EAP Impact on Health Care Claims Costs: What Are the Research Findings and What Do They Imply for Today's EAPs?

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The Business Value of EAPs

Most business leaders now recognize the critical role that mental health factors play in the overall success of their companies. For example, a recent survey of senior human resources executives found that mental health is now considered the number one driver of indirect business costs, such as lost productivity and absence.[1]

The primary job of an employee assistance program (EAP) professional is to meet privately with employees or their family members to identify and resolve personal and work-related issues that affect psychological well-being and job performance. National epidemiological studies on specific kinds of disorders in the workplace have found that up to 30% of working Americans could benefit from professional treatment for mental disorders and substance abuse.[2-6]

An important component of an effective EAP is to refer those employees who have serious psychological and chemical dependency issues to the appropriate mental health and substance abuse providers. Employers may have concerns about the cost-benefits of providing these kinds of treatments, especially in light of the Mental Health Parity and Addiction Act that recently went into effect.[7]

Many research studies, however, have found that success rates for the treatment of the most common mental health disorders are quite high.[8] As with mental health treatment, literature reviews of outcome studies on alcohol and drug abuse treatment provide support for the general effectiveness of treatment for these types of problems as well.[9]

Research Questions

This brief summarizes a review of the research literature relevant to the following outcomes questions regarding the value of EAPs:

- Do EAPs have a significant positive impact on health care claims costs?
- If yes, what is the extent and nature of that positive impact?

The research investigations addressing these kinds of questions are often described as "cost-offset" studies. In other words, are the costs related to EAP services and associated treatments provided to employees offset, at the very least, by decreases in health care claims costs?

Sample Research Studies

Over two dozen studies of EAP claims cost-offset have been conducted.[10-15] Described below are three of those studies where EAPs have been found to have a positive impact on health care claims costs and the implications of the findings from these studies for today's EAPs.

McDonnell Douglas Corporation.[13]
In this landmark study for the EAP field, investigators compared EAP clients who received treatment for chemical dependency or psychiatric conditions with employees who received treatment for the same types of problems but who did not use the EAP. Data

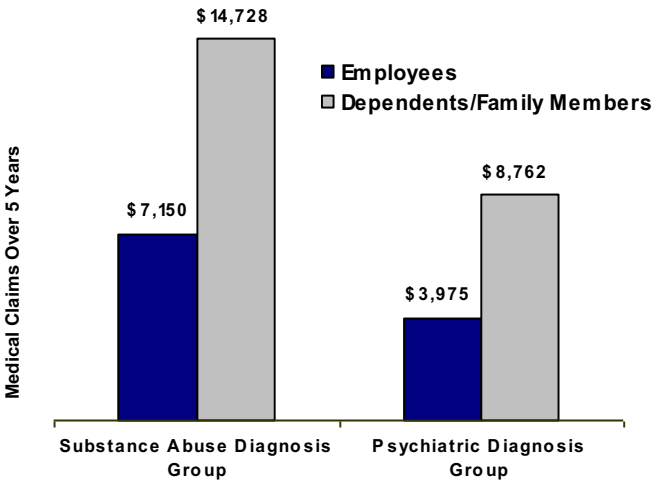
were compared for the year of program entry and for four years following treatment.

The study found that total five-year medical claims costs for EAP clients treated for chemical dependencies were, on average, $7,150 (in 1989 dollars) lower than for employees who did not use the EAP. Similarly, average total claims costs for the EAP cases treated for psychiatric conditions were $3,975 lower than those observed in the non-EAP group treated for the same conditions. In deriving both results, claim's costs were examined after first deducting for the costs of substance abuse or psychiatric treatment.

This study also looked at the medical claims costs over the same study time period for dependents of those employees who were treated for chemical dependency and psychiatric conditions. The researchers found that medical claims of dependents were significantly lower for EAP versus non-EAP participating employees: $14,728 lower for chemical dependency cases; $8,762 lower for cases with a psychiatric condition.

This study demonstrates the EAP's positive impact on the employee clients themselves and even greater savings for their families. The figure below summarizes these findings.

