

# **EAP Impact on Health Care Claims Costs: What Are the Research Findings and What Do They Imply for Free and Embedded EAPs?**

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Research Track™  
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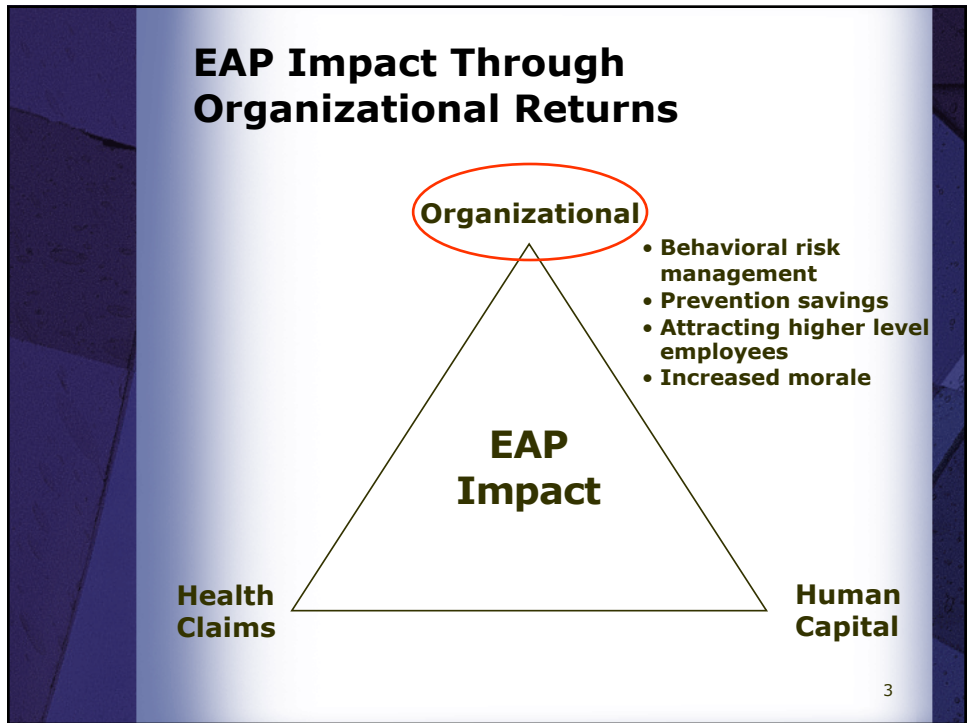
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## **Agenda for Today**

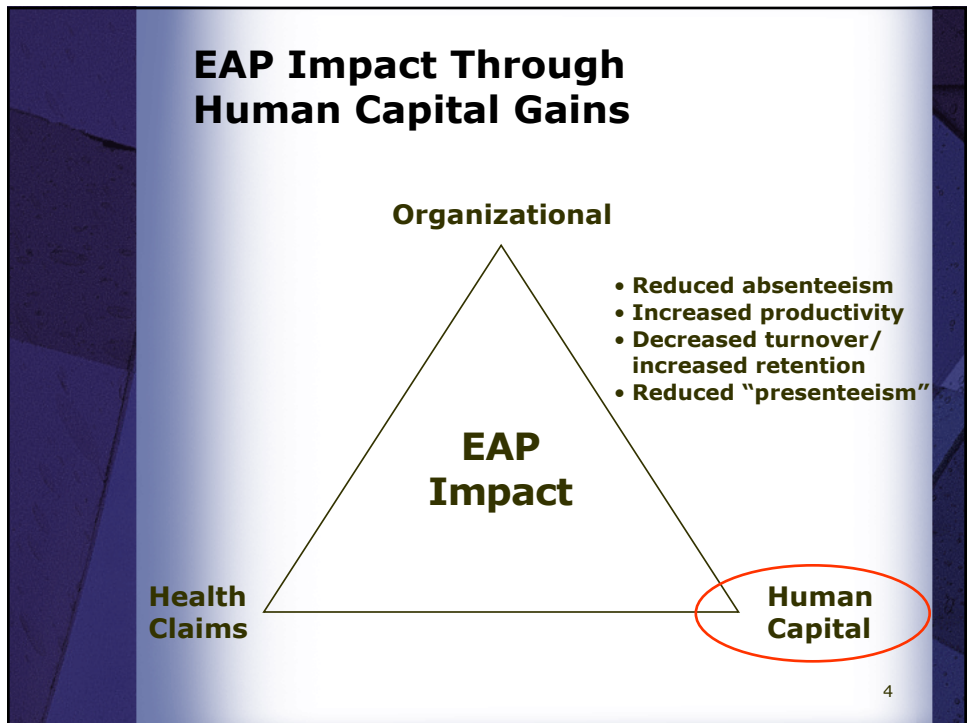
- Review of the Research on the Impact of EAPs on Health Care Claims Costs
- Open Q&A and Audience Dialogue
- Implications of the Research for Free and Embedded EAPs, Self-Insured Employers, and All EAPs
- Open Q&A and Audience Dialogue

