more and more critical. ALMACA’s efforts will be seen in the numbers of new work organizations that implement EAPs, the availability of high-paying EAP jobs, and determine the extent to which EAPs are fully integrated into the workplace. Already, ALMACA has had a few major public policy successes. With some more, this will translate into a better standard of living for EAP professionals. A strong professional association is necessary to “play hardball” and make successes happen. While the EACC would like all EAP practitioners to become certified, we hope that no one forfeits his/her membership in ALMACA due to certification. There is absolutely no substitute for many of the activities ALMACA undertakes on behalf of its membership.
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Cost of Searches $ ______________

Virginia residents add 4.5% sales tax

TOTAL $ ______________

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ORGANIZATION ____________________

ADDRESS __________________________

You'll be hearing from us soon!
Imagine. As ALMACA's 18th National Conference convenes in Baltimore, the nation will begin its observance of November as "National Employee Assistance Programs Recognition Month." The National Conference will be the focal point of festivities, replete with an official kick-off celebration.

This has a nice ring to it, doesn't it? It is well within the realm of possibility, due to a joint resolution, H.J. Res. 223, which was introduced on March 23 by U.S. Rep. Louise Slaughter (D-NY). The resolution, a near-duplicate of a similar resolution that she introduced last year, also contains a passage pertaining to the value of EAPs in helping to meet the compliance regulations of the Drug-Free Workplace Act. The full resolution is as follows.

JOINT RESOLUTION

To designate November 1989, as "National Employee Assistance Programs Recognition Month".

Whereas an employee assistance program is a program in the workplace designed to assist in the identification and resolution of personal problems of employees;

Whereas employee assistance programs accurately assess the nature of the personal problems of employees, provide expert confidential consultation to employees, refer the employees to appropriate services in the community, and ensure that the assistance needed by the employees is provided;

Whereas employee assistance programs enable labor and management to assist employees with personal problems in reestablishing satisfactory job performance;

Whereas in enacting the Anti-Drug Abuse Act of 1988, the Congress recognized the value of employee assistance programs by authorizing the Secretary of Labor to provide grants to employers to develop employee drug and alcohol abuse assistance programs;

Whereas in enacting the Drug-Free Workplace Act of 1988, the Congress recognized the value of employee assistance programs by requiring Federal contractors to provide drug-free workplaces through the establishment of drug-free awareness programs, which provide assistance including informing employees about available employee assistance programs;

Whereas the people of the United States, including employees and employers, need further education regarding the important benefits of participating in employee assistance programs: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That November 1989 is designated as "National Employee Assistance Programs Recognition Month", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe the month with appropriate ceremonies and activities.

This resolution has an advantage over last year's: there is more lead time to drum up the necessary support. In 1988, only a couple of months separated the date of introduction and the would-be EAP recognition month. Because there was no time to mount a concerted signature drive on Capitol Hill, there was a slim chance of passage.

This year, the odds are much better, and ALMACA has already been in touch with the chapter presidents, urging them to press their chapter members into action. THE TIME TO ACT IS NOW! Because a joint resolution involves a two-step process that must be completed before enactment into law—a House joint resolution requires signatures from half of the U.S. Representatives and, after introduction on the other side, signatures from half of the Senators—it is necessary to obtain the necessary 218 House signatures as quickly as possible.

As of April 19, the resolution only had five cosponsors. All ALMACANs are asked to write to their representative to request his or her cosponsorship as soon as possible. The correspondence should briefly explain what EAPs are and why they are valuable to labor and management. The appropriate address listing is:

The Honorable
U.S. House of Representatives
Washington, D.C. 20515

ALMACA provided technical expertise to Rep. Slaughter during the drafting of H.J. Res. 223. With her reintroduction of the resolution, Rep. Slaughter has demonstrated that she is a bona-fide advocate of EAPs. Legislation on Capitol Hill fares about as well as lawmakers sense popular support for it. This resolution gives the EAP field an opportunity to stand up and show that it is ready to be noticed.
H.R. 2124
SPONSOR: Rep. James Florio (D-NJ), 18 cosponsors
INTRODUCED: April 26 (NOTE: The March issue incorrectly reported that it was introduced on March 1.)
HIGHLIGHTS: This bill would require the states to mandate that its employers provide minimal drug and alcohol abuse coverage. In the event that any states do not fulfill the mandate, standards would be set by the Secretary of the U.S. Department of Health and Human Services.
STATUS: Referred to the House Energy and Commerce Committee. A hearing was scheduled for April 26.

SUBJECT: CHILD CARE
HIGHLIGHTS OF THE FOLLOWING BILLS WERE PUBLISHED ON PAGES 11-12 OF THE APRIL ISSUE.
H.R. 30, THE ACT FOR BETTER CHILD CARE
SPONSOR: Dale Kildee (D-MI), 92 cosponsors
INTRODUCED: January 3
STATUS: Referred to the House Education and Labor Committee. Hearings were held on February 9 and March 6. No further action.

S. 5, the Senate version of H.R. 30
SPONSOR: Sen. Christopher Dodd (D-CT), 39 cosponsors
INTRODUCED: January 25
STATUS: Approved by the full Senate on April 12. It has been placed on the calendar and is awaiting floor action.

H.R. 1208
SPONSOR: Rep. Thomas Luken (D-OH)
INTRODUCED: March 1
HIGHLIGHTS: This bill would amend the Federal Railroad Safety Act to provide for drug and alcohol testing of employees.
STATUS: A hearing was scheduled for April 27.

SUBJECT: DRUG TESTING

To be any better informed, you'd have to join the group.

Many rehabs think the EAP's job is finished when he or she refers a patient. Not so. Smithers' counselors are trained to report fully and report often to the referral source. Smithers Alcoholism Treatment Center, a division of St. Luke's/Roosevelt Hospital, 428 West 59 Street, New York, NY 10019 212/523-6491 JCAH Accredited

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Early in the development of the United States, when the railroads were moving west, men bound themselves together in several brotherhoods, such as The Brotherhood of Locomotive Engineers, The Brotherhood of Railway Clerks, and, later, The Brotherhood of Sleeping Car Porters. Most often these organizations had provisions in their charters relating to the need for temperance among their members, although there were no health care benefits at the time. Only death benefits were provided.

Around the turn of the century, a phenomenon known as the “sunshine clubs” came into existence. They would collect small amounts of money, usually five or ten cents a week, from each worker. These monies were available for a specified period of time, usually about one month. Should a worker fall ill or become unable to work after that, he would usually be discharged from his job because no one wanted to enable a slacker. The death benefit was paid only after a thorough investigation and, then, only to the spouse of a journeyman.

Things didn’t change much over the next 40 years. The Second World War, which started in 1939, had a great effect on the American economy. Men who had been unemployed for years due to the Great Depression were going back to work, factories and mills were working three shifts, labor unions were becoming stronger, wages were going up, the minimum wage became law, and child labor laws were strictly enforced.

By December 1941, the United States entered the war and the federal government activated many different boards, one of them being the Wage Stabilization Board. This form of governmental intervention, which sought to control inflation, froze wages for employees. However, profits for industry soared at the same time. In most cases, unions were prohibited from striking. In order to stay within the law on what labor unions normally negotiated for as wages, hours and working conditions, it was decided that all benefits related to health and welfare came under the umbrella of wages. This was a watershed incident which has dictated the direction of health and welfare benefits ever since.

Since the 1940s, labor has made significant contributions toward improving the lot of American workers. Today, however, the situation is changing. Everyone is looking for ways short of new laws to control health care costs, health care providers and the utilization of benefits. Once again, labor is being counted on to bear the cost, whether it be through cost containment, the reduction of benefits won through negotiations at the bargaining table, or outright givebacks.

**TYPES OF H&W GROUPS**

At the present time, there are three types of health and welfare groups or organizations. Keeping in mind that no matter which of the three types is used, all three negotiate for benefits. None of the benefits should be construed as gifts from the employer.

(1) The first program is operated by the employer, with the employer having near complete control of the benefits features, such as selection of the insurance carrier, areas of coverage, availability of other services and, in some cases, control of the providers. This program is usually administered by the personnel or human services department of the company.

(2) Joint labor-management programs are self-explanatory. Management makes contributions to the benefit plan, based on the amount of straight-time hours worked by the union member. (In my own union, the negotiated rate is $1.37 per hour.) These programs may have parity, with an equal number of labor and management positions on the health and welfare board.

(3) The last form is the program that derives its operating budget through a negotiated rate, using the same formula as a joint program, but with the labor organization being the administrator of the plan. In this instance, labor has become a manager and, as is normal, we expect our people to be experts in their field. Also, these health and welfare programs seek providers which will deliver the best possible care at the most reasonable cost.

Labor also wants to be included in every new or innovative benefit that comes into vogue. Maintaining benefits is of great concern and is an almost impossible task to perform, given the ever-increasing cost of premiums and decreasing membership/work force. Labor unions, as health and welfare funds, continue to seek ways to contain costs, better utilize benefits, and provide more and better services to members and their families.
Managed Dental Health Care Enters

Enter the employee assistance professional who is selling managed mental health care or seeks to manage welfare funds which, in general, are not overflowing with readily available cash. Labor's immediate reaction is one of distrust. We feel that this outside EAP is trying to infringe on us in an area that we have suffered long and hard to achieve gains in. There is a strong potential for conflict. EAPs as health managers are in the position of making decisions about where our members will be treated and by whom.

Once again, we have concern for our members. Will union members get the treatment best-suited to the individual or will treatment be based solely on price? Will treatment be given on demand or will we be given the runaround, with enough red tape to entrap workers who need medical attention? In the opinion of many of my labor colleagues, we are not ready financially or philosophically to turn over our agencies to outside forces. We feel as we always have—that labor will learn what it needs to know and competently fulfill the goals that it has set.

Members assistance programs (MAPs) are now in place at the AFL-CIO in Philadelphia, Pennsylvania, Los Angeles and Orange County, both in California, and New York City. Several national and international unions also have separate programs. Hopefully, a planned MAP in Honolulu, Hawaii will soon become operational. The National AFL-CIO has also allotted funds to establish a program for nonunion members in Cincinnati, Ohio.

Labor is on the move to maintain its position of providing benefits to the employed and unemployed alike. However, we recognize that we are part of a health care delivery "system" that includes other components besides ourselves. One of the other components is represented by the physicians and surgeons who participate in a managed mental health care delivery system. While everyone is desperately trying to control costs and utilization, without their support the whole system will cave in on itself.

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...if you have an addicted employee. Your business pays the cost of absenteeism, lateness, sloppy work and accidents. Eagleville Hospital's Program for Employed Persons (PEP) offers short-term, intensive alcohol and drug treatment and twelve weekly sessions of aftercare to help your employees and your business.

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The Dual-Focus Program is one of our special treatment units at Gracie Square Hospital. It was developed precisely because of the unique challenges represented in treating the dually diagnosed, sometimes referred to as a MICA (Mentally Ill Chemical Abusing) individual.

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For additional information about or for formal consultation, evaluation and assessment related to admission to the Dual-Focus Program, call (212) 988-4400 ext. 476.

At Gracie Square Hospital, dedication to quality care and personal regard distinguish all of our centers of special care, including:

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■ The Alcoholism & Drug Abuse Programs Conducted by Breakthrough Concepts, Inc.

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*JCAHO Accredited. Licensed by the N.Y. State Office of Mental Health, the N.Y. State Division of Alcoholism and the N.Y. State Division of Substance Abuse Services.
What Services Does An Employer Want In An EAP?

A ny dialogue about the present state of external EAP affairs or speculation on future directions that our field will take should be prefaced with a discussion of what customers want and expect of us. There is potency in the expression, “The customer is always number one.”

With this thought in mind, THE ALMACAN asked five employers which recently purchased EAP services to share with readers the circumstances that led to the buying decision of each, and the process by which a vendor was selected.

Here are their responses.

Monroe County Community School Corporation
Bloomington, Indiana

James A. Harvey
Director of Personnel

EAPs were first considered as a potential employee service during the 1983-84 school year by our Labor-Management Committee (LMC), composed of school board officers. A representative of Indiana University’s School of Public and Environmental Affairs acts as LMC’s neutral chairperson. Among its responsibilities, LMC facilitates employer/employee relations without the restraints of bargaining and addresses “quality of work life” issues.

Prior to and during the 1983-84 school year, a rash of employee problems involving alcohol abuse interfered with job performance. The typical management response was to either invoke discipline or not deal with the problem individual at all. The teachers’ chief spokesperson asked LMC to identify ways of addressing this problem, along with other problems posed by counterproductive behavior related to stress, burnout, and marital/family problems. On the advice of LMC’s chairperson, a psychologist-consultant was obtained to provide guidance. After considerable discussion and review of the results of a survey which suggested that a broad-based program was necessary, LMC decided to explore whether to contract for EAP services. Program criteria were developed which specified that an EAP should be operated by a third party, located on a neutral site, and emphasize confidentiality.