Amount that EAP Groups Were Less Costly than Comparison Groups



In the discussion section of their research paper on this study, the authors noted:

> "The MDC EAP provides services to employees with marital, family and child, legal, and financial problems. The absenteeism and medical claims histories of these individuals were not significantly elevated. There was not evidence that these individuals impose an economic burden on MDC which could be offset by EAP activity" (p.16).

This observation indicates that the positive outcomes for the EAP are due primarily to its intervention with those employees who have serious behavioral health conditions rather than with less severely troubled employees. The authors go on to state:

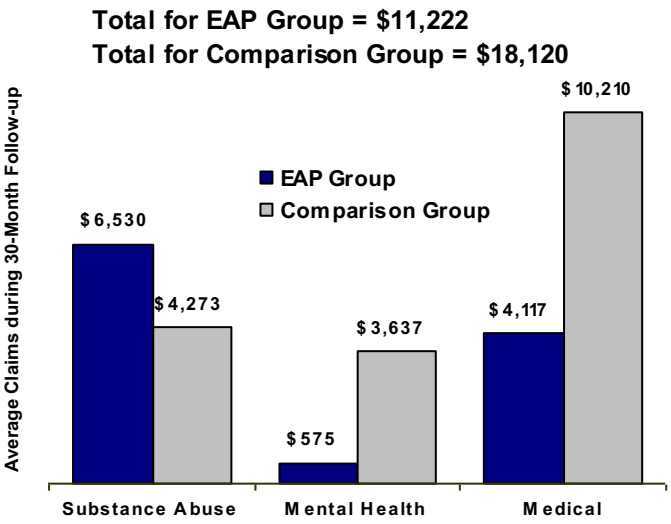
> "These savings are not achieved in a single year. In some cases, the EAP clients actually have higher absenteeism and medical claims in the initial year of treatment. Substance abuse, alcoholism, and mental illness are not short-term conditions. Disease treatment and resolution typically consume three to four years" (p.16).

This additional observation strongly supports the importance of having EAP follow-up and monitoring practices in place for these high-risk cases to ensure successful treatment.

Southern California Edison Company.[14]
This longitudinal study compared employees with substance abuse who entered the EAP before receiving treatment with a comparison group of employees with the same diagnoses who sought help directly through the health plan without first using the EAP. The researchers compared health care claims for one year prior to treatment and for 30 months (2 ½ years) of follow-up. The study analyzed claims data separately for physical health issues, mental health services, and substance abuse treatment.

Overall, during the 30-month follow-up period, the total average health care claims for the EAP employees were $6,898 (in 1995 dollars) lower per person than those for the non-EAP comparison group. Most of the savings for the EAP group were in physical health claims,

which were $6,093 lower than the non-EAP group. Substance abuse treatment claims were actually $2,257 higher for the EAP cases, but these additional costs were more than offset by the significant reductions in both physical health costs and mental health claims. These findings are summarized in the figure below.



The Edison study focused on the EAP's impact on substance abuse cases. A closer examination of health care claims in the study shows that nearly all of the EAP clients received their substance abuse treatment from known substance abuse providers. In contrast, only 35% of the comparison group were seen by substance abuse providers even though they had substance abuse diagnoses. This suggests that the EAP was successful at matching employees with the most appropriate treatment options for their substance abuse problems, while also assisting employees to manage their health benefits utilization better than employees were able to manage on their own.

Further examination of the health care utilization patterns also shows that the comparison group had increased claims costs, associated with apparent relapses, after one year and again at two years. The EAP group did not show these patterns, likely because of the very intensive case management and monitoring protocols the EAP followed to guide employees through care and to facilitate completion of treatment.

Abbott Laboratories.[15]

This study compared employees with a variety of behavioral health diagnoses who first entered the EAP before receiving treatment with a comparison group of other employees with the same diagnoses who sought help directly through the health benefits plan. Health care claims were compared for the two groups over a 3-year follow-up period. Claims data for medical treatment, mental health services, and chemical dependency treatment were analyzed separately. This study also looked at the claims costs over the same study time period for dependents of those employees who were treated for behavioral health diagnoses.