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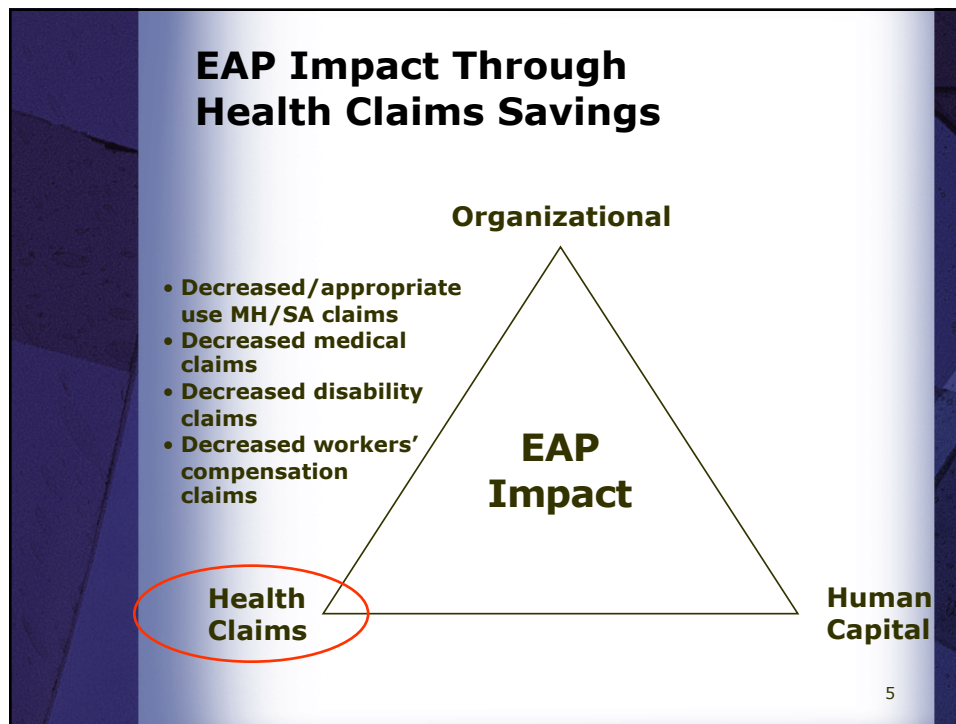
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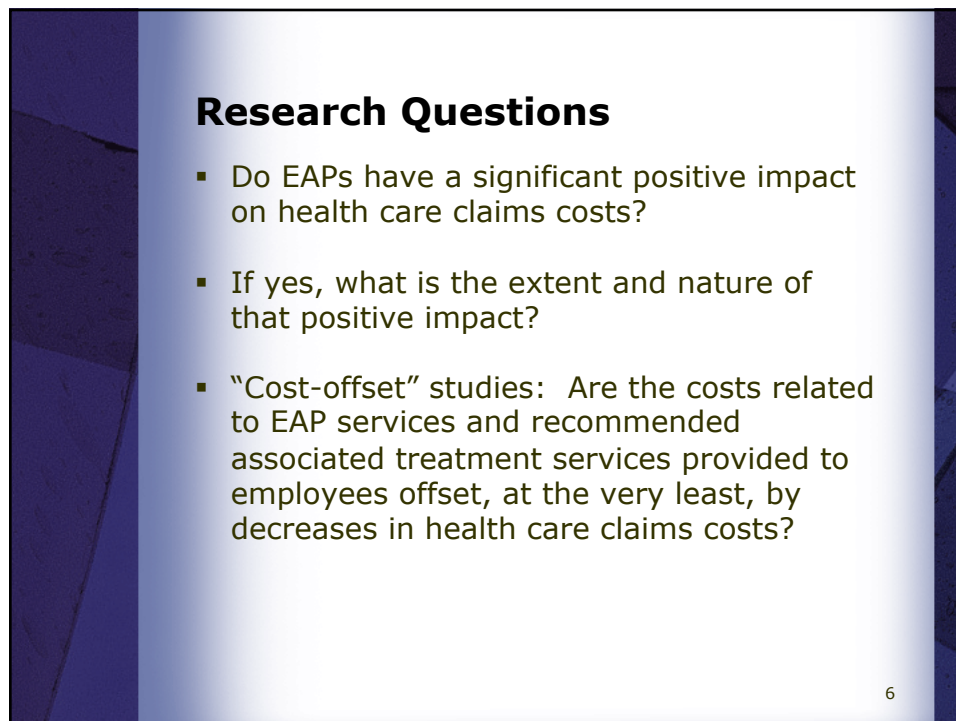
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“EAP Impact on Health Care Claims Costs: What Are the Research Findings and What Do They Imply for Free and Embedded EAPs?”