EAP providers were invited to make sales presentations. A clear-cut choice of vendors was made, and it began to provide services in July of 1985. We feel that our selection, along with the results of a 1988 evaluation by employees that showed the school corporation “cares about its employees, is needed, and participation is confidential,” are attributable to the careful planning process which first identified the need for an EAP.
Saint Louis Symphony Orchestra
St. Louis, Missouri

Joan Briccetti
General Manager

The Orchestra’s management first considered EAPs during our 1984-85 season, after a dramatic sequence of events which resulted in one of our employees recovering from some serious personal problems at a treatment center. The center suggested that EAP services be considered for our 200 employees. That possibility was first discussed by our Orchestra Committee, which is composed of six players. It was favorably received and the committee proceeded to invite five EAPs to make marketing presentations. Our EAP provider selection was based on four strengths. First, the EAP seemed to have the greatest empathy for the work and situations of the orchestra players and support staff. They are like professional athletes in that they operate daily in a fast-paced, high-pressure work setting. The EAP best understood that this is not just another work group; our employee’s perform their jobs with uncommon passion and intensity. Second, it placed the heaviest emphasis on referrals from management and confidentiality. Third, we felt that the EAP had the most competent staff for referring out for counseling. Our employees are not comfortable picking out a therapist from a list, especially for those needing psychological counseling and, therefore, we took very seriously the fact that we were placing our trust in someone else’s hands. Fourth, like us, the EAP is a nonprofit firm. We feel a sense of kindred spirit.

We were the first orchestra in the country to provide the services for our employees but, since doing so, a number of others around the country have contacted us to inquire about taking the same measure for their employees.

Gillette Shaving Division
Boston, Massachusetts

Charles Della Croce
Vice President, Human Resources

An EAP is not a new concept to the Gillette Shaving Division, which had an internal EAP for 17 years with the explicit support of top management. However, when our program administrator retired in 1987, the Division had to decide whether to retain an internal program or contract for external services.

Circumstances mitigated a switch to the latter. Because the Division’s 3,800 employees are spread among three facilities—in Boston, Andover, and our largest in South Boston—we wanted a program with the scope to efficiently cover our employee base. Also, due to corporate restructuring, our Division was faced with across-the-board reductions in expenditures.

Through a competitive bidding process, we found that we could obtain more services at less cost by contracting with an external provider. To interview contractors, the Division established a task force consisting of two representatives from the Human Resources function and two from Medical. We solicited bids from four contractors. A shortcoming of two of them was their size; their small staffs would have required either of them to conduct a recruitment drive. Confidentiality, however, was never a factor in deciding to switch to external services.

The EAP provider that we selected proposed to use a “team approach” to service our three sites. A program manager provides 24 hours of service per week, and two consultants provide eight hours each, for a total of 40 weekly hours. The EAP provider has a counselor available 24 hours a day, seven days a week, whether on-site or off. The services provided are basic assessment and referral, supervisory training and consultations, EAP orientations, and miscellaneous seminars.
Our plan extends EAP services to its 2,000 employees and their family members. We felt that by using an external EAP contractor, there would be a greater perception of confidentiality by employees, which would enable the program to more quickly earn their trust.

What makes our EAP arrangement so interesting is not the purpose for the program or the process by which a vendor was selected, but the way that our provider has developed its services for the company since they were first contracted for in 1981. This has helped to solidify the EAP as a valuable service to our employees. Between 1986 and 1988, utilization grew from 68 referrals to 222. This is the direct result of four activities related to the EAP.

First, in 1987, the Plan began an aggressive training program for supervisors, and the EAP was incorporated as a helping resource in the disciplinary process. Supervisors were taught how to identify and correct a problem in the early stages. Accordingly, supervisory referrals during the two years increased from four to 45.

Second, the establishment of our Employee Relations Department in 1987 provided a means by which a third party could intervene with the employee and management in sensitive situations. It has enabled referrals from the Personnel Department to increase from five to 46 during the two years.

Third, implementation of a drug and alcohol abuse policy in March 1988 provided more incentive for employees to seek help. In the policy, the EAP is presented, not as an enforcement arm of the Plan, but as management’s effort to be compassionate and understanding. The response was immediate; our referrals for drug and alcohol cases increased 10% in 1988.

Fourth, a strong publicity campaign was also mounted to educate employees about services available through the program. Despite eight prior years of operation, the EAP did not have a distinct identity among employees. The publicity has since enabled the EAP to emerge from the shadows into the limelight.

The EAP is regarded as a vital component of the Plan’s operation. The scope of the program’s role will continue to grow as long as employees have problems and the Plan continues its commitment to protect its most valuable resource—its employees.

City of Reno
Reno, Nevada

The City of Reno’s initial decision to hire EAP services in 1988 for our 1,000 employees was related to dollars and cents; city officials and labor representatives were concerned about the number of grievances filed in the prior few years. The City knew of an internal assistance program that was in operation for Local #731 of the Reno Fire Fighters Association and, with favorable word about the program having reached the city manager and personnel director, the City decided to undertake a similar venture.

Planning for a program took place between labor relations staff, state OPC Sharyn Peal, and Joe Mastroianni and I, both of us representatives of Local 731. Several other labor and management people were added to this process later. Collectively, we became the “Committee of the Concerned.” We met for six months, evaluating different EAP models. The City agreed to fund direct employee counseling services and the approval of a grant application submitted to the Federal Mediation Conciliation Service (FMCS), in the form of a request to improve labor-management relations, provided additional funding.

To select a vendor, the City issued a request for proposals. Afterward, the Committee listened to presentations and pored over the literature of various vendors. We selected the vendor that was the most competent to meet our needs and, with a 17-year local track record, the most committed to businesses in the Reno area. We also retained a part-time consultant to be the grant facilitator and the coordinator between the Committee and EAP provider: a safeguard to employees using the program.

The EAP’s benefits to the City became immediately apparent—we’ve experienced improved morale, decreased grievances and fewer accidents—and the City has agreed to fund the EAP beyond the FMCS grant expiration date later this year.

Shown above (l-r) are Chris Gladding, Sharyn Peale and Joe Mastroianni.
Which one of these employees has a drug problem?

All of them do...

Because if only one of these employees is a substance abuser, then all of the other employees, including you, are adversely affected as well.

Substance abuse is a major problem at many companies today. Chances are, your company either has a substance abuse problem now, or will have one in the future.

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How an EAP Consortium Meets Employer Needs in Lynchburg, Virginia

Employee Assistance of Central Virginia, Inc. is a consortium-model EAP of 12 years running in this traditional manufacturing city. In the following interview, two representatives of client companies tell EACV’s success story.

Lynchburg, Virginia is not headquarters for any Fortune 100 companies, but this city of 67,000 residents nestled in the foothills of the Appalachian Mountains is home to numerous small and midsize companies. Employee Assistance of Central Virginia, Inc. (EACV), a nonprofit consortium-model EAP started in 1977, provides EAP services to 25 private firms, government employers and a school district in Lynchburg and its flanking four counties.

Under this consortium model, the client companies have a direct stake in the performance of the EAP: their CEOs are the operating officers and their human resource professionals are the advisors. THE ALMACAN recently visited Lynchburg to interview Board of Directors member Harmon Beauchamp, vice president & resident manager of Nekoosa Packaging, which operates in Big Island, and Advisory Committee chairperson Merle T. Alvis, SPHR, manager of employee and community relations for Babcock & Wilcox (B&W), based in Lynchburg. In 1987, Alvis was national chairman of the American Society for Personnel Administration.

EACV’s executive director and assistant director are Susan Mock, CEAP and Charlie Grainger, CEAP, respectively. Other staff members include: Donna Abernethy, LPC, CEAP; Bo Pagan, LPC; and Teresa Hamlet. EACV services a client employee base of 14,200. B&W was the consortium’s first corporate client.

Across the U.S., there are probably more EAP consortiums that have failed or never become operational than have stayed in business. This interview provides insights into why Lynchburg’s has succeeded.

**ALMACAN:** How did EACV originally get started?

**ALVIS:** Some favorable circumstances brought about the consortium’s formation. Babcock & Wilcox was approached in 1977 by two individuals who were looking to get a consortium off the ground, one of them being Susan Mock. Their marketing presentation was very effective and included statistics showing that, if we fit na-
tional productivity and absenteeism trends, an EAP could help us to improve our performance in these areas.

Because B & W has been the first- or second-largest employer in Lynchburg for a number of years—we have held steady at about 3,500 employees since 1977—they also pointed out that being a leader in an EAP consortium arrangement could enhance our reputation as a pacesetter in the community here. On top of that, B & W had completed a study in the year prior which demonstrated that it needed an EAP. We just had not acted on it until we were approached from the outside. I wish I could say that B & W developed the EAP consortium itself and was motivated by a perceived self-need, but it was the outstanding marketing work of the two EACV founders that “sold” B & W on the EAP concept. It still took over a year from their initial approach, though, before we made the decision to invest in the EAP and made it available to our employees.

Because B & W has always been a large, community-conscious employer, other companies lined up to join the consortium once we signed on. This was a remarkable development, considering that it all occurred before EAPs were popular in the personnel community and before corporate executives talked about global competition, health care cost containment and worker impairment.

ALMACAN: How is EACV organizationally structured?

BEAUCHAMP: The Board of Directors is composed of CEOs or chief local officers of the various companies which participate in the consortium. There are nine elected Board members that meet twice a year, and an Executive Committee that meets quarterly. The Executive Committee is composed of a president, vice president, secretary, treasurer and financial officer.

The Board and Executive Committee are mostly responsible for reviewing staff expenditures, and drafting annual and quarterly financial outlays. Based on quarterly financial plans, EACV staff makes day-to-day spending decisions. The Board and Executive Committee also hear from the staff on what it’s doing and has the opportunity to challenge it if it doesn’t like a direction that it proposes to take. At times, the staff investigates some direction that the Board thinks is inappropriate and not in accordance with the narrow EAP philosophy that we subscribe to. But in every case that I’m familiar with, we have sought to accommodate the staff’s wishes.

EACV is a 501(c)3 nonprofit corporation. This is a factor which makes the EAP concept more palatable to most of companies in the consortium. It’s not that we don’t want to deal with companies that aren’t profitable, but we take comfort knowing that we are covering our program costs and not paying for more. Our employees appreciate the fact that we are not stockpiling money off of people’s personal problems.

ALMACAN: How do companies join the consortium?

BEAUCHAMP: Many times, EACV is approached by companies interested in joining. All companies must be approved by the Board, which evaluates whether each particular organization fits in.

In other cases, we have solicited specific work organizations that we think would make a good “partner” in the consortium. This opens up the possibility of special requests, which we don’t normally look favorably on. We like to treat everybody the same, but occasionally we do make an exception. A notable example is when the City of Lynchburg joined in 1981. The contract required a supplemental provision regarding emergency situations. Another example is with some of our small companies. We have five participating employers with 35 or fewer employees. Our normal fee structure is based on a per-capita rate of $15 per employee per year. Small companies pay a flat fee of $500. We realize that...
Babcock and Wilcox's Merle Alvis is chairperson of EACV's Advisory Committee, which is composed of human resource professionals.

Costs are actually more expensive for EACV to service the smaller companies, but larger participants like B&W, Lynchburg Foundry and General Electric like to be thought of as "good neighbors" with smaller work organizations in the community. It's practical, and it's good PR.

**ALMACAN:** What are all of the services that EACV provides?

**BEAUCHAMP:** The staff conducts assessment and referral, supervisory training annually and seminars on personal concerns such as stress. Substance abuse training will be held this year to help some of our employers comply with the Drug-Free Workplace Act. We are very narrow in our focus—strictly employee assistance—and anticipate that it will remain that way.

**ALMACAN:** What is the nature of the business relationships that EACV keeps with its client companies?

**BEAUCHAMP:** For the most part, it's very good. This is the result of the Board and staff proving the value of the program to each and every potential and new member.

A number of us have been working with EACV for so long that it is like a part of our companies. We have enjoyed watching it develop over the years. We have put the staff to task on many occasions, which has helped them to become more businesslike in operation and accountability. We consider the staff to be dedicated business colleagues and proudly call EACV to the attention of other employers in the community. This kind of relationship doesn't just happen. It is built on trust that is earned over a number of years.

**ALMACAN:** Is EACV required to undergo evaluations or provide cost data?

**ALVIS:** As small employers, word travels very quickly and we don't need a lot of cost data to know whether a program is working or not. Employees tend to think of the EAP as a safety net under them and their coworkers. Employers see it as an adjunct to its HR function. It is not the same kind of situation as an EAP which services a large corporation and has millions of health care dollars at stake. For those reasons, we don't need "data" to make a determination about whether EACV is effectively doing its job.

**ALMACAN:** Explain how the Advisory Committee works.

**ALVIS:** First of all, it's not a policy-making committee. The committee is a forum for discussion among human resource professionals of the various organizations. The committee has evolved a great deal over the years. Initially, it was very active in the day-to-day work of EACV. For instance, as part of the consortium's public relations plans, the Advisory Committee provided some direction on the creation of posters which EACV provides to display in our workplaces.

The committee has grown from only a few members to about 20 core HR people. At the same time, the competency of the EACV staff has improved. Therefore, most of us come to meetings with particular employee cases that we like to discuss. Our discussions might be as basic as how to get an employee to visit the EAP without making it mandatory, or how to sell management or improve relations with supervisors. The Advisory Committee is where the more functional aspects of the consortium are looked at.

In the next meeting, one of our new companies will lead a discussion on its management philosophy and how EAP fits in. The company doesn't use supervisors; it uses a team concept. Perhaps this will mean that we need to consider modified employee-intervention techniques. We also bring in a special speaker once a year. In the past two years, we brought in experts on drug testing and AIDS.

There is another equally important function that the Advisory Committee serves. HR people are an extension of the EAP in the workplace and enable the EAP to become more integrated. We sell supervisors on the EAP concept and, in many cases, become the referral mechanism ourselves. We constantly remind supervisors that the EAP is not just an alcoholism program which "bad" employees are sent to, that it's a program which handles all types of problems.