The study found that mental health and substance abuse claims were higher by $750 for EAP clients than the comparison group. As with the Edison study, this finding suggests that EAP-managed employees were getting care at appropriate providers for their mental health and substance abuse conditions. In contrast, the physical health care costs were lower for the EAP group than the non-EAP group by $3,000 for inpatient claims and by $1,800 for outpatient claims.

Aggregate results showed that the average total health care costs were approximately $2,200 lower for EAP clients than for non-EAP clients. The same total claims cost difference profiles between the EAP and Non-EAP groups were also found for spouses ($2,200 lower) and children ($3,200 lower).

This study further supports the finding that an EAP, at least one that focuses on employees with serious behavioral issues, can have a positive impact on those employees as well as their family members.

Summary of Research on EAP Impact on Health Care Claims Costs

The body of research literature in the EAP field indicates that these programs can produce positive impacts on health benefits utilization and costs:

- Appropriate and timely mental health and substance abuse EAP interventions and follow-up treatments can decrease long-term

mental health and substance abuse claims costs.

- Appropriate and timely EAP intervention and treatment of employees for mental health and substance abuse problems can decrease long-term medical and physical health claims costs.
- The costs of EAP services, and of mental health and substance abuse treatment recommended by the EAP, are more than "offset" by decreases in overall claims costs.
- Successful intervention with an employee through the EAP can significantly reduce the health care claims costs associated with that employee's dependents and family members.
- If a sufficiently large number of employees in an organization utilize the EAP, it is anticipated that this could reduce total health insurance costs in the long run for that organization.

These results have been found for a variety of different EAPs, including large national vendors, regional external EAPs, and internal EA programs. These results have also been demonstrated across a variety of different organizations and worksites, including an insurance company covering small employers, a utility company, a multi-site manufacturing company, and others. This range of EAP providers and industry settings supports a general conclusion that the positive impact of EAPs on health care claims can be expected for any high quality program that focuses on high-risk employees.

Implications for Free and Embedded EAPs

Free and embedded EAPs are those that are bundled with an insurance product, often offered at no additional charge to the purchaser of the insurance. These programs are not truly "free", of course, as their operational costs are paid by the insurance company. The primary value proposition for these kinds of EAPs is that bundling them with the insurance offering increases sales by adding to the appeal of the insurance product. This approach might be a good fit for smaller employers that might not otherwise have EAP services available because of their cost.

The question for this research brief is whether these kinds of bundled EAPs can also yield a significant cost-offset in health care claims. The research findings summarized in this brief suggest that they can, if the EAP provides high quality services similar to those provided by the programs described in the research studies presented here.

Implications for All EAPs

To increase their likelihood of producing a significant cost-offset, all EAPs should consider implementing practices that appear to be associated with producing the effect:

- Seek opportunities to engage and reach out to employees who have substance abuse and serious mental health issues.
- Use systematic assessment processes or standardized diagnostic tools (e.g., GAIN-SS, MAST, PHQ-4, AUDIT, etc.) to identify employees with these kinds of behavioral problems and to determine the appropriate level of care needed.
- Refer these high-risk employees to outside treatment providers whenever appropriate. The recently-enacted Mental Health Parity and Addiction Equity Act may support these referrals by providing better benefits coverage for mental health and addictions.[12]
- Engage in long-term follow-up and monitoring to ensure that these troubled employees make it through treatment successfully.

Conclusion

This research review examined whether EAPs can positively impact health care utilization and claims costs. The body of research evidence indicates that they can. The dollar value of the impact varies across the studies, but the research consistently points to a greater financial benefit than cost associated with the EAP's interventions. The largest benefits are seen in reductions in physical health care claims costs brought about by successful behavioral health care treatment. In addition, significant

additional cost savings are realized through decreases in the claims associated with family members of employees successfully treated through the EAP.

Most of the research studies reviewed for this paper looked at the impact of an EAP on employees with relatively serious mental health or substance abuse problems. This research approach is typically used because it is precisely these kinds of high-risk cases that offer the greatest potential return-on-investment (ROI) for an EAP's services. It is important to note that these types of clients require substantial effort by an EAP in terms of casefinding, program interventions, and long-term follow-up and monitoring of clinical progress. The research suggests that any quality EAP that engages and manages employees who have these kinds of behavioral health issues can be expected to produce a positive cost-offset in health care claims.

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