

# *Journal of* **Employee Assistance**

The magazine of the Employee Assistance Professionals Association

VOL. 34 NO. 2 • 2ND QUARTER 2004



## **The Tug-of-War for the EAP Identity**

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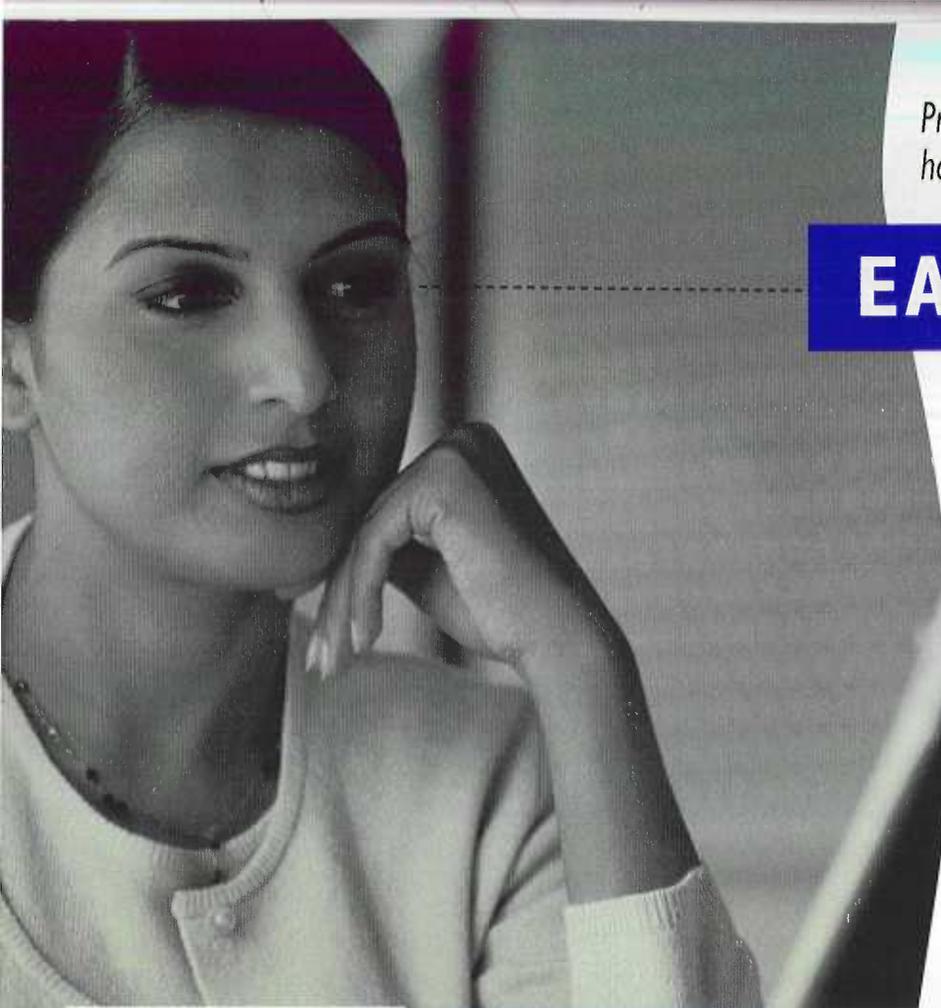
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# Journal of Employee Assistance

The magazine of the Employee Assistance Professionals Association

VOL. 34 NO. 2 • 2ND QUARTER 2004

## Focus

### The Tug-of-War for the EAP Identity 24

Are EAPs part of the world of work or the world of healthcare? What EAP roles and functions are of greatest value to employers? Can EAPs contribute to profits rather than help reduce costs? This issue of the *Journal* offers four perspectives on these and other questions related to the search for an EAP identity.