So we are directly involved in the EAP operation and the Advisory Committee doubles as a support group, which keeps us psyched up. Each time the EAP has another success story, we
all look good. The other day I was walking through the B&W plant and a worker called out to me, gave me the thumbs up and said "I'm still clean and sober." You can't buy PR like that.

ALMACAN: What do you think an EAP consortium needs to do to be successful in a community?

ALVIS: As its starting point, anyone who aspires to start one needs an anchor company, or two or three companies that are reputable community leaders. The problem with having only one large company client is that the consortium is more exposed to the effects of corporate cutbacks, downsizing and, nowadays, mergers and acquisitions. And I don't believe that a consortium can succeed with very small companies alone.

It is absolutely essential that the demographics of the community be carefully studied. Go through the local newspapers to determine how many drug arrests there have been, find out how many people have gone through treatment in any given period of time, how many traffic and industrial accidents have been reported, and how many people have filed workers compensation claims. Know who the corporate community leader is—it's not always the largest employer in town.

One thing that has helped EACV is that it is independent of financial relationships with treatment providers. This is favorably received by new companies that come on board. Related to this, the EACV offices are not located adjacent to any providers, and this helps us to prove to employees and supervisors that the EAP is not exclusively an alcohol or drug program.

Another important consideration is that bedroom-type communities like to isolate themselves from outsiders. Therefore, local people will have the best chance of succeeding with a consortium.

It often takes the active support of a human resources professional to push EAP services through a company, so this person should be considered the preferable contact. In fact, a person with local HR experience would probably have the best chance of starting a consortium.

I would say that the consortiums which are successful are those attuned to the wants and desires of the local business community and effectively market themselves within that framework. Those EAPs that fail have probably just not done their homework.

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EAP CONTRACTING

What is the competition like among EAP providers? (Here’s a look at selected areas.)

In order to get a bearing on how the EAP marketplace functions, it is helpful to put parts of it under the microscope for closer inspection. THE ALMACAN has sought to do precisely that, using ALMACA’s regional representatives and chapter presidents in selected areas as consultants in this exercise. Here are thumbnail sketches of the head-to-head competition that is occurring in different localities.

From the sketches, some generalizations can be drawn. There is definitely a rivalry between managed mental health care firms, traditional EAPs, and counseling/treatment-based EAPs. A handful of national MMHC firms tend to compete among themselves for business with companies having dispersed employee populations. In this respect, they may either compete against one another as internal EAPs or contract with companies having internal programs but with dispersed employee work sites, due to multiple divisions or sales offices. Local/regional EAP firms and counseling/treatment-based EAPs tend to compete more for local, single-location companies, many of which provide products or services for the larger corporations. While the following descriptions are somewhat oversimplified, they suggest that the EAP marketplace is sectioned off by geographic location and type of service provided. They help to show how EAPs compete... or not compete.

The names of specific firms are not used in the sketches.

SILICON VALLEY, CALIFORNIA

The stretch of Route 101 that runs between Palo Alto and San Jose is home for a significant portion of the U.S.’s “high-tech” industry and is a decade-long high-growth area. The Silicon Valley, like any area subject to prolonged transition, has more than its share of problems-in-living among its residents. According to Santa Clara Valley Chapter president Cecile Currier, “The EAP professionals in the area agree that there are significantly more disgruntled and dysfunctional people here that are coming to EAPs than there were five years ago. We are alarmed at the number of parent-child problems, grief situations, domestic violence and substance abuse problems.”

A number of internal EAPs serve area companies such as Lockheed, United Airlines and Standard Oil. Among external providers, the large, national managed mental health care providers have been competing with local EAP providers for the last three to five years. Conditions favoring national providers are that many mid-size companies have small employee populations outside of the area who they want to extend EAP services to, and companies want EAPs with sophisticated management information systems which can provide detailed demographic profiles on the clinical caseload. Local providers that have survived have expanded their services outside of the Silicon Valley, in effect becoming regional. A number of small mental health counseling groups also commonly market themselves as EAPs.

Currier notes, “The EAPs which have been successful here are generally those which have the capacity to provide short-term counseling of five to eight sessions for primarily familial types of problems. The employers seem to have an interest in more than pure assessment and referral, and a diverse mix of skills among staff is essential.”

The vast majority of companies in the Silicon Valley employ under 100 people and have no formal human resources function or EAP. This suggests that the area is ripe for consortium-model programs.

VANCOUVER, BRITISH COLUMBIA, CANADA

The EAP practice is becoming known as a more lucrative business here. There are about eight external EAP providers which regularly compete, most of them having begun operation within the last five years. Newcomers are showing up in the EAP field, including psychologists in individual or group practice, outpatient alcohol and drug counselors, and a large investment counseling firm. There is a trend toward providing short-term intervention for various employee problems of up to 12 hours of counseling per client. Alcohol and drug treatment facilities have not attempted to enter the EAP field to date. There are also a number of exemplary internal programs being used by large companies, including BC Telephone, Canadian Pacific Airlines, MacMillan Bloedel and Canada Employment & Immigration.

Canada has socialized health care. An interesting development is that, beginning this year, all referrals to inpatient AL/DA treatment must now be handled through alcohol and drug counselors in outpatient clinics, a requirement of the Ministry of Labor and Consumer services. This ruling is being questioned by EAP practitioners.
MINNEAPOLIS-ST. PAUL, MINNESOTA

There are typically between 12 and 15 external EAP providers that operate in the area. For the most part, they represent family service agencies, hospitals, clinical groups, or private practitioners. Nationally reputed for its health care, the Twin Cities has at least 25 chemical dependency treatment facilities in the metro area, which makes it an attractive area to exercise freedom of choice for client referrals. Several of the external providers offer short-term counseling.

"Many of the Twin Cities' major employers have offered in-house EAPs to their employees since the early 1970s. In addition, we have enjoyed support and incentive from the state legislature," says Minnesota Chapter president Lee Mauk. In 1976, then-governor Wendell Anderson muscled into law a bill that directly reimbursed small other tax-supported employers in the state for the purchase of EAP services, 90% for the first year, 50% for the second.

"All of this had its good and bad," recalls Mauk. "In the third year, we experienced a great deal of EAP fallout, which coincided with a downturn in the national economy. Where the EAP was considered a line item, employers tended to scratch it off. The companies that retained their services during those lean times, though, are still with us. Many EAP providers have earned the loyalty of their client companies and have long-term contracts."

The Twin Cities have a healthy state of competition among the external providers, so fees have stayed low and national managed health care firms have tended to stay away. For the most part, their activity is limited to subcontracting. "We're red-carpet programs on an economy budget," says Mauk.

MAINE

The EAP field in Maine is largely divided between internal programs, such as those at the City of Portland, University of Maine, Champion International Corporation and the Central Maine Power Company, and external programs affiliated with treatment providers or hospitals. There are a few, scattered independent external EAP providers. One national managed mental health care firm is known to subcontract in the state for a Fortune 100 firm.

"We have a very healthy internal EAP industry," says Dick Loomer, a past president of the Maine Chapter, "but the EAP concept here has been slower to catch on among smaller companies. On the other hand, some of the treatment facilities in Maine, New Hampshire and Vermont are nationally known and well-established here, so EAPs have been an extension of their services available to the workplace."

The situation is changing, though. Current chapter president Polly Karris notes, "Maine is becoming very ripe for external EAP services, and the state needs qualified providers, especially for some of the more rural areas."

DALLAS-FORT WORTH, TEXAS

Despite the cultural duality of this area—Dallas has a cosmopolitan image and Fort Worth remains a bastion of the Old West—both cities subscribe heavily to the EAP concept. Numerous in-house programs include those of AT&T, JC Penney, Southwestern Bell, Burlington Northern Railroad, Tandy and the City of Dallas. This reflects the trend of corpora-

tions to establish their headquarters here.

According to North Texas Chapter president Tim Plant, "EAPs have taken off since the mid-1980s in part from the relocation of some large corporations to here over the last decade. Dallas' popularity among large corporations is attributable mostly to its location near the center of the country, which has also favored the development of its extensive air-route system. Many of these companies brought with them preexisting EAPs, and they have helped to raise the awareness of other companies about EAPs, and motivate EAP implementation."

External contractors have a sizable portion of the local EAP market. There is a diverse mix of local and regional EAPs, including one that serves exclusively labor-based work sites and another sponsored by the local NCA affiliate, which provides programs and national firms. All of the major managed mental health care firms have offices in the area, as do a national health care corporation and a large publisher of education & training packages on AL/SA which is HQ'd outside of the state. There is an intense amount of direct competition. The national firms appear to have the largest share of the external EAP business, since they can take their easily service company work sites in other parts of the country.

Dallas-Fort Worth has a growing industrial base in constant transition and the successful EAP providers must pay daily attention to this changing climate.
Had seen nearly two decades of EAPs develop, it has been a real pleasure to witness the widespread adoption of these programs throughout corporate America. Although I am thoroughly upbeat on the future of EAPs and the exciting opportunities and challenges that lie ahead, this excitement is somewhat tempered by the movement of many EAPs away from organizational intervention and toward an almost rigidly bound counseling service that can be packaged from the inside or the outside of the corporation, a service that can neatly and cleanly provide counseling units to employees who find their way into the EAP. Not that there is anything wrong with that, but like other similar programs over the past decades, such as community mental health centers, if the EAP resigns itself to fixing the ills of the individual employee, it might well be ignoring a greater, or certainly equally important contribution, that of organizational and structural change.

One of the more recent developments, the rise of the external contractor, makes me even more wary of such a potential turn away from EAP organizational and structural influence and change. The basis (or bias) for my concern rests with the very relationship between the EAP and the corporation. This relationship can be conceived and perceived by the corporate decision makers as simply another necessary service whose expense is rather minimal, and whose importance to the corporation is simply a part of the cost of doing business. From this perspective, the EAP is in the same company as those providing the corporation with envelopes, building maintenance, or computer repairs/services and products that can be purchased in the marketplace. An alternative perspective would view the EAP as an essential participant in the corporation’s human resource area, whose mission is to create healthy and productive employees and environments. Although it is difficult to make generalizations, it has been my observation that too many corporations have tended to go with an external contractor, not because that made the best fit within their particular organizational structure and culture, but because developing an EAP was more similar to other ventures whereby a vendor is selected and carries out the service or delivers the product desired by the company. This process of turning to an external vendor keeps down the head count and excess fringe and overhead, while maintaining the essential service.

Not long ago, a vice president for personnel for a large organization asked me to review an external vendor’s proposal for an EAP which was under consideration. When asked why they were contemplating this alternative, I was told they had considered hiring their own EAP staff, and in fact that seemed to make organizational sense, but the vendor already had brochures and promotional material and would take responsibility for finding space, which would resolve a major problem within this organization, where space was at a premium. From my perspective, they were making their decision for all the wrong reasons, and would wind up with a service but not a program.

I became even more wary of the downside of external contractors in light of the newly promulgated Drug-Free Workplace Act regulations which require all federal contractors doing more than $25,000 to certify they will maintain a drug-free workplace. Although this can, and hopefully will, be a genuine boon for EAP coverage of all workplaces, unfortunately I also can see the hoards of drug-free consultants (consultants who wouldn’t know an EAP if they saw one) helping reluctant companies find ways of complying without expending too many resources or capital. If we thought consistency and the certification of a core technology was difficult before, this new development has all the potential for giving EAPs a bad name.

The distinct danger of many EAP external contractors is that they neither fully understand the organizational context within which they are operating, nor become sufficiently involved with the organization to assist in the
many human-resource issues for which the EAP can and should offer needed consultation. A corporation can satisfy its needs by providing a place to go for employees who have trouble with drugs or other personal problems, or it can have a program which can address the complex set of individual, organizational and cultural issues that negatively impact employees and the organization. If the history of EAPs has taught us anything, it is that the corporation is a political entity that has little preexisting knowledge or understanding of an EAP or function. Consequently, the corporate environment has to be informed as well as politicized by the EAP if the EAP is going to realize its mission and goals. A contract to provide EAP services does not in and of itself do any more than assure the corporation that it has a resource for sending its troubled (or troubling) employees for counseling. The organizational pressuring of the flesh and setting up the EAP as an essential and known entity is an essential component of all EAPs—internally sponsored and externally contracted.

In the era of managed health care, cocaine epidemics, drug testing and even work-family problems, the presence of a vendor whose primary identity and function is to deliver counseling services falls far short of realizing the needs of the organization and the potential of a full-service EAP. Organizations are as much of a client for the EAP as the individual employees who utilize the EAP service. Supervisors who need consultation, managers who are struggling with policy and programmatic decisions require active EAP interaction. EAPs also need to be proactive in identifying critical issues related to their mission and working the system so as to influence the organization so that it can respond better to these issues. After all, most of the early EAPs came into existence through a very politically active employee(s) who aggressively informed, advocated for, influenced and even co-opted the organization to establish the EAP. Achieving the EAP agenda of the 80s and 90s will require that same savvy, active interaction and organizational influence.

Now of course, all the external providers are ready to jump all over me by now and protest that internal EAPs can be just as unconnected to the organization as external vendors, and that many external vendors do, indeed, play very active roles within their contracted companies. I don't dispute that this may be the case. What I am saying, however, is that the external contractor is at a decided disadvantage, even if it is desirous of interacting with and influencing organizational policy and behavior. In many cases the contract calls for minimal or no on-site contact. Counselors employed by the contractor have little or no work-site experience and thus stick to their knitting, which is counseling. Organizational interaction, supervisor training and consultation and the process of influencing organizations require time, attention, and the requisite knowledge and skills. Although external contractors have some definite advantages in their outside role, they will not be able to do more than provide the contracted clinical services, unless they have negotiated and budgeted time and money for organizational presence and interaction. From where I sit, this has generally not been the case with external contractors. Consequently, too often they remain on the periphery of the organization, providing needed services to employees who find their way to the EAP door. In this case, they are neither well-known nor integrated into the mainstream of the corporation. Without a regular and planned-for presence and interaction of the EAP at the worksite, there is a counseling service but not an EAP.

