

## **The Business of Mental Health**

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COVID-19 has impacted businesses of all types, none more than the business of mental healthcare. Prior to the pandemic, one in five adults experienced a mental health issue each year and one in twenty-five adults had a serious mental condition. Now 47% of Americans report negative mental health effects due to the disruption and isolation of the COVID-19 pandemic. We know that counseling and mental healthcare helps, but an average of 70% of those who need it fail to access care because of stigma, provider shortages and systemic delivery system access problems.

During the pandemic, many businesses will fail, some will limp along and others will thrive. Mental health care is one of the thriving businesses, so much so that it has caught the attention of the investors who have been quick to see opportunities and capitalize on them. During 2019, mental health VC investments topped \$750M and surpassed \$1.37B in Q3 2020. Each round is larger than the last one. Specialty point solutions and telehealth providers such as Calm, LYRA, Ginger, Talkspace, Mindstrong, Modern Health and Amwell have benefitted from this frenzy to increase access to behavioral health care.

### **A mental health system in need of reform**

If the mental health system was a well-functioning industry, it might have been overlooked by investors. The industry has suffered from under-investment by both governmental and private sector for decades, resulting in service delivery problems that need innovation.

Additionally, the confluence of key trends has contributed to the increased need for care in a system suffering from decades of lack of investment:

- The adoption of mental health parity increased access and reduced the stigma related to seeking access to care, which increased demand while the supply of providers has been going down for years.
- The opioid crisis over the past two decades has shined a spotlight on new treatment approaches while the addiction rates have been increasing.
- Separating mental health from physical health increased stigma and relegated behavioral health to specialty care, reducing the opportunity for the development of integrated care models with greater efficacy.
- There is growing acceptance that programs such as peer counseling, life coaching and self-directed CBT programs work to expand limited counseling resources.

- Improvements in health care analytics demonstrate that mental health issues significantly exacerbate the cost of co-morbid medical conditions and without treatment, these conditions worsen, and quality of life suffers.

The public is now embracing preventive programs for mental health as analogous to diet and exercise for physical health.

Social justice groups have shown that people of color are not adequately treated in our mental health system and rarely get the evidenced-based help they need.

### **VC-backed companies take aim at Employee Assistance Programs (EAP)**

Today, more than half of Americans have access to healthcare provided by employers, including behavioral health benefits, putting employers in a powerful position to assist employees with behavioral health issues. Ninety-seven percent of large companies in the United States have an EAP in addition to their health insurance benefits, making EAP services widely available to many working Americans. Due to the pandemic, employers are expanding their EAP services and adding mental health resources for struggling employees and their families in order to retain employees and maintain productivity. In this process of updating these benefits, some organizations are re-evaluating the value of their EAP.

Low utilization is a common critique of EAPs. However, quality EAPs have fully embraced new technologies so that employees can access help in a variety of ways, including:

Immediate mental health screenings

Virtual counseling via scheduled telehealth, text, chat, and video sessions  
On-line CBT tools and psychoeducation

Life coaching

Practical work-life assistance

The result is that most top-tier EAPs achieve 30-50% impact when they offer a variety of options and their services are easy to access.

For employers whose EAP utilization is low, there is one key variable that can raise utilization significantly. Promotion of EAP services varies significantly between employers, with some employers doing little to promote these services and others using strong promotional campaigns to get the word out. This lack of promotion has contributed significantly to the less-than-optimal usage of EAP benefits and employees left unserved. Traditionally, EAPs have not been provided access to employee contact information so the responsibility for promotion of free and confidential EAP services then lies with the employer. Most EAPs are more than happy to promote their services

but need a partnership with an employer to make it happen. Without it, less than optimal utilization can and does occur.

### **High quality EAPs and workplace mental health**

Numerous studies, including recent large-scale studies, have shown the value of high quality EAPs, demonstrating that presenteeism, productivity and clinical outcomes improve significantly after EAP use. For example:

In a 10-year study of the outcomes of 35,693 employee users of EAP, there were significant improvements in work presenteeism, work engagement, work distress, work absenteeism, and overall life satisfaction.

In a large study of 100,000 EAP cases, 86% of employees reported improved clinical outcomes from the help they received, resulting in a positive ROI of up to 9:1 for employers.

However, EAPs vary greatly in the quality and breadth of services provided making the choice of a top-tier EAP critically important. There is little evidence that “free” or embedded EAPs attached to various life and disability products reduce workplace distress, work absenteeism and increase overall life satisfaction. Additionally, on average, full service EAPs purchased as stand-alone programs have

significantly higher utilization than bundled or “free” programs. Studies have shown that stand-alone EAPs generate 3X the counseling sessions and 6X the work-life referrals as “free” or bundled EAPs.

Additionally, the impressive outcomes demonstrated by top-tier EAPs are not the same with less robust EAP programs. Organizations purchasing an EAP need to realize that identifying a high- quality EAP is critical to avoid shortchanging employees by providing sub-standard services that make employees’ attempts to access support frustrating if not futile.

### **The future of EAPs and the mental health system**

Disruptive technologies are appealing and EAPs have evolved to incorporate many of these tools to reach a greater number of employees and do so at scale. Top-tier, high-quality EAPs provide immediate, convenient access to a variety of services via text, telephone, video, and chat, peer support, coaching as well as face to face visits with counselors. Outcomes are measured using standardized instruments, along with traditional satisfaction surveys.

There is no question that the mental health industry is ripe for disruption and will look vastly different in the future. [Effective workplace mental health](#) will require organizations to take responsibility for having a robust EAP that provides a full range of easily accessed personal counseling and work life services. An EAP can also assist in vetting and integrating various employer- based point solutions. High-functioning, full-service EAPs are essential conduits to community and health care resources, while also helping with organizational health via manager training and consultation, risk management, and critical incident response.

“When the current pandemic is over there will be high levels of pandemic fatigue that can and will tax our mental health system and provider availability,” said Dr. Steven Taylor when speaking at the National Behavioral Consortium conference in March 2021. These shortages will continue until existing behavioral health resources are augmented by paraprofessionals with “lived experience,” telehealth, on-line and on demand services, health coaching, and other services that can be found with top tier EAPs. Assuring access to mental health services for marginalized and underserved groups is the new expectation in our society and mental health conditions will eventually be considered on par with medical conditions. Digital tools such as telehealth counseling and self-

directed learning will be critical yet will not replace the demand for face-to-face counseling for individuals or groups and expert psychopharmacology for those with medical conditions.

### **The value of disruption**

All disruption takes time and is sometimes painful. The good news with mental health care disruption is that in the end, care will be more convenient and easier to access, be more plentiful, be delivered in ways we could not have imagined just a few years ago and be more fairly distributed. Nothing could be more important during these challenging times.

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