### Southern California Edison Co. Conlin, Amaral & Harlow (1996)

Design: Longitudinal with natural comparison group

EAP Study Group: Employees with claims for substance abuse treatment who also used the EAP within prior 5 months

Comparison Group: Same criteria but did not use the EAP

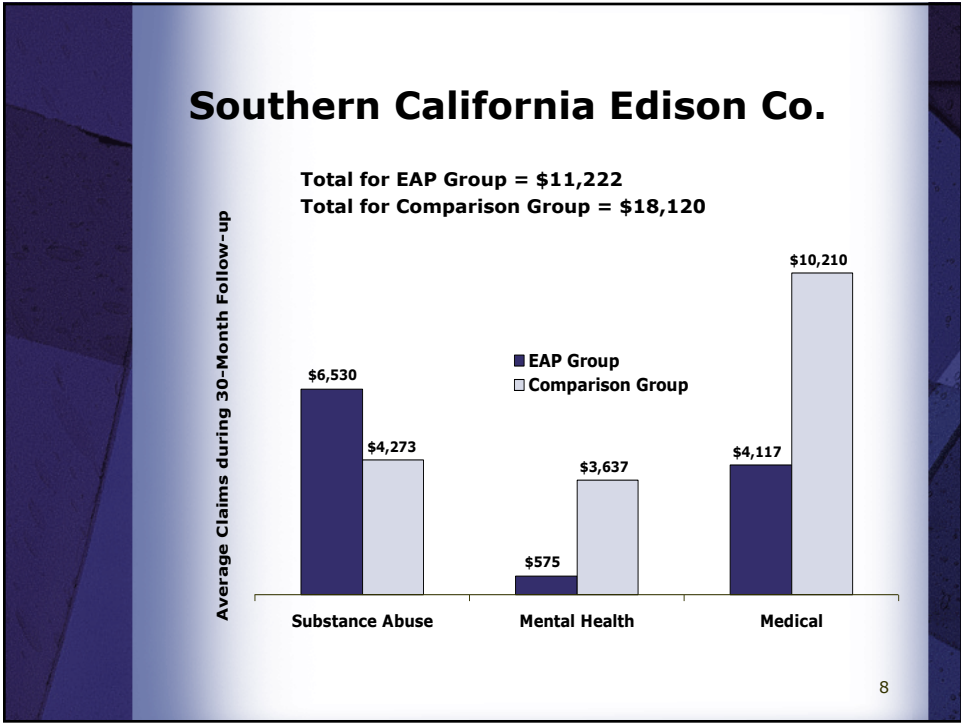
Time Period: 2.5 year period (30 month) start in 1989

Findings:

- Employees in EAP group had higher substance abuse treatment costs
- Employees in EAP group had lower mental health treatment costs
- Employees in EAP group had lower total medical costs

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“EAP Impact on Health Care Claims Costs: What Are the Research Findings and What Do They Imply for Free and Embedded EAPs?”

### McDonnell Douglas Corp. Smith & Mahoney (1990)

**Design:** Longitudinal with natural comparison groups

**EAP Study Group:** Group 1 = Employees with claims for treatment of substance abuse/chemical dependency who also used EAP in same year. Group 2 = Employees with claims for treatment of psychiatric conditions who also used EAP in same year. Also, their dependents.

**Comparison Group:** Same criteria for each group but who did not use the EAP. Selected 10 people for each one EAP case. Also, their dependents.

