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Digital Startups Are Challenging the Veterans of Employee Assistance

Soaring anxiety has created an opening for tech-savvy newcomers.

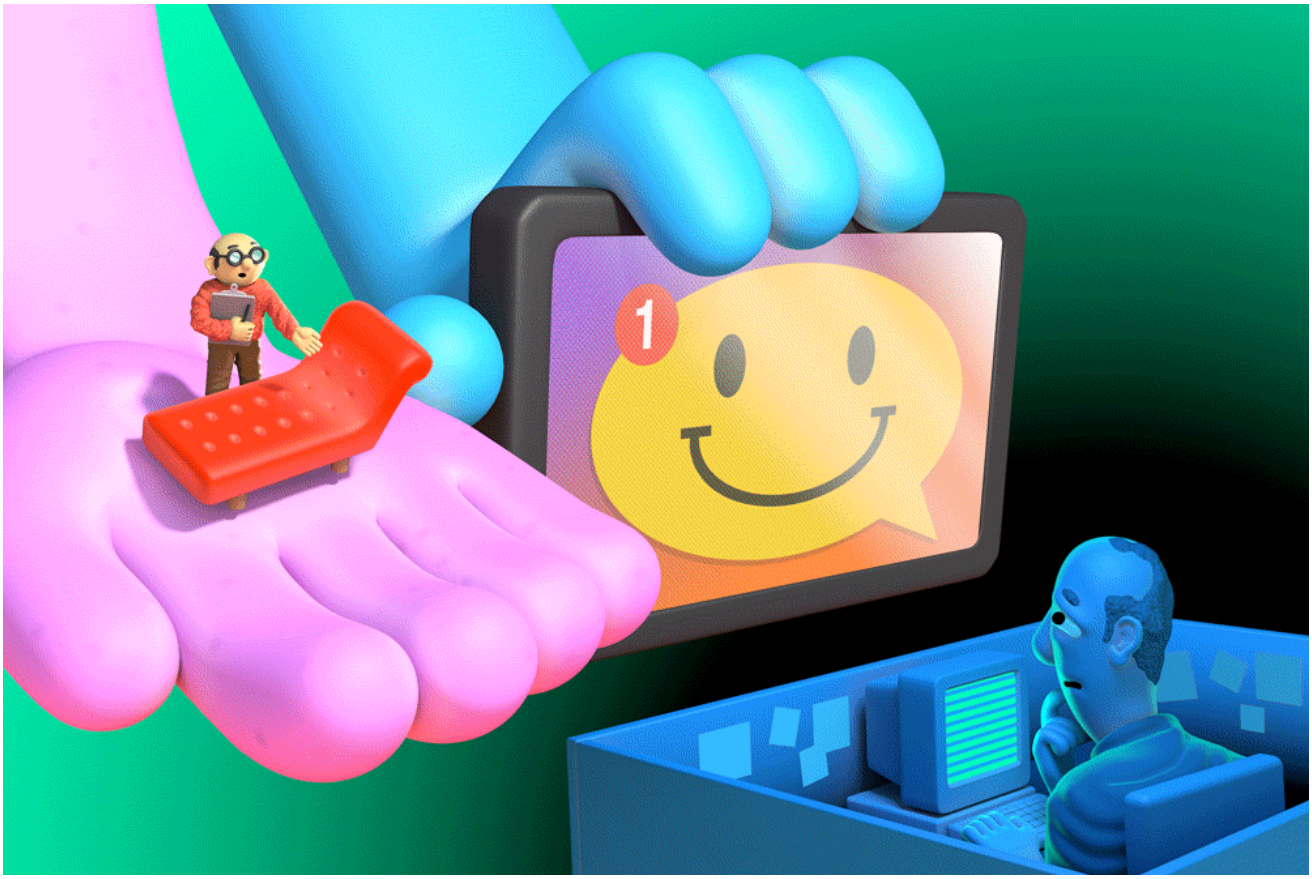

Illustration: Jordan Speer

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For the better part of a century, companies have offered various levels of support to stressed-out employees, with substance abuse treatment, counseling sessions, and referrals to therapists. Those initiatives—started in the 1940s to combat alcoholism on the factory floor—helped create a multibillion-dollar industry of companies that administer programs and provide a buffer of anonymity for workers fearful of the stigma attached to asking for help. But rising rates of distress because of Covid-19, coupled with an accelerated shift to virtual health-care services that accompanied the pandemic, have yielded a slew of newcomers seeking to unseat the veterans of the business. “Finally we have innovation occurring in the mental health field,” says Mike Thompson, chief executive officer of the National Alliance of Healthcare Purchaser Coalitions, which represents 12,000 employers. “This had been a sleepy place.”