**EAPs as Risk Managers** 25

by *W. Dennis Derr, M.A., CEAP, SPHR*

**Health and Productivity Management** 28

by *Sean Sullivan, J.D., and Kenneth Collins*

**The Key to High Performance** 30

by *Howard T. Kraft, M.A.*

**EAPs in the World of Work** 33

by *Brenda Blair*

## Features

### Creating Healthy and Productive Organizations 7

by *Graham S. Lowe, Ph.D.*

Underlying workplace conditions have a much greater impact on employees' productivity and health than individual behaviors. EA professionals can help redefine workplace health as a strategic issue that affects corporate costs and organizational results.

### Creating a GLBT-Friendly Workplace 10

by *Flavio Epstein, Ph.D., CEAP*

EA professionals can assist human resources and management personnel in creating an inclusive workplace culture that respects GLBT employees and maximizes the performance of all workers.

### A Subtle Form of Workplace Hostility? 12

by *Gerald Lewis, Ph.D.*

EA professionals can encourage employers to adopt a beneficent approach to mass layoffs and avoid the long-term scars caused by "show-them-the-door" tactics.

### Partnering With an Ombudsman 14

by *Donna N. Saleh*

An ombudsman program can provide employees with a confidential outlet for voicing and resolving workplace concerns and can work in tandem with an EAP to reduce turnover and manage workforce risks.

## DEPARTMENTS

**Best Practices** 37

**Front Desk** 2

**Letters** 4

**News Briefs** 39

**The View from Here** 36

### Research Report 18

#### EAP Impact on Work, Relationship, and Health Outcomes

by *Rick Selvik, LICSW, M.B.A., Diane Stephenson, Ph.D., Chris Plaza, M.S., and Brian Sugden, Ph.D., M.B.A.*

Outcomes data gathered from 60,000 EAP clients over three years showed significant improvements in six measures of work productivity, health, and social interaction.

**Index to Advertisers** 5

# Grab the Rope and Dig In

by Maria Hartley, LEAP



Maria Hartley

In an article published in the 2nd quarter 2003 issue of the *Journal*, John Maynard noted that during the 1980s and 1990s many EAPs abandoned their historic mission of addressing behavioral problems that affect workplace productivity and identified themselves with the effort to reduce healthcare costs. The problem with this strategy, he wrote, was that when EAPs are viewed as healthcare services, they “risk losing credibility and perceived value if the local healthcare system cannot meet employees’ needs.”

A few months later, John joined with Brenda Blair at the EAPA Annual Conference to present the keynote address on how EAPs can improve the productivity and healthy functioning of the workplace. The key, they said, was for EAPs to reposition themselves as part of the “world of work” instead of the “world of healthcare.”

The choice between developing strategic programming to reduce healthcare costs and applying knowledge about behavior and behavioral health to enhance workplace potential represents the “tug-of-war” that is the focus of this issue of the *Journal*. Indeed, given the many workplace initiatives that have been implemented in recent years to demonstrate return on investment—initiatives such as work-life, wellness, disease management, absence management, and organizational health programs—the tug-of-war may feel more like a “free-for-all” for EA professionals struggling to maintain viable programs.

The rise of these workplace initiatives is evidence that employers are recognizing the need to derive maxi-

mum value from their workforces. In the past, employers tried to increase workforce value by driving down costs. The focus today, however, is on viewing workers as *drivers of profit*, capable of creating wealth and increasing shareholder return.

Certainly there is a place for EAPs in this approach to workforce management. But what role should EAPs play? What approach, or “identity,” will best position them to contribute to the enhancement of human capital value? This issue of the *Journal* contains four articles that suggest some answers.

Brenda Blair, author of one of the articles, suggests that EA professionals use their assessment skills to help build individual and organizational resilience to transition challenges, stress, and other threats to workforce productivity. In another article, Dennis Derr recommends that EA professionals focus on providing effective consultation to management, which he describes as a high-value “translational” service as opposed to a low-value “transactional” service.

Sean Sullivan and Ken Collins assert in a third article that EAPs should try to maximize “indirect” cost savings by reducing unnecessary absences from work and limiting the impact of “presenteeism,” or lost performance. Howard Kraft, meanwhile, advocates that EAPs take a broader approach and tout their ability to deliver value by helping manage *all* costs, both direct and indirect.

These articles will help stimulate fresh thinking within our profession about how to resolve the “identity crisis” that has compromised our effectiveness and credibility. I encourage

you to discuss and debate them through our “Letters” column, which contains an interesting viewpoint in this issue on the relationship between EAP rates and services.

I also encourage you to read the feature articles, which address a variety of topics: how to work with an ombudsman program, the dangers of “show-them-the-door” layoff practices, identifying underlying problems that contribute to workplace health and productivity concerns, and creating an organizational culture that is welcoming to gay, lesbian, bisexual, and transsexual workers. These articles, plus a research paper on EAP outcomes and the “Best Practices” and “View from Here” columns, complement the focus articles and make for a must-read issue of the *Journal*.

On behalf of the EAPA Communications Advisory Subcommittee, I urge you to choose your identity, grab the rope—and dig in!

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# The Relationship Between Rates and Services

**M**any articles in the *Journal of Employee Assistance* have focused on adding components to EAPs. One article noted the expansion of the broad-brush model into a "mega-brush" concept, wherein an EAP might help an employee find a veterinarian for his dog, assist with scheduling a vacation, help fight a traffic ticket, and provide advice about reducing taxes.

The offering of new products and services has spread like wildfire through an industry where intense competition has kept rates flat and even lowered them in some markets. Despite this underfunded and overextended environment, most EAPs continue to operate on capitated or other fixed-fee arrangements.

As the financial rope tightens, will some EAP vendors face financial collapse, increased complaints, or additional liability exposure? Will vendors that survive find themselves under increased scrutiny as purchasers question whether they are getting what they were promised? Will the overall credibility of the field decline? Will regulations to protect EAP consumers be enacted?

Perhaps the goal of being a "one stop" point of access to help for just about everything is laudable. If so, the question then becomes whether this goal can be achieved given the current funding environment. In general, the geometric expansion in the menu of services offered by EAPs has not resulted in commensurate increases in capitation rates.

Capitation is a statistical and, more specifically, *actuarial* tool. Many factors need to be considered in arriv-

ing at an appropriate capitation rate, including prior usage, administrative expenses, payments to providers, case management costs, outsourcing costs, reserves, and profits. Capitation can be a successful model for limited-risk or non-risk arrangements; it is *not* syn-

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**Too often, EAP rates are simply driven by the market, not based on experience and actuarial calculations.**

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onymous with full risk. Regardless of the level of risk, a capitation contract should clearly spell out excluded services, limitations, and any fees for extra-contractual services.

Once a capitated program is implemented, rates can easily be evaluated with straightforward profit-loss reports that take into account utilization levels, fees to service providers, costs of various types of service units, and so on. Such reports should be made available to purchasers to allow them to make meaningful return-on-investment (ROI) and other analyses.

Purchasers can also use profit-loss reports to compare EAP vendors. Questions to ask might include the following:

- Does one vendor spend a greater proportion of purchasers' dollars on provider fees versus administrative

expenses?

- Is the vendor primarily funding counseling services? Web-based resources? Toll-free help lines?
- Are provider fees going to one provider or 100? Is the provider fee schedule used by one vendor much higher or lower than that used by another vendor?
- After how many sessions are cases classified as "long-term" and referred out of the EAP?

Too often, EAP rates are simply driven by the market, not based on experience and actuarial calculations. Attempts must be made to fully inform purchasers about the relationship between rates and specific services. Usage reports should include complete financial disclosures of the uses of purchasers' dollars, including provider fees, service expenses, administrative costs, outsourcing arrangements, sales fees, and profits. Performance guarantees should become standardized with clearly defined criteria, including financial penalties for noncompliance.

The EAP field needs more financial accountability and conceptual clarity. Purchasers are entitled to know what type of EAP they are purchasing, be it primarily telephonic, Web-based, clinical, or an independent practice association. Providing service unit descriptions, statistically valid usage percentages, and detailed cost matrix information would enlighten purchasers about the services that a particular EAP emphasizes or downplays.

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