

Making the Business Case for EAPs: A Conceptual Framework

by **Mark Attridge, Ph.D.**

Businesses sponsor employee assistance programs for a variety of reasons, including the belief that it's the "right thing to do" for their employees. But in the current economic climate of tight budgets and cost control processes, the question of whether the purchaser thinks the EAP covers its cost to the organization can come down to dollars and cents.

Evidence that EAPs are valuable to business is found in the simple fact that so many companies have EAPs. A survey of 588 U.S. employers by the Society for Human Resource Management found that most organizations had EAPs in 2000. Specifically, 54 percent of small companies (fewer than 250 employees) had an EAP, as did three in four medium-sized firms (251-1,000 employees), four in five large companies (1,001-5,000 employees), and 97 percent of very large employers (5,000+ employees).

Although this high level of market penetration is impressive, the same data indicate that many firms still don't provide EA services—and one of the most common reasons they don't is that they can't afford them. More troubling is the growing number of organizations with EAPs that are questioning the value of their investment.

EAP Business Value

For our field to sustain itself and grow, it is important for EA providers to measure and report on how their

services contribute to the business goals and objectives of EAP purchasers. Following is a conceptual model that identifies five types of business value that EAPs routinely provide to purchasers.

Need. To EAP providers, it may seem obvious that our services are needed; to those in senior management, finance, and many other departments, the need may not be so apparent. At most companies, only 5 to 10 percent of employees use the EAP each year, and thus the vast majority of staff do not have direct experience with EA services. This lack of first-hand knowledge of the service makes it especially important to educate and inform others about what the EAP does and why it is needed.

How can EA professionals accomplish this? One approach is to share general information about the prevalence of EAP-related issues facing workers today. A better approach is to conduct a needs assessment survey of the workforce for a particular employer client. The survey results can then be used to identify and promote issues for the EAP to address.

Utilization. Another way EAPs can provide business value to purchasers is by describing the actual use of EA services. By assessing clinical data and internal reporting data, EA professionals can profile how often services are used, the kinds of services that are used (and when they are used), and the types of people who use services. The urge to add further value by providing descriptive details must be balanced by the obligation to protect client privacy and confidentiality.

Employee outcomes. Often, providing information about the use of EA services is not sufficient; employers also want to know the outcomes experienced by individual EAP clients. Are EAP clients more aware of their clinical issues and options for help? What was their level of use of internal and external resources? Did they experience improvements in their health, personal life, and/or workplace performance? Was there more appropriate use or non-use of health care services and benefits? These outcomes typically are measured by self-report surveys from clients in conjunction with data from clinician assessment measures in case records.

Employer outcomes. Having determined that clients are satisfied, that they experienced improvements in clinical areas, and that they improved their work performance, EAPs will now want to convert these outcomes into economic terms and specific dollar amounts. Customers want to know the overall economic value rendered by the EAP compared to the overall cost of providing the EAP. Such a cost-benefit or return-on-investment (ROI) analysis can and should include multiple areas of economic value, including dollar value estimates for absenteeism, productivity, turnover, avoided accidents and workers' compensation claims (depending on the industry), and overall savings in medical and mental health care costs (both from avoided use of services and from high-cost care that was averted by direction into needed services for high-risk clients) associated with EAP clients.

The total dollar value of these

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outcomes (the return) is measured against the dollar cost of providing the EAP (the investment) to yield an ROI ratio. In my experience working with benefits consultants and Optum's clients during the past six years, most businesses expect EAPs to have a positive ROI in the range of two to five dollars in return for every one dollar invested (i.e., ROI = 2:1 to 5:1). ROI numbers higher than this can raise questions about the validity of the assumptions and data in the cost-benefit analysis.

The big picture. Even though purchasers want an ROI number to justify their purchase of an EAP, not all business value can be accurately measured and converted into dollars. Thus, it is also necessary to recognize that EAPs contribute to a business in other significant ways that do not show up on a balance sheet. For example, EAPs can provide consultation about organizational development and change, deliver crisis management services and planning, offer employee education and training workshops, and refer clients to other programs and services

that are sponsored by the employer or by benefits partners (thus increasing the success of those programs).

Existing Research

I would argue that very few EAPs demonstrate their value to their customers in all five of these areas. Instead, most EA professionals limit their customer communications to utilization information and some client outcome/satisfaction findings.

Perhaps this lack of attention to all five types of value derives from the fact that many EAPs do not have the research and consulting staff to develop and communicate this information. A lack of in-house research and measurement expertise does not mean, however, that EAPs cannot do a better job of demonstrating their value.

One way EAPA can help EAPs in this area is by promoting awareness of existing research in our field. I have identified more than 200 studies relevant to EAP value. These studies include a mix of original empirical data reports (from published and unpublished sources) and consultative

review papers. Fifty-seven of the studies address the need for EAP services, 25 discuss utilization, 63 focus on client outcomes, 47 present cost-benefit and ROI analyses, and 11 look at the big picture.

There is not space in this column to review these studies, but it is interesting to note that there is considerable research-based data and information that can be used to address the five types of business value. Although these studies vary considerably in their level of scientific rigor, together they present enough data to make the case that EAPs are a good investment.

At EAPA's 2001 Annual Conference in Vancouver, I will deliver a presentation on making the business case for EAPs. This workshop will go into more depth on the conceptual model and review the research literature, as well as offer some pragmatic advice on how to set up measurement and reporting practices for EAPs to better demonstrate their value. The presentation (Workshop 307) is scheduled for Tuesday, Oct. 30, from 12:45-2:15 p.m. **E**

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