Dozens of companies have jumped in, aiming to help struggling employees find the care they need. Investment in such startups more than doubled last year to $5.5 billion, according to researcher CB Insights, and 10 of those companies have valuations topping $1 billion. The newcomers offer services ranging from mindfulness training and sleep apps to comprehensive programs that match workers with caregivers. “The mental health system is hard to navigate,” says Darcy Gruttadaro, director of the American Psychiatric Association Foundation’s Center for Workplace Mental Health. “These digital health companies have seized on the critical need to make access and navigation easier.”

Timely, affordable care from licensed therapists was hard to find before the pandemic, and it’s even tougher now, with demand soaring and clinicians dropping out of insurance networks because of stingy reimbursements or administrative headaches. The National Council for Mental Wellbeing says 3 out of 4 U.S. counties have a severe shortage of mental health providers. And 4 in 10 adults suffer from at least one mental or behavioral health condition, according to a June 2020 survey from the Centers for Disease Control and Prevention, double the pre-pandemic rate. “Before Covid there was a massive problem of needs that went unmet,” says Benjamin Miller, president of the Well Being Trust, a mental health foundation. “Those trends have worsened, and the needs of our employees have now far outgrown what employers are able to offer them.”

The crisis has emboldened the upstarts as they take on veteran providers of so-called employee assistance programs, or EAPs. These are typically the first stop when someone needs help, providing free counseling over a half-dozen or so sessions. They include ComPsych, the world’s largest, which serves more than 60,000 employers, covering 130 million individuals; Canada’s LifeWorks; and Optum, a unit of insurer UnitedHealth Group.

Chris Brunson, who oversees benefits and pay at cereal maker General Mills Inc., ditched the company’s EAP for startup Spring Health last year after rates of depression, anxiety, and substance abuse jumped early in the pandemic. Spring, which also works with Quest Diagnostics Inc. and Adobe Inc., expanded General Mills’ access to in-network providers who can do virtual or in-person consultations, cutting the average wait for an appointment to 1.4 days, from about

25 days before. “If you are serious about addressing mental health, I don’t know how you stay with an EAP,” Brunson says.

Some companies are blending old and new. Meatpacker Cargill Inc. uses its EAP for short-term counseling. Longer-term or more specialized cases are handled through its health insurance plan or, as of last year, by Lyra Health Inc. Lyra, founded in 2015 by a former Facebook executive, has 6,400 mental health professionals in the U.S. and just acquired a British EAP provider that has access to 40,000 more around the globe. Auditing firm EY, which last year hired Lyra, now offers employees and family members 25 free counseling sessions annually, up from five before. “Trying to get an appointment during the pandemic was taking weeks or months,” says Ginnie Carlier, EY’s Americas vice chair for talent. That’s dropped to six days or less.

But Lyra and its ilk—companies such as Spring, Meru, and Ginger—have gaps of their own: They don’t typically offer on-site crisis help for, say, a workplace suicide. “Ginger’s coaching only takes you so far—their whole model is virtual,” says Michelle Martin, a human resources executive at media conglomerate Paramount Global, which started working with Ginger in 2017.

They’re also short on peer-reviewed research. Lyra says it reduces the overall cost of health-care claims by about $2,300 per participant per year, citing a study conducted by insurer Aon Plc. But the actuaries who wrote the piece cautioned they “cannot verify the accuracy” of Lyra’s information. And Ginger’s assertions that it can produce improvements in both anxiety and depression are backed by studies primarily conducted by its own staff. “They’re making claims and putting out research that would have gotten rejected by my dissertation committee,” says Dennis Derr, a longtime EAP executive who helped steer the U.S. Postal Service through various episodes of workplace violence. “These digital platforms can replace a portion of what an EAP does, but EAPs are not going away. I do think they need to move faster, though.”

Many are. After years of relying primarily on face-to-face connections and toll-free phone numbers, EAPs are adapting to the remote work environments and virtual connectivity favored by many workers, particularly younger people, who are more likely to struggle with an affliction. Seth Moeller, CEO of EAP provider KGA, says the digital upstarts have brought “a jolt to the system” and forced him to raise his game by hiring more counselors, increasing fees for clinicians, and even working with online therapy providers such as Talkspace Inc. and BetterHelp. “We need other options,” he says.

Some in the business caution that there’s been insufficient change from before the pandemic, when employers paid only lip service to mental health, even as workers face ever-shifting return-to-office policies, challenges in juggling work and home, and a lack of career growth opportunities. “No amount of yoga or mindfulness training is going to help make a toxic work environment better,” says Jodi Jacobson Frey, a professor at the University of Maryland’s School of Social Work and an expert on workplace mental health. “As Desmond Tutu once said, we need to stop pulling people out of the river and instead go upstream and find out why they’re falling in.”