External contracting, as an EAP model, is not by design unsuited for interaction and integration within the organization. But because contractors are outsiders, they have to compensate for the deficits of that role by insuring an active and routine on-site presence, continuous monitoring of organizational needs and stresses, and above all an understanding and commitment to the education and prevention activities within the work site. By assuming this set of roles, they will provide a genuine continuity of EAP mission and potential, regardless of program type or delivery mechanism.

"The corporate environment has to be informed as well as politicized by the EAP if the EAP is going to realize its mission and goals."
EDITOR'S NOTE: The content of this article is not intended to represent ALMACA policy. It is based on the comments of numerous EAP providers and consultants, and benefits consultants.

When an external EAP firm and a potential company client negotiate for services, hours can be spent discussing what each party understands "EAP services" to be. How long is a supervisory training session? How large are the classes? How often are refresher courses provided? What is a "case consultation"? Are lunchroom seminars a part of EAP services? Is counseling? Will covered individuals be limited to using certain treatment providers?

Many of these questions cut to the core of what is defined as "employee assistance" vis-a-vis treatment, wellness or managed mental health care. Because the customer ultimately determines what services it buys in the name of "EAP," the lines of demarcation are at times hazy at best. The chart on the opposite page shows one way in which services can be stratified, including where EAP ends and other services begin. It should be noted that there is no real bottom rung of EAP service, since a full-scale EAP, with its component parts, is a "package deal" in itself.

Taken a step further, the manner in which each layer of service is performed should eventually wend its way into contract language.

In contract negotiations, an imminent concern for the contractor is "In what manner will I be paid?" There is always a grand total at the bottom of the ledger sheet, but any of three methods can be used to get there: (1) fee for service; (2) per capita; or (3) flat charge. Here is a closer look at each.

(1) **Fee for Service.** This method of payment was more common 10 or more years ago, but is still the preferred payment system of many smaller companies. Fee-for-service charges are usually broken down as follows:
- consultation, including policy development, the development of promotional materials, and other miscellaneous items.
- training.
- direct services, or time spent with clients.

Some problems arise from fee-for-service arrangements. For instance, confusion can result due to how management and union consultations should be charged. In other cases, company management might encourage employees to contact the personnel representative with personal problems instead of the EAP, which could pose a conflict of interest problem for the representative. Management might also prefer that the EAP forego the follow ups in order to avoid the extra charges. It is advisable that clear guidelines be established for the different EAP responsibilities such as supervisory referrals and follow up. They can be directly transposed into the contract's descriptions of program services.

Another problem may arise during billing. If any invoice to the company suggests that a single client visited the EAP, conceivably the employer could allege the client's identity and take inappropriate disciplinary action.

(2) **Per Capita.** This type of prepaid arrangement is based on a fixed fee per employee (or covered individual) for specified EAP services.

Since the cost to provide services is normally more economical for larger populations, per-capita costs can be gauged from company to company based on size. For instance, an EAP might offer services A, B and C to employee populations of 1,000 and under for $35/person/year, 1,001 to 5,000 for $28, 5,001 to 10,000 for $22 and over 10,000 for $15.

Per capita has become a far more prevalent form of financial structure, and it is almost exclusively used in managed mental health care contract arrangements.

An EAP firm which has one of the more sophisticated pricing systems is Personal Performance Consultants (PPC), based in St. Louis, Missouri. PPC uses a computer-driven pricing system that chief executive officer, Carl Tisone, describes as "90% science, 10% intuition." About two dozen variables are used in calculating costs, including: number of covered households, particular services purchased, number of company locations, labor costs in each of the locations, anticipated utilization rate, overhead, target profit margin and others. "The com-
puter prints a very specific cost figure," he explains. "We then take a look at the intangible factors, such as how badly we want the account and how price-sensitive we believe it would be. From there, we can arrive at a fairly realistic price that will enable us to provide services economically without cutting corners. Just the same, it was a complicated process that got us there."

(3) Annual payment plan. Basically the same financial formulas are used as with per capita, but a lump-sum fee, which may be financed over the term of the contract, is presented to the client company instead. It takes into account many of the same variables, but is not as explicitly linked with a specific number of covered individuals.

Costing out the price of services depends in large part on the particular services being provided. The following identifies various aspects of EAP, managed mental health care, wellness and counseling/treatment. A typical range of costs has been provided by EAP and managed mental health care consultant John Maynard, president of John Maynard and Associates, Inc. of Boulder, Colorado, based on a mid-size company and 10% anticipated utilization rate by covered workers. Overhead costs and a profit margin, which combined add about 10% to 50% to the value of the contract, are not included. Circumstances may vary so drastically from contract to contract that these numbers may not be applicable to every case.

• Assessment and Referral. The most dressed-down programs typically only provide an "800" or other hotline phone service. As such, of the employee population in need of help, it is unlikely to be as effective at early intervention. A phone service may be adequate for a purely self-referral EAP but it is more likely to be perceived as an employee benefit than a cost-effective management tool. It may be an attractive option, however, to an employer that is not willing to make the "plunge" into a comprehensive EAP, or to workplaces with employees in remote locations.

ANNUAL PER-CAPITA COST: $3.50-$5.00

• Face-to-face assessments are more accommodating to both supervisory and self referrals. The advantage of this interpersonal contact is that body language and eye contact are valuable forms of communication. A skilled counselor can use these tools to his or her advantage.

ANNUAL PER-CAPITA COST: $9.50-$12.00 (for 2-3 sessions for assessment, crisis intervention, referral, and referral follow up)

NOTE: Client follow up is included in the per-capita costs of telephone and face-to-face assessments.

• Supervisory training and consultation. More variables are involved with the provision and costing-out of these services. They include the number of supervisors or managers involved in each session, the frequency of the sessions, the location of the sessions, and the time of day the sessions are held.

The supervisory consultation function helps supervisors with problems related to specific individuals. The EAP advises the supervisor about the constructive confrontation of the employee and motivates the person to visit the EAP.

ANNUAL PER-CAPITA COST FOR SUPERVISORY TRAINING: INCLUDED AS AN ORGANIZATIONAL SERVICE.
ANNUAL PER-CAPITA COST FOR CONSULTATIONS: $0.50-$0.75

• Organizational Services. Included among these services are: policy recommendations; individual orientation of executives and key personnel; development of awareness materials and procedural guidelines; orientation and training of supervisors, managers and union representatives; orientation of all employees; identification of network of helping resources; management information system design and installation; process and outcome reporting and evaluation; and follow-up evaluations.

ANNUAL PER-CAPITA COST: $6.00-$7.25

• Client follow up. Although the cost is included under assessment and referral above, this is also listed as a separate item to underscore the importance of client follow up as a relapse prevention tool.

The following are other layers of services which can be classified as
EMPLOYMENT SOUGHT

EAP POSITION, HUMAN RELATIONS OR PROGRAM MARKETING

for continued professional growth within provider agency or other organization, e.g., corporation, association, government, union. Work interpersonal relations, education, liaison, development.

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From a legal point of view, you negotiate to obtain an enforceable contract. From a business point of view, businessmen negotiate to accomplish an exchange of commodities, services, or some other thing of value for money, other commodities, or other services.

Businessmen and lawyers look at the negotiation from different points of view. A lawyer's primary function in negotiating is to arrive at a legally enforceable contract. To a businessman, the purpose of negotiation is to get the goods or services he wants in exchange for his promise to pay what he stipulates.

With modern society being as litigious as it is, contracts, including those of many of the larger EAP firms, have become more labyrinthine. "Lawyers suggest that contracts be written assuming that all other communication has broken down. There is a new specificity in contract language that, until recently, was uncommon in the EAP field," says Maynard.

Another EAP consultant, Brenda Blair, president of Blair Associates, in Bryan, Texas, lists the following elements which often appear in contract language. They are:

- Effective dates of the contract.
- Payment, which is subdivided into:
  - method of pricing.
  - payment due dates.
  - method of invoicing.
  - to whom payment will be made.
  - payment changes if the size of the work force increases or decreases.
  - contractor's options in the event of late payment.
- the term of the contract, e.g. one year in duration, with an annual option to renew for three years.
- A detailed description of duties for both program and contractor personnel.
- Location of services, access, etc.
- A clause related to the purchaser's rights if an attempt is made to merge with or acquire the contractor.
- An escape clause which describes the conditions under which the contractor or purchaser may terminate the contract.
- Provisions to lock in the levels of service provision and staffing that are to be provided until the next contracting period.
- A statement that the contractor agrees to an external audit of its reports and case records, to be conducted by an objective outside party.
- A strong statement about confidentiality.
- Specification of place for performance of the contract.
- A hold-harmless clause which specifies personal and professional liability.
- The right to publish and/or publicize material, and restrictions on the contractor, if any, for using company information.
- Several general legal paragraphs about complying with state laws.

Some EAP contracts are typically very short—perhaps only two pages in what amounts to a letter of agreement—while others run 20 pages or more. Full managed mental health care contracts may run as long as 50 pages.

Based on a number of contracts which were provided to *THE ALMACAN*, page 30 provides some sample contract language.

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MAY 1989 THE ALMACAN 29
4. Supervisory/management training. FSI will provide a three-town facility, in groups of no more than 25 participants each. FSI will also provide an EAP orientation for all chief administrative personnel during the start-up of the program.

5. Supervisory consultation. FSI will provide consultation, as requested, for any supervisor considering the referral of an employee to the EAP. FSI will assist in the confrontation process, if needed, and maintain contact with the referring supervisor.

Any other appropriate services may be added to this list.

PROFESSIONAL FEES

The Company agrees to pay FSI $30,000 at the signing of the contract and quarterly installments of $15,000 payable on or before the first day of the first calendar month of each contract quarter, commencing on September 1, 1988. In the event that the Company fails to pay any amount when due, the delinquent amount shall bear interest at the lesser of two percent per month or the maximum rate of interest allowable by law.

REPORTS

FSI will provide monthly, nonconfidential statistical data reports and such other information in its possession regarding the EAP as the Company may reasonably request. FSI is under no obligation to release to the Company any confidential information with respect to any EAP client unless FSI has a Release of Confidential Information form that has been signed by the client.

ASSIGNMENT

Neither this contract nor any claim arising hereunder may be assigned by either party without the written consent of the other, provided that EAP services required to be provided by FSI hereunder may be referred to contract providers of FSI. Nothing contained in this contract shall be construed to imply a joint venture, principal-agent, or employer-employee relationship between Company and FSI. FSI assumes responsibility for its activities related to EAP services, including referrals for treatment.

PROFESSIONAL LIABILITY (MALPRACTICE) INSURANCE

FSI will maintain professional liability insurance coverage in an amount not less than $500,000/single event and $1,000,000/aggregate.

LAWS OF THE STATE

This contract shall be governed by and construed in accordance with the laws of this state.

TERM OF CONTRACT

The term of this contract shall be one year, commencing on its effective date of September 1, 1988 and shall automatically renew for annual periods on September 1 of each year. Either party may terminate this contract due to breach of contract by providing the other party with at least 90 days written notice of its intentions. FSI shall be paid as provided hereunder for all services rendered and costs incurred to the date of termination.

ATTORNEYS' FEES

If legal proceedings are instituted by either party in connection with this contract, the party not prevailing agrees to pay the costs and expenses of litigation, including reasonable attorneys' fees of the prevailing party.
Selling EAPs: Is The Customer Always Right?

by Jesse Bernstein

The UPS man arrives. He has an overnight mail envelope from a company that is not one of our accounts. Word spreads through the office that a new RFP (request for proposal) has arrived. Doors begin to close. "Do not Disturb" lights begin to appear on the fancy new phone system. We are witnessing a phenomenon referred to as "RFP phobia," the intense fear of having to work on the EAP's response to the RFP.

If you do not work for an EAP contractor you might be surprised by this new ailment. Doesn't the receipt of an RFP mean potential new business? At the very least, the potential account knows you are out there and available to bid. There is also a possibility that the company hired one of the excellent EAP consultants who do nothing but consult on the development and evaluation of EAPs. These RFPs are usually a joy to respond to: well-organized, non-repetitive, and insightful. Many, however, are like the Tower of Babel, leaving the reader to wonder if the writer(s) all speak the same language, or worse yet, work for the same company.

THE DECISION TREE

When a company decides to establish an EAP, the decision tree is huge, with tangled root and branch systems. Every part of the company is affected, while control of the EAP is often in the hands of the human resources department, which is often viewed as a necessary evil, ancillary to the main mission of the company; or in a more recent development, controlled by benefits or finance, whose human resource motives are suspect.

On the contractor's side, there is no clear definition of an EAP. Oh yes, there are ALMACA standards, a growing body of knowledge, and a whole bunch of CEAPs, but the EAP contractors present a confusing collage to the potential buyer. Some are supported by charitable contributions or tax money, while others are private, for-profit. Some contractors are part of treatment organizations who promise "one-stop shopping," while others suggest an independent service finds the best from among all the providers in the community, and does not "fill beds" or treatment slots. Some sell plans with maximum numbers of sessions, while others offer unlimited contacts. Does a higher price assure better quality? What is a successful EAP? Who is qualified to do EAP work? And this is just traditional EAP service, have not even mentioned the quagmire of case management.

What a wonderful sales environment! Everyone is confused! Every once in a while, there is an article in the human resource management press that tells the buyer what is going on in the EAP field and how to buy or develop an EAP. I have not seen an article that discusses the seller's position. Most of us EAP contractors (I refer to the sellers as contractors, reserving the title "consultant" for those who advise on the development and evaluation of EAPs, and do not provide direct service) have limited business training. Successful EAP contractors have developed business acumen through trial and error. When survival depends on revenue, and there is much competition for each contract, it is difficult for a contractor to decide not to respond to an RFP. Perhaps that is one measure of a company that knows what its goals are and how to achieve them. Although the following may seem simplistic to some, the concepts have helped our staff maintain our stand-
ards, mission, and direction—while being responsive to requests from potential customers.

When I decided to establish an EAP company in 1981, I had a somewhat rigid notion of selling only comprehensive, complete EAPs; the "whole loaf." For the first few years, we were successful in this strategy. Then came the UAW-Ford Employee Assistance Plan. In 1984, the collective bargaining process reworked the Central Diagnostic and Referral model (CDR), taking the strengths of the existing joint program and supporting it with professional assessment and treatment liaison services.

UNBUNDLING
For the first time, we were faced with what is now commonly referred to as "unbundling." The UAW-Ford EAP is a full-blooded, comprehensive EAP and then some. The roles and tasks were divided up to utilize the strengths of the union and management at the workplace with the professionals' assessment and community resources knowledge. Internal EAPers provide casefinding, training, return-to-work services, program planning and development, and wellness program integration. External CDRers provide assessment and preliminary diagnosis, a plan of action and referral, and follow-up to assure the employee got the help s/he needs.

Another example of "unbundling" occurred when a state-wide company hired a local EAP contractor to assist in training. The contractor helped introduce the program to new employees and provided educational workshops as part of the company's ongoing promotional campaign. The in-house counseling staff was free to see clients, while the entire employee population received training.

A specialized form of "unbundling" is the "wrap-around." This is a service a contractor provides to an existing, comprehensive in-house EAP. A state-wide company recently hired our firm to serve employees outside of the primary metropolitan area. The in-house staff can concentrate on serving the majority of people in the population center and avoid time-consuming and costly travel to offer direct counseling. Several clients with multi-state locations, are using our data system for all of their contractors and the in-house staff in order to generate a common database. Another service that is becoming of interest for "wrap-around" status is the 24-hour emergency telephone service.

**"INTRODUCTION" SERVICE**
A third concept is what we call "introduction." A huge, multi-national, highly decentralized company came to us with a difficult problem. Some of their divisions had in-house EAPs. Other divisions or locations had contracts with local providers for EAPs. In keeping with the philosophy of maintaining local autonomy, corporate human resources did not want to impose company-wide EAP standards, but they did want to offer the services to the one-third of its U.S. work force that was not covered by an EAP. Those not covered included corporate headquarters. Finance was willing to invest...
a minimal amount in a demonstration project. Corporate HR staff was looking for a way to "introduce" the concept on as broad a level as possible to convince the managers at each level of the value of the EAP. A pilot offered to a limited number of employees might be successful, but would not get the publicity desired, and there did not seem to be enough money to cover the entire population.

After much discussion, the corporate HR staff asked if we would provide a telephone-only service. They would provide an announcement of the service, but no additional promotion unless requested. The goal was to "introduce" EAP services and persuade managers to develop comprehensive programs. We hoped to expand our contract to provide comprehensive services to locations in our service area. After the first year of operation, the utilization rate has been four times the company's projections (but two-thirds of our projections), and a number of locations are looking for additional services. Of special note is that over 20% of the callers requested management consultation. The success of these calls from decision-makers has had the most impact on the future expansion of EAP services.

The previous examples are all positive outcomes of a buyer and seller finding common ground. We recently received a proposal that asked if we are an independent EAP provider (not connected to treatment services), but required that all clinical services be billable to the insurance carrier. An alternate proposal model requested that a list of treatment providers be distributed to all employees as the major effort of the EAP. Although we do not view an EAP in the same conflict-ridden or minimalist view as this prospect, we decided to submit a proposal suggesting our approach. We fully expect a "thanks, but no thanks" letter, but at least we clearly communicated our position, and maybe the prospect will reconsider its approach.

Management gurus emphasize that successful companies "...stick to their knitting..." or "...stay focused...". In the current environment of massive changes in human resource management, benefit and compensation design, and treatment modalities, it is difficult for even a sophisticated EAP contractor to chart a successful course. It will be interesting to see what the EAP contractors look like five years, or even two years from now.

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**Eating Disorders Program**

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QUALITY CARE and PERSONAL REGARD
The Internal Coordinator/External Provider EAP Model at General Dynamics

GD's Fort Worth Division has hit on the formula that it feels is best for employees in its high-tech, high-pressure defense contracting operation

by Marilyn D. Anderson, M.Ed., CEAP, CADAC

Suppose a Fortune 50 company with numerous work sites across the United States decides to provide employee assistance services for over 105,000 employees and their dependents. How does management effectively carry out this ambitious project? General Dynamics Corporation's solution has been to allow each of its nine divisions and six subsidiaries to make arrangements for EAP services, but in a manner consistent with guidelines that have been prescribed by corporate headquarters in St. Louis, Missouri.

GD's first EAP was a small internal program at the Electric Boat Division in Groton, Connecticut. There are now 12 internal programs corporate-wide. In the case of the Fort Worth Division, which has over 30,000 employees and produces some of the nation's most advanced military and government aircraft, our approach has been different, and is based on research in the field. Key people advocating an EAP in Fort Worth believe an internal/external model can offer the best of both worlds, meeting the needs of employees and management. Some employees feel more comfortable discussing personal problems in an off-site location with people they don't interact with daily. Family members share these feelings and can access our services at an outside location more easily.

Since May 1988, Human Affairs International (HAI) has provided the external EAP services, with close surveillance being performed by an internal EAP coordinator at the main plant's hospital. The coordinator is accountable to the division's medical director who, in turn, reports directly to the vice president of human resources. We feel that we have landed on a system that has achieved impressive results to date, and will continue to improve for years to come. Our migration to this point in our EAP development dates back to 1975, though. The FW Division thought that ALMACA's membership would be interested in the history of our EAP development, and the mechanics of our current internal coordinator/external provider arrangement.

**FORMATIVE EAP ARRANGEMENTS**

At the FW Division, informal, internal EAP practices began in the mid-1970s and were handled by medical services, but in a manner consistent with guidelines that have been prescribed by corporate headquarters in St. Louis, Missouri. GD, based on limited experience, was not convinced the concept was cost-effective. It would be another six years before comprehensive EAP services were offered at the FW Division.

In 1987, a pilot project, launched by AEtna to develop an EAP division, became the FW Division's external EAP. This project was replaced by HAI in
early 1988, when Aetna decided to purchase this established EAP firm, which fit into its managed care plans.

Experience helped us to develop and strengthen our program. By then, we had identified key components that we believe are crucial to the success of our program. For example, we apply staffing prerequisites, particularly professional experience with conducting assessments related to alcohol and drug abuse. A higher proportion of supervisory referrals—in order to penetrate deeper into the employee base of seriously troubled workers—is a priority.

The internal coordinator still works closely with the vendor, monitoring program activities and serving as a clinical staff member to process internal referrals for the EAP.

**SPECIFICS OF OUR CURRENT PROGRAM**

The FW Division has adopted a hybrid EAP model in that it provides broad-brush services, but with more case management than some traditional EAP providers can deliver. Although it's not total managed mental health care, the structural components are in place to accommodate a more comprehensive program, if it is desired later.

The Fort Worth Division's EAP formally started on October 1, 1987. HAI began providing external services on May 1, 1988. HAI has an off-site office located five miles from the main plant. It serves employees and family members alike. (HAI also provides clinical services for GD employees at other locations, both nationally and internationally.) HAI staff members conduct management training—under the internal coordinator's supervision—and are available for regular consultation with the coordinator and medical director. Posters, literature for mailing and other material are provided by the vendor.

GD is consulted with on all EAP activities and has final approval for all services, including off-site office arrangements, staffing and staff hours worked, printed materials, and the training curriculum.

HAI is clinically liable and provides supervision and back up for its staff. Its crisis line operates out of headquarters in Salt Lake City, Utah, and a master-level clinician is on 24-hour duty there. The firm's Fort Worth office has day, evening and Saturday hours, with a clinician always on emergency call. All HAI clinicians have a minimum of a master degree, with appropriate experience, certification and licensing.

HAI normally provides one to three sessions for evaluation and referral. It follows up to determine the level of employee satisfaction with the self-referrals, as well as the case management and ultimate problem resolution with supervisory referrals. Patients are usually referred to community resources for treatment. In emergency and security-sensitive cases—which are handled internally by GD—the cases are referred by the EAP coordinator in the same fashion as would be done by an HAI clinician. The EAP coordinator's duties are normally administrative, though.

HAI staff and the EAP coordinator visit treatment sites and approve providers together. The EAP coordinator is singly responsible for negotiating preferred provider arrangements for chemical dependency treatment and at times joins the benefits department in negotiating other treatment arrangements.

GD collects numerical data on weekly utilization from HAI, and more extensive records are maintained by HAI's parent company, The Aetna, which also administers GD's self-insurance. Of course, a premium is placed on maintaining client confidentiality.

**SUPERVISING AND MANAGEMENT TRAINING**

Usually, supervisory training is performed early during a program's implementation. GD saw wisdom in waiting. The training did not begin until February 1989—18 months after the EAP began operation. Why? It is

**Ingredients of the Hybrid-Model EAP at General Dynamics Corporation**

- A Professional Business Approach—this runs the gamut from office decor to the way we refer to program participants. (We prefer to call them patients instead of clients.)
- Team Concept—the in-house coordinator and external provider work together clinically, sharing information and expertise.
- Staff Prerequisites—chemical dependency experience, preferably inpatient treatment.
- Right of approval by GD of any staff hired to serve GD employees.
- Management Consultation—open, regular communication between internal/external EAP management to enhance the program's operation.
- Quality control must include: regular monitoring of providers in order to evaluate their performance (first for quality, then for cost-effectiveness); concurrent treatment review; and clinical supervision, which must include regular clinical staffing, plus one-on-one clinical monitoring.
- Post Treatment—follow up for self-referrals, and case management for supervisory referrals.
- Case management for self-referred inpatients—both psychiatric and chemical-dependency cases.
- 24-Hour Crisis Hotline.
palm is a nonprofit corporation who's main activity is sponsoring workshops on the issues of chemical dependency at the workplace.

palm is not a membership organization. Participants include representatives from labor, management and the health care field. Each chapter is administered by representatives from the local community under the supervision of the national PALM Board of Directors.

palm workshops are designed to provide practical information, not theory. They offer actual application of techniques that have proven effective in dealing with chemical dependency at the workplace.

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Los Angeles, CA 90006
Telephone (213) 738-PALM

Joy W. Ellis, Executive Director
Douglas K. Maguire, President

not easy to introduce a new concept to people who have been managing for 20, 30 or even 40 years in a tough business. When people develop management approaches that do not jibe particularly well with the services you offer, acceptance does not come easily. GD wanted to assure that the EAP was around long enough for supervisors to have become acquainted with it, both professionally through referrals and personally through consultations.

We are still working to achieve the level of supervisor support that we originally set as a goal, but we hope the training sessions will have provided the motivation they need to increase and then sustain the number of referrals.

We recently completed our training of over 3,000 managers in a six-week period—from vice presidents through first-line supervisors—as well as officers and committee persons from all five unions. We are encouraged that before the standard training, the unions had invited the EAP coordinator to give briefings. The coordinator also did one-on-one staff training by phone, in small groups, or however or whenever the arrangements could be made.

Marilyn D. Anderson, M.Ed., CEAP, CADAC, has been the EAP coordinator for General Dynamics Corporation, Fort Worth Division, since 1987. She worked from 1978-80 for the Tarrant Council on Alcoholism’s Employee Assistance Consortium and from 1980-87 for CompCare. General Dynamics is one of the U.S.’s largest defense contractors, recording $9.5 billion in sales in 1988. The company’s nine divisions make various military and commercial aircraft. The Fort Worth Division produces the F-16 Fighting Falcon, a jet fighter plane.

GD’s training and development (T&D) staff evaluated our techniques before a manager ever set foot in a training session. With a valuable resource like this at our disposal, we wanted to add punch to our presentations. It worked! All of our original presentations were modified in ways that clarified our points and grabbed hold of and kept the audience’s attention. T&D discarded a slow-moving and dull film that we had originally planned for viewing during the presentations. T&D also helped HAI staff members improve their presentation giving, which they were already doing well. We knew that we wanted to more zealously convey our information on supervisory referrals, since self-referrals require little or no supervisor involvement. We feel that T&D’s participation helped us to make every minute of our presentations count.

STUMBLING BLOCKS

Any internal EAP administrator has at one time or another been confounded by problems arising from day-to-day program operations. One could say that the problems are multiplied by two, if not geometrically (or synergistically), in an internal-external arrangement. Recognizing this, since 1987 GD’s medical director has resonated the necessity of a “one-team game plan” hundreds of times over. He has said it to management, union representatives, HAI and his own staff. The cornerstones of his team philosophy are trust and respect. As with the adoption of any new program, like our internal-external EAP, trust and respect don’t come automatically, yet the viability of our program is dependent on it. Thankfully, in this area, we believe we have made substantial progress.

As an example, confidentiality roadblocks were set up and waiting for us. Early on in the program, GD and HAI wrestled with confidentiality cases at least once weekly. The situation has improved. We still debate
confidentiality as it pertains to specific cases and at times seek legal counsel, but it is interesting how the "one team" approach now seems to help resolve potential problems.

There was also a problem with acceptance of an internal EAP coordinator, whose responsibilities included interacting with longtime employees at GD. Resistance came from both management and the external provider. Through the steadfast support of our medical director, the EAP has built strong alliances. Within the company, Labor Relations has been alternately supportive and hard on the EAP. Benefits has given the referral program a tremendous boost by modifying coverages in order to avoid potential impediments in the referral process. Employee Services has become a proponent of the EAP in its dealings with the five unions. The unions have made it their business to know what is happening with the EAP, and we have set some joint plans with the goal of improving to our treatment success rate.

Patience, input from all necessary parties and cooperation have been the core building blocks for this program. In large part, these are what separate a short, quick-fix program from a lasting one with top-down support for the EAP’s ultimate mission.

The author gives special recognition to Bob Matthews, chief physician’s assistant at the Fort Worth Division, and to Dr. Roger Moore, the Division’s medical director. It was through their initiatives that the EAP was accepted by management and implemented within the Division.

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When it comes to consumer decision making, the post-Knox-Keene EAP marketplace in California has some similarities to telephone service after the 1984 divestiture of the United States' Bell system. The actions of the California Department of Corporations—in the case of California-based external EAPs, and the U.S. Supreme Court—in the case of AT&T, were “consumer-oriented,” but ultimately made the purchase of services more complex than ever.

Now, consumers who like to make phone calls should know who builds and services telephones, controls transmission lines, operates local phone services, offers long-distance services and, lately, who sells cellular car phones. But the complexities only begin there. Different warranties, calling services, discount long-distance rates, ad infinitum, compound the confusion. Many consumers are still trying to make some sense of it all.

MARKETING OF EAP SERVICES UNDER K-K

So it goes with Knox-Keene. June marks the two-year anniversary of K-K’s extension to EAPs. Businesspeople now need to decide whether they want an EAP, whether they want internal or external services, what layers of services they want from programs being sold as “EAPs” and whether they want an exempt program or a licensed one.

If a company decides that it wants to contract for external services and issues an RFP, here is a sampling of the marketing tactics it is likely to get during interviews.

- Firm A is Knox-Keene licensed and informs the company that only a K-K licensed EAP can provide the full-range of EAP services, insinuating that non-licensed EAP contractors are operating outside of the law. Not true!

- Firm B tells the company that any EAP can bid and that the claim of Firm A is just a marketing ploy. It is true that unlicensed firms can bid to provide traditional EAP services.

- Firm C tells the company that an exempt EAP provider can provide one to three prepaid assessment-and-referral sessions and pay fee-for-service for employees who need more. That way they will not pay for prepaid services that they never receive.

- Firm D tells the company that splitting prepaid and fee-for-service is illegal.

- In the case of a company whose employees are covered by an HMO—a common occurrence in California—Firm E tells the company that it should consider a licensed plan, managed mental health care and/or an at-risk product in order to directly access treatment for employees.

- Firm F tells the company that since the majority of employees has coverage with an HMO that will not “carve out” psych and chemical dependency, it should contract with an exempt firm in order to avoid paying twice for the

| K-K Act, passed to regulate health care service plans, becomes part of the Health and Safety Code of California. A health care service plan “arranges to provide health care services...for a prepaid or periodical charge...paid by or on behalf of...subscribers or enrollees.” |
| Three psychological plans, considered to be “specialized health care service plans,” by virtue of offering a single-purpose product instead of general med-surg services, are licensed under K-K. |
| Marketplace competition for EAP contracts between licensed plans and unlicensed plans brings the issue of unregulated EAPs to the attention of the Department of Corporations. |
| The first cease and desist orders are received by traditional EAPs. |

by Tamara Cagney, CEAP
same service.

Mind you, company management’s motivation to get an EAP was only to provide a cost-effective, humanitarian service for its employees!

Many EAPs themselves are confused by K-K and the limitations of the exemption. In fact, there is still misunderstanding of the clinical and fiscal intent of K-K and the exemption. Some smaller EAPs and individual practitioners which provide EAP services have filed for neither licensure nor exemption.

REGULATORY REQUIREMENTS

To put the Knox-Keene Act in its simplest terms, every external EAP firm that provides services other than assessment (i.e., identification) and referral—defined as no more than one to three visits by an individual every six months—should be licensed. This applies to EAPs which provide counseling, therapy or treatment services under a prepaid or periodic-paid contract.

Presently, there are only six licensed firms in the state. A number have obtained exemptions. There is little wonder, however, that so few are now licensed. Typical documentation includes 60 to 100 pages of data about financial accountability, structure, decision making, delivery systems, provider arrangements, access, ratios, quality of care review, contracts, projections, feasibility studies, actuarial reports and other relevant resources. Just as when one files taxes, it calls into question how much private information the company wants to relinquish to the government.

The cost of the application process for attorneys, accountants and other professional services typically ranges from $20,000 to $50,000. Gail Shubert, an attorney with the California Department of Corporations, estimates that the application process can be completed in six months—if firms are willing to commit all of the resources necessary to the process. One to two years is a more typical length of time.

Any individual or firm that is providing EAP services and is not licensed must file for and operate under the exemption clause of the Act. The exemption limits services to identification and referral only and limits sessions to three in a six-month period. Ms. Shubert points out that the exemption disallows firms to bid on more than three sessions with the intent of spacing out services. This is one of the requirements of the regulation that has been least understood.

AVOIDING K-K LICENSURE

Again, only six firms are presently K-K licensed. Here are the ways in which some EAPs are structured in order to avoid licensure.

► Some are mixing models. They provide one to three assessment sessions on a prepaid basis under the exemption, and then offer counseling, therapy and/or treatment under a fee-for-service arrangement. There is concern that this violates the “spirit” of the law.

► Some external EAP firms domiciled in other states are writing contracts for employers based outside of California. They are then delivering—or subcontracting with non-licensed California firms to deliver—EAP services and short-term treatment to employees in the state without the license or the exemption.

► Some EAPs have established relationships with insurance companies. The EAP then offers one to three assessment-and-referral sessions under an exemption and the insurance company writes the contract for counseling, therapy and treatment. This allows the EAP and insurer to offer the full range of services that otherwise would require licensure if provided by a single firm.

TAMARA CAGNEY, CEAP is executive director of Health Matters, an EAP consulting firm based in Pleasanton, CA. Previously, she was manager of the City of Oakland (CA) EAP.

Tamara is also Vice President—Operations of ALMACA and was Western Region Representative during the prior administration.
CONSULTATION
- Consultation, program promotion, management and evaluation
  Can be provided without exemption or license

EAP SERVICES
- Identification and referral services
- One to three sessions only (exemption limits contact to three sessions every six months for assessment and referral)
  EAP services often include consultation, assessment and referral, supervisory training, program promotion/information, employee orientation, case finding, motivation, management, follow up and evaluation
  Can be provided by licensed or exempted plans

MANAGED MENTAL HEALTH CARE
- Includes benefits analysis, provider networks, preadmission certification, concurrent and retroactive utilization review, case management
  Is not addressed by the Knox-Keene Act. Can be provided without exemption or license. Can be provided by licensed or exempted plans.

Many independent practitioners are contracting with small employers to provide services that fall under K-K. There is often a prepaid or retroactive periodic charge for services. These independents have often not filed for exemption.

Managed mental health care services are outside of the Act and can be offered by exempt or licensed plans. These services include benefit analysis, preadmission authorization, concurrent and retroactive utilization review, provider networks, case management and follow up.

The K-K provisions are built on treatment considerations and not whether a product is at-risk or not. The marketing of managed-care and at-risk products became more common in California at about the same time that the K-K application and exemption clauses took effect. As a result, to many people in EAPs and the entire business community, there is a connection between EAPs and managed care. Under K-K, a firm cannot offer an at-risk product for counseling, therapy or treatment without being subject to the licensing provisions. As was shown in the marketing strategies mentioned earlier, this creates confusion for the customer, especially those which are primarily HMO-insured or are looking for EAPs which can provide more than three sessions.

The Knox-Keene Exemption

The following is the language of the exemption under the Knox-Keene Act.

A health care service plan [in our case, an EAP] which, pursuant to a contract with an employer, labor union or licensing board within the Department of Consumer Affairs, consults with employees, members of their families or licensees of such board to identify their health, mental health, alcohol and substance abuse problems and refer them to health care providers and other community resources for counseling, therapy or treatment is exempt from the provisions (other than sections on advertising, client grievance procedures and inspection of records) of the Act if:

1. Plan has filed notice within last 24 months.
2. Contract does not provide for counseling, treatment or therapy.
3. No client or member of his or her family directly or indirectly pre-pays or makes periodic payment or pays any copayment or other fee for any service under the contract.
4. Any financial interest in referrals is disclosed to the contracting employer and to the person who is referred.
5. The number of sessions [session is defined as any in-person or telephone consultation] will not exceed three within any six-month period.
6. A client record will be retained for at least two years. Record will contain client name, date, note of each session, purpose of each session, outcome, and referral. Records are subject to inspection.
7. All personnel will be licensed or certified. [CEAP designation is recognized.]
8. No prepaid fees can be collected more than 45 days in advance.
Under Knox-Keene

TREATMENT

➤ Diagnosis and treatment on a prepaid basis. Can be approved only by a licensed plan.
➤ Outpatient therapy on a prepaid basis can be provided by a licensed plan only.

Outpatient therapy on a fee-for-service basis can be provided by exempt or licensed plans. There is some concern that firms which mix EAP models, e.g., assessment and referral in one to three prepaid sessions and switching to fee for service, are in violation of the “spirit” of the regulation. There has been no known enforcement action in response to this.

Knox-Keene has certainly made business in California more complicated for both EAP providers and companies which desire EAP services. Many EAP professionals feel that the Act has opened the marketplace to specialty health plans which focus on providing counseling, therapy and treatment through a panel of providers and, as a result, shortchange the client company on its provision of traditional EAP services as defined by the Core Technology.

On a positive note, Knox-Keene has helped to define what EAP services are. Consumers may begin to more closely examine their objectives in purchasing EAP services and scrutinize which design works best for their situations.

Although two years have passed, the dust is only beginning to settle. The ethical, fiscal and clinical concerns continue to be debated, and guidelines for businesses on purchasing EAP services have yet to be clarified.

Special thanks are given to the following people for contributing information for this article: Jack Dolan, Managed Health Network; Bob Bruner, Charter Medical Corporation; Edie Jarredine, Occupational Health Services; Charla Parker, Lifecare Systems; and Gail Shubert, Department of Corporations.

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EAP CONTRACTING

Marketeering and the Drug-Free Workplace Act

During contract renegotiations, a hypothetical defense contracting company, Alloy Fabricators, Inc., learns that it must comply with both the Department of Defense's drug-testing regulations and the Drug-Free Workplace (DFWP) Act of 1988. As a current contractor, Alloy is listed as being among the thousands of contractors in the Federal Procurement Data System's product & service guide. The following companies market their services to the company:

- A drug-testing company guarantees an accuracy level of 95% using urinalysis screens and gas chromatography confirmation tests. The costs are $20 per initial screen and up to $90 per confirmatory test.
- A security firm also offers to administer drug testing. It guarantees 90% accuracy using the same methods at a reduced cost. For additional charges, it also:
  - offers to write a drug-free workplace policy.
  - will periodically take dogs sensitized to the scents of marijuana and cocaine to the work site to help comply with the "good-faith" provision of the DFWP Act.
- An employee assistance firm offers to throw in an "EAP" for $2 per employee per year, including a drug-free awareness program—as mandated by DFWP—in the package of services.
- An employee assistance firm offers a drug and alcohol awareness program—essentially a hollowed-out EAP—that does not include formal supervisor and management training, nor face-to-face assessments—for $13.

Feeling confused and badgered, the plant manager attends a two-day, $2,000 DFWP briefing session sponsored by a legal firm and leaves feeling, this time, like he's been "had." The manager ends up hiring the security firm so that it can use one-stop shopping to meet both the drug-testing and DFWP requirements. The security firm, in return, delivers shoddy EAP and drug-testing services.

The problems of the DoD contractors (and some Department of Transportation contractors which must comply with similar drug-testing regulations) are doubled compared with those of other contractors and grantees, since many of them must comply with both the drug-testing and DFWP requirements. The fact that both sets of regulations were released just weeks apart has muddled it further and made DoD contractors an inviting target for vendors offering a "neat, clean" service package. However, the nonspecific compliance standards of the DFWP Act helped to put virtually ALL federal contractors and grantees at the mercy of the marketplace.

While much of the hysteria over the compliance requirements has dissipated since the March 18 enforcement date, the steady stream of new contractors will continue to pose problems with understanding the intent and scope of the law.

HEAVY EAP UTILIZATION

Despite the confusion and misinformation about the DFWP Act, EAPs are greatly benefitting from it, for two apparent reasons. First, recent data indicate that EAPs have already achieved a high penetration rate in major business and industry. [A reference is the Marsh & McLennan survey statistic that 85% of employers responding have an EAP (April issue, page 34).] Information from various sources suggests that already-existing EAPs probably have a first shot at helping employers meet the compliance requirements of the DFWP.

Second, the statutes specifically identify employee assistance programs. Despite the fact that EAPs appear to be misrepresented—they are lumped together with drug-counseling and rehabilitation programs when, in fact, EAPs are the referral mechanism to these treatment programs—they are specifically mentioned in the text of a federal law (P.L. 100-690).

KNOW YOUR COMPETITION

EAPs should still be aware of their competition. Here are some actual examples of marketing approaches related to the DFWP Act:

- One company is spearheading a private-sector program entitled "Corporate Initiatives for a Drug Free Workplace" and has created a newsletter entitled Drug Free Workplace Initiatives. In its marketing correspondence, there is no specific mention of the DFWP Act or the compliance provisions.
- One firm has sponsored seminars for personnel administrators entitled "Strategy for a Drug Free Workplace."
Its speaker was a former high-level government official who served as an advisor on drug-abuse policy. The marketing materials state, "If you are considering or implementing a drug testing policy, or want to develop a powerful program for a drug free workplace, or even if you have a successful Employee Assistance Program, this seminar will be the best possible investment of your professional time." [The highlighting is our own.] Price tag: $1,500. One could reasonably infer that EAPs, in and of themselves, might be inadequate to bring employees into compliance. Again, specific mention of the DFWP Act is avoided.

- A film and video company is selling a "Drug Free Work Force Kit" for $4,880. The marketing material states, "This is your opportunity to purchase the kit that helps you to comply with the Drug Free Work Force Bill." The kit contains a dozen video cassettes on "every possible aspect of drug use including: safety, costs to company, medical aspects of drugs, intervention, health, the nature of addiction, enabling, the role of EAP."
- No marketing materials from security firms were available for review, but THE ALMACAN has received reports of services that include drug testing, drug-sniffing dogs and EAPs all as a part of the same package.
- A number of EAP firms are offering special compliance packages. One group states that "we include access to our comprehensive, streamlined Employee Assistance Program, The Wellness Information Network as a part of all of our drug free work force compliance programs." Obviously, associating EAPs and wellness programs as one in the same mischaracterizes the EAP field.

OTHER SPECIFICS OF DFWP

Information on the DFWP Act so far has come in doses. Here are some new details:

- Contract or grant officers of federal agencies will be the policing mechanism for meeting the compliance requirements. Both routine and special audits are allowed.
- There have been no required courses so far for contract or grant officers about the compliance provisions; only written communication. Presumably, the former would help to assure uniform application of the law.
- Typically, corporate drug and alcohol policies already include language that is compatible with the intent of the law. Of the "five magic verbs" that pertain to illicit drugs—the law forbids the manufacturing, distributing, dispensing, possessing, or using of illicit drugs—"manufacturing" and "dispensing" are often left out of corporate statements. [ALMACA sells a portfolio of information on the DFWP Act for $15. It includes a sample employer statement.]
- Examples of meeting the communication requirements between employer and employees are an orientation manual which contains the company's drug-free workplace statement and booster announcements in payroll envelopes, the latter of which would meet the ongoing compliance provision. It is clear that simply posting a notice on a lunchroom bulletin board is not sufficient.

Might the Drug-Free Workplace Act trigger other government initiatives? It is conceivable that the Act is the first step toward federally mandated EAPs. To say the least, this would spur debate about whether it is proper government action to mandate EAPs. It remains to be seen, however, whether this is a realistic scenario.

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Seven Influencing Factors on EAP Function and Practice

The New York City Chapter of ALMACA convened a “New Directions Task Force” to look at the historical underpinnings, current influences and projected trends of seven factors which weigh heavily on the EAP field. Here are the Task Force’s findings.

Last summer, New York City Chapter president James Ahern appointed chapter members Madeleine Tramm and Monica Wright to assemble a task force to study external issues which impact on the EAP field. The chairpersons named five other chapter members to join them, including Miriam Aaron, T.J. Elliott, Dan Molloy, Walter Reichman, and Walter Scanlon.

Collectively, they are the “New Directions Task Force,” and their findings are being presented to the chapter in two segments on April 25 and May 23. They were also recently named as presenters during ALMACA’s 18th National Conference. Here are synopses of their work.

SIGNIFICANCE OF PREVALENCE OF DRUG USE FOR EAPs

T.J. Elliott
Paul Sherman & Associates

Does the prevalence of use of alcohol and other mood-changing drugs affect the establishment and continuation of EAPs? The relationship is clear but often indirect. In the 1970s and 80s, programs have proliferated to the point that 87% of companies with 5,000 employees or more have either an EAP or drug-testing program. Fifty-six percent have both.

The 20-year span of EAP growth coincides with a 20-year period which has contained peaks in alcohol, cocaine and marijuana use. The perceptions of those executives who could “pull the trigger” on EAPs have been influenced by “personal experience” and other developments, including:

- insurance companies which had not included coverage for alcoholism offered riders and expanded benefits for chemical dependency diagnoses. This gives benefits directors access to information on the numbers of employees and family members who use reimbursable treatment for CD and the ensuing charges.
- the promotion of alcohol and drug problems. Private and governmental organizations have been formed which have brought the problem to the forefront through such means as community mental health centers legislation and anti-drunk driving initiatives.
- the amount of attention paid to drugs since the 1960s has been extensive. Last year alone, Newsweek devoted several cover issues to drug-treatment problems.

What can be expected of drug use in the 1990s? Recent surveys and reports amply indicate that drug use is declining in most quarters. This will not mitigate the damage that occurs to individuals and communities, but it will affect the perception of businessmen, bureaucrats and politicians.

Some specific strategies that EAPs can use to reach more alcohol- and drug-abusers are these:

- the continued promotion of alcoholism and alcohol-abuse awareness.
- develop strategies to reach the extraordinary number of female drug abusers that may exist. One way may be through improved screening.
- further dichotomize the working population, e.g. retailing, the elderly, inner-city workers, white-collar single women, to capture those with heavier drug and alcohol use patterns. It ill-serves the EAP field to assume that every group is equally at risk.
- stay current on what new drugs are "in vogue."
- retain an emphasis on those aspects of broadbrush EAP services which identify the “hidden” chemically dependent.

ANTICIPATED DEMOGRAPHIC CHANGES

Walter Reichman
Baruch College

In the 1950s, teenagers went steady, followed unambiguous codes of sexual morality which involved minimal cohabitation. Women married early, specialized in homemaking and child rearing, and few of them worked outside of their homes, or else worked in occupations which were almost exclusively female. There were few divorces, and married people tended to live together regardless of happiness. The civil rights movement had not yet begun and minorities were largely excluded from the mainstream of economic life. Gay meant happy, pregnancy was feared by unmarried women, and the preferred substance of abuse was alcohol.

It’s quite a contrasting portrait to what society is like today, isn’t it? By far, the hardest-hitting demographic issues facing society 30 years later relate to women. Specifically, we as a society are adjusting to the entry of women into the workplace, struggling to stabilize relationships between women and men, realizing the emergence of the dual-career couple and its impact on child-rearing, and questioning whether we as couples want to have children at all.

Some of the other demographic occurrences are these:
- There were major breakdowns in
occupational segregation which have tended to deprive women opportunities in the professions, computer industry, law and medicine.

- The problems of dual-career couples and child care have become real societal and workplace issues and, thus, EAP issues.
- Half of all marriages end in divorce. The divorce rate has been on the rise since 1870, but steadied during the baby boom, picked up again in the 1960s and has leveled off in the 1980s, albeit at a high level.
- The Bureau of Labor Statistics anticipates that the proportion of the population that works will rise to 66% by 1990. This increase will be due to the substantial rise in female population, which will be great enough to offset a decline in employed men.
- The changing industrial composition is realizing a growth in the service sector at the expense of durable goods manufacturing.
- Corporate mergers and takeovers are adversely impacting on the lives and productivity of employees, although few data are currently available to substantiate this point.
- With the accelerated rate of technological change, new industries and markets for EAP services will appear.

There is less symmetry in our day-to-day lives now than a decade ago. EAP practitioners are likely to see a greater incidence of stress-related problems. The adjustment problems of children of divorce, especially those victimized by serial marriages, may open new diagnostic categories for the EAP. The anticipated spread of AIDS may place a much heavier burden than is presently being levied on EAPs. These changes suggest that, barring abrupt changes in their evolutionary cycle, EAPs can expect to become more involved in organizational issues facing employers. Companies will need to decide whether EAP services and health care benefits should be extended to nonspouses as a result of "alternative living arrangements."

**ORGANIZATIONAL DYNAMICS**

Walter Scanlon
Bethany Center

Organizational Dynamics, as a field of study, should be viewed in the context of organizational theory, or the study of how individuals behave in varying organizational structures and circumstances.

**Classical Organizational Theory**, prominent prior to World War II, considered workers to be interchangeable parts to an industrial machine that was composed of flesh instead of metal. The question of individuality was not raised.

**Neoclassical Organizational Theory** is a perspective that is critical of classical theory because it overlooks the human needs and interactions of organizational members. Neoclassical theory came into prominence after WWII.

**Theory X** is a management approach that assumes the average person has an inherent dislike for work. Most people must be controlled with punishment to adequately work toward the achievement of organizational goals.

**Theory Y**, on the other hand, holds that work is not disliked and that, through controllable conditions, can be a source of satisfaction. Ego and self-actualization needs can be satisfied through the workplace, and rewards are doled out instead of punishment.

The change from Classical Organizational Theory to Neoclassical Organizational Theory was not parallel in time nor concept to the change from Theory X to Theory Y, but both suggest a changeover in management practices from "punitive" to "reward-giving" in relationships with workers. As this process occurred, American business and industry begin to accept more of the responsibility for the welfare of society. The concept of "social responsibility" yielded to "corporate social responsiveness" and finally to "public policy." Public policy, which usually applies as a mandate instead of an option, gives back to society what is taken away in the name of corporate growth and profit.

Discipline, which is most compatible with Theory X and the Classical Organizational Theory, is still a part of human resource management, but it is only one tool at the employer's disposal. In terms of the work organization's growing attention to the needs of the community, we have seen a trend toward corporate involvement in community projects. The company's EAP is, in a sense, a community project which helps people who might otherwise be a burden to the community.

The most successful EAPs are likely to be found in the most successful organizations. Peters' and Waterman's "Excellent" companies, for example, probably also have excellent EAPs. The current pursuit of excellence, together with changing organizational dynamics, climate and management theory over the past half-century appear to be partially responsible for the creation of the EAP and its penetration into work organizations.

**THE ROLE OF GOVERNMENT**

Miriam Aaron
NYS Division of Alcoholism and Alcohol Abuse

Until the 1970s, promotion of the concept of work-based intervention was limited by lack of government funding and staff. Prior to the 1970s, the National Council on Alcoholism and Alcoholics Anonymous gave some attention to workplace responses to the problem of alcoholism, but they were more of an extension of their services than central components of their organizational activities.

The National Institute on Alcohol Abuse and Alcoholism (NIAAA), es-
shelled in 1970, developed a formal approach for the identification of, and intervention with, employees whose job performance was impaired by alcohol. NIAAA was critical in defining how EAPs worked, and a number of the field's experts today were brought to us through NIAAA's research and demonstration initiatives. The availability of federal funding created an interest in occupational programs by state and local governments, which stimulated local providers to apply for federal funds for occupational program development as part of its oversight of alcoholism program services. With the growth and development of funded programs, information was funneled back to NIAAA about program success and failure. This information was used to modify and refine program concepts, including the transition from occupational-alcoholism to employee-assistance programs.

In the early 1980s, the federal block grant formula shifted primary program decision responsibility from federal to state government, thus decreasing funding levels for occupational programs for which broader program interest was stimulated. This change resulted in an increase in employee assistance programming activities by voluntary and for-profit providers, which modified program guidelines and priorities in the process.

Today, the role of the workplace continues to be recognized as important in identifying alcoholic- and drug-impaired individuals. However, today's federal efforts are weighted toward regulations that will inevitably affect program delivery. In the absence of commonly agreed-upon definitions, goals and objectives, the EAP field may experience difficulties in responding to newly emerging needs while maintaining programmatic identity. Therefore, in considering new program directions, the regulatory and programmatic roles of government should not be overlooked.

TREATMENT

Dan Molloy
National Maritime Union

The critical issues in treatment for EAPs and MAPs pertain to referral and discharge. In the occupational program's assessment responsibilities, there are more questions about the appropriate level of care to which clients are referred. Matching treatment to a client's level of need, whether outpatient, inpatient or self-help, has always been in the best interest of both worker and benefit provider. A conservative strain within EAP circles has even maintained that occupational programs too often function as a pipeline to treatment. It is best to let work-based mechanisms motivate workers to improve performance or seek help themselves at an appropriate level of care. If the work organization has a healthy balance of confrontation and counseling, the care itself can be offered early on at lower cost.

After treatment, or in conjunction with outpatient care, issues of support, evaluation and relapse prevention need more attention now than ever in the past. It is advisable that the elements of a treatment plan include didactic group experiences, encouraging, facilitating and evaluating self-help affiliation. If areas of conflict emerge in recovery, referrals to counseling or psychotherapy might be appropriate.

Skills in relapse prevention can be identified and cultivated. The elements

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can include managing urges, knowing and recognizing triggers, avoiding high-risk situations, faulty thinking, etc. Stages in recovery need to be identified as clearly as signposts on the road to dependency. The conceptual framework for recovery should include the physical, mental, emotional and spiritual components of addiction. Even more to the point, the role of treatment and work organizations in sustaining recovery need to be delineated. Also, missing pieces in a comprehensive treatment plan, such as halfway houses, need to be identified.

In short, much more attention needs to be paid to the middle and late stages of treatment, where gains are solidified. Researchers including Paul Roman, Harrison Trice, Jack Erfurt, Andrea Foote and G. Alan Marlatt have found this to be the case. While the technology on the front end is in need of fine tuning, the technology at the middle and late stages is loosely constructed and sometimes nonexistent.

**ECONOMIC INFLUENCES**

Madeleine Tramm
In Perspective, Inc.

A salient and popular attribute of today's EAP, attributable largely to economic influences, is the emergence of managed mental health care. The following are perspectives on a couple of economic forces that have converged to augment the entry of managed care.

- EAP staff functions and costs. The founders and early managers of the EAP and occupational alcoholism program movement were recovering alcoholics who emanated from varied professions. As EAPs became institutionalized, social workers entered the field and influenced its course. Social workers were favored by industry because they were less expensive than medical doctors and psychologists in the EAP field. Furthermore, social workers were adept at facilitating the linkage between the employee and available community services.

Social workers often have a stronger clinical orientation than occupational orientation, causing counseling to be the primary EAP activity instead of labor-management training in constructive confrontation, and follow up with supervisors and union representa-
• The clinical emphasis has been cemented by industry’s efforts to contain treatment costs. If, the argument goes, EAP “counselors” can see alcoholics and other troubled employees on company/union premises, this curtails the utilization of health care benefits through the indemnity plan and services in the community, which eventually revisit the employer through health insurance premium increases.

• A natural development has been the role of the EAP as gatekeeper, which includes the functions of: evaluating and screening facilities for cost-effective, quality services; screening the employee/client to provide the best possible “fit” with a treatment provider; “managing” or monitoring the case of the client in the mental health treatment system; and negotiating rates for treatment services. These activities can be interpreted as being economically motivated.

• Some EAPs have been encouraged to sponsor wellness-related activities, based on the presumption that prevention reliably cuts costs. However, questions about documented cost savings due to prevention programs have been raised and, due to corporate belt-tightening, the relationship between EAP and wellness is not as popularly espoused as earlier this decade.

• Alcoholics have become, to the lament of some, less frequently seen in many EAPs during the 1980s. As EAPs have begun to handle a wider variety of mental health problems, then mental health treatment has fallen within our expertise and, by extension, within our domain. As part of a cost-containment approach, many of these experts have been assigned with the “management” of the mental health budget. Then, without a clear and easy way to discern what constitutes a “catastrophic” mental health problem and without easily costed-out treatment procedures—the backbone of traditional indemnity plans—the door opens for managed mental health care.

This issue has considerable implications for EAPs, yet EAPs are not often involved in the formulation of drug testing policy. Having ideological differences, an EAP might be reluctant to express disagreement with management’s policy or express concern about being excluded in policy formulation, fearing retribution and being perceived as biting the hand that feeds it. The criticisms to drug testing by organized labor and legal groups have been well-documented, but often to no avail in the face of the momentum that drug testing has gained.

President Reagan’s September 15, 1986 Executive Order calling for a drug-free federal workplace through routine and unwarranted drug testing of up to 1.2 million federal employees has prompted more than one-third of the U.S.’s largest companies to implement testing programs. The Order came six months after the President’s Commission on Organized Crime recommended that all private companies holding federal contracts regularly subject their employees to urine testing as a condition of employment. Both federal statements have, in effect, opened the floodgates to testing in both the public and private sectors.

Proponents of drug testing received a vote of confidence from the U.S. Supreme Court in March. The high court upheld the mandatory testing of certain railroad and Customs Service employees for drug and alcohol use. This was the first time that the Supreme Court ruled on a drug-testing case. It was the Court’s sense that the interests of safety and impeding illegal drug trafficking outweigh privacy rights. [An article by David Evans, Esq., will review these cases and other governmental actions on drug testing in the June issue.]

Previously, the majority of state and federal courts had ruled that testing in public workplaces is unconstitutional if not based on reasonable cause for suspicion. Consistently, random testing had been struck down by the courts.

The consequences of corporate drug testing policies will bear heavily on EAPs, although the verdict is still being decided on where all of the chips will fall. It is up to EAPs to take a proactive rather than reactive stance on this issue.
CONFERENCES AND WORKSHOPS

JUNE

The Foundation of the American College of Healthcare Executives in Chicago, IL will present a number of health care and management seminars. They will be held from June through May 1990. For more information, contact the Division of Education, P.O. Box 95639, Chicago, IL 60694; (312) 943-0544.

A variety of subjects will be addressed at the Training Clinic’s “train-the-trainer” workshops. The workshops are being presented throughout the U.S. and Canada from June-August 1989. A catalog listing the workshops is available free of charge by writing to Richard Barbazette, The Training Clinic, 645 Seabreeze Drive, Seal Beach, CA 90740.

“Contents under Pressure: Management of Psychiatric and Substance Abuse Services” is the theme of the annual conference of the American Hospital Association’s Section for Psychiatric and Substance Abuse Services. The conference will be held in Washington, D.C. from June 7-9. For more information contact Betsy Palka, AHA, 840 North Lake Shore Drive, Chicago, IL 60611; (312) 280-6396.

A panel discussion and a two-day seminar focusing on managed care issues for alcoholism and drug dependency treatment providers will highlight the 11th Annual Meeting and National Conference of the National Association of Addiction Treatment Providers (NAATP) in Denver, CO June 14-16. The panel discussion at the opening session will be teleconferenced to multiple sites across the country. Other highlights of the meeting will be the presentation of the Nelson J. Bradley Outstanding Service Award and a time-management workshop conducted by educator Fred Pryor. Registration for the meeting will be open until June 5. For more information, contact NAATP at (714) 476-8204.

The Fifth Annual Western Institute on Addictions will be held in San Diego, CA from June 27-30. Topics to be addressed include current approaches and concepts in treatment of addictions, education/prevention issues, relationships and personal growth. For more information, contact:

The Institute for Integral Development, P.O. Box 2172, Colorado Springs, CO 80901; (719) 634-7943.

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JULY
The 18th Annual San Diego Summer School of Alcohol and Other Drug Studies will be held from July 9-14 in La Jolla, CA. The Summer School sessions are sponsored by University of California, San Diego School of Medicine in cooperation with the San Diego ALMACA chapter. For more information contact: the University of California, San Diego; UCSD Extension X-001, La Jolla, CA 92093-0176; (619) 534-3400.

AUGUST
A "Labor/Management EAP Institute" will be held August 14-18 as part of the Nevada Bureau of Alcohol and Drug Abuse's Summer School. The school will be held in Reno, NV and will address topics related to EAPs and MAPs. For more information contact: Sharyn Peal, Bureau of Alcohol and Drug Abuse, 505 East King Street, Room 500, Carson City, NV 89710; (702) 885-4790.

Next Step Education, Training and Consulting Services is offering a training program for COA professionals. The program will be held at Balboa Park Inn in San Diego from August 20-23. Contact Barbara Silva St. Amant for more information at: 1227 Fort Stockton, San Diego, CA 92103.

SEPTEMBER
The Fifth Annual Clinical Day will be sponsored by Oxford Network of Care on September 6 in Grosse-Pointe, MI. The day-long seminar will feature information on neurophysiology and addiction, drugs, sex and AIDS, and the post-natal effects of cocaine. For more information, call Virginia Biegun at (313) 628-0500.

OCTOBER
The National Federation of Parents will sponsor the 2nd National Red Ribbon Campaign October 22-29. This year's theme will be "My Choice... Drug Free." President George Bush and Mrs. Bush are National Honorary Chairmen for the campaign. For further information contact NFP Red Ribbon Campaign Headquarters, University of California, Davis, CA 95616.

The American Association for Marriage and Family Therapy will hold its 47th Annual Conference on October 26-29 in San Francisco, CA. The theme will be "Building Bridges: Creating Balance" and it will emphasize family therapy's effectiveness in treating a wide range of treatment populations, including AIDS, sexual dysfunction and depression—with an emphasis on drug/alcohol addiction and codependency. For more information contact: Diane Sollee, MSW, Conference Director, AAMFT, 1717 K Street, N.W., Suite 407, Washington, DC 20006; (202) 429-1825.

Med-Corp will sponsor an Educators Conference on October 26-27 at the Metro Toronto Convention Centre. The conference is designed to identify the emerging trends in education and assist educators in effectively meeting the challenges of the 90's. Dr. David Suzuki will be the keynote speaker. For complete information contact: Deanna Laws at (416) 566-7366.

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ALMACA EVENT
Be sure to mark down October 29-November 1 as the dates for the 18th ALMACA National Conference. It will be held at the Baltimore Convention Center. Information about travel arrangements and hotel rates in Balti-
S Status Can Help EAP Firms Reduce Taxes

This article was written by editor Rudy Yandrick with technical assistance from Lake Richart, owner of Richart’s Tax Service in Camp Hill, Pennsylvania, and Ed Williams of the accounting firm Sullivan & Company, Ltd., of Reston, Virginia.

S uppose a small EAP firm that is taxed as a regular corporation wants to lighten its tax liability. What should it do? Reorganize as a subchapter-S (or “S”) corporation and avoid double taxation. Whereas regular (or “C”) corporations pay corporate and shareholder taxes, S corporations pay only shareholder taxes.

United States tax laws seem to go through annual overhauls that make it advisable for an external EAP business owner or principal to stay apprised of the tax treatments available to corporations. S corporations represent the middle ground between regular corporations and partnerships. As such, they’re in the best of both worlds. Like C corporations they have a centralized management structure, provide only limited liability for shareholders, and enable an easy transfer of ownership to stockholders. Like partnerships, they avoid double taxation and permit losses to flow through to the entity to the individuals.

Double taxation works like this: C corporations under the classification of “personal service corporation”—which EAPs are most likely to qualify as—pay a flat 34% corporate tax; any earnings received by shareholders are also taxed at each individual’s personal tax rate, typically about 28%. S corporations pay no corporate tax at all, but they, too, are taxed at the personal rate.

Certain criteria must be met in order to reorganize as an S corporation, including these:

- You may not have more than 35 stockholders, and each stockholder owning stock on the day of the election must consent to S corporation status.
- Each stockholder must be an individual, an estate or one of a specific group of trusts.
- The corporation must be domestic and may not be an “ineligible” corporation such as an institution, certain insurance companies, or members of an affiliated group.
- The corporation salary and making up the earnings received by shareholders are taxed as a regular corporation stockholders as if they were corporate as an S corporation.

Again, S corporations are not liable to pay corporate taxes. Once a firm elects S corporation status, all of its income and losses are passed through to the corporation stockholders as if they were joined in a partnership. Also, an election to refile under the S status must be done in the prior taxable year or within two months and 15 days of the effective year.

Here are some of the advantages and disadvantages that should be considered when deciding whether to incorporate as an S corporation.

ADVANTAGES

- Some of the items pass through the corporation to the stockholders, which can be used to your advantage on a personal return:
  - tax-exempt interest.
  - operating losses.
  - depreciation deductions.
  - charitable contribution deductions.
- Taxed at the shareholder level, the maximum tax rate is 33%. By comparison, the maximum C corporation tax is 39%.
- There are FICA and payroll tax advantages for limiting your personal S corporation salary and making up the difference in dividend payments.
- There is no threat of a disallowed unreasonable salary.
- Start-up losses in a new business can be passed through to you as an offset to income from other sources.
- No penalty tax may be applied for excessive corporate earnings.
- No threat to S status is posed by passive income and foreign income. Conversely, this provides tax shelters.

DISADVANTAGES

- The IRS wants all S corporations to operate on the same calendar year. This applies to any S corporation that began operation after December 31, 1982, or had 50% of its stock change hands after December 31, 1982. With a few exceptions, only older S corporations are allowed to keep their fiscal years.
- Operating loss deductions are limited to the basis of your stock, plus the loans you have made to the corporation.
- Failure to meet any S corporation requirements will terminate this tax status. This is the case even if it results from an accidental oversight. For example, if you and your spouse jointly are the 35th stockholder, a divorce would split the stock so that you would become stockholders 35 and 36. This would terminate your S corporate status and possibly be a tax disaster.

(By the way, a notable advantage to C corporations not available to S corporations is that of being free to sell large blocks of stock in order to quickly capitalize.)

FORM 2553

Any firm which elects to refile under S status must file IRS form 2553, indicating its election to be taxed as a small business corporation. After filing and obtaining IRS approval, notification will be sent. If an S corporation wants to revoke its status, however, a statement must be filed with the IRS and signed by all major shareholders whose stock totals more than 50% of the holdings in the corporation. The boilerplate language contained in a revocation is generally available from CPAs or tax attorneys.

Corporate tax structures are often more complicated than is contained in the information here, and the services of a tax consultant are advisable. However, these are the primary tax considerations which distinguish “S” and “C” considerations.
RESPONSIVENESS is crucial

Responsiveness to your referrals, our patients, means we expect them to have different needs, and to have arrived for treatment under varied circumstances; some with limited coverage. We consider the whole picture and try to provide the best treatment humanly and professionally possible.

To you, the EAP, special responsiveness from the treatment staff is crucial. Timely and relevant communication from our staff demonstrates our appreciation of the nature of your case management role and its responsibilities.

Our responsiveness also includes our attention to well designed discharge planning, and to the needs of EAP's for alternatives to inpatient treatment. The 421 Outpatient Alcoholism Treatment Center is our response to that need.

- Alcoholism and Chemical Dependency, Detoxification, and Rehabilitative Programs

420 East 76th Street, NY, NY 10021 (212) 988-6205

- The 421 Outpatient Treatment Center, Outpatient Program Alternatives for Alcohol Dependency Problems
421 East 75th Street, NY, NY 10021 (212) 222-3654

Breakthrough at Gracie Square Hospital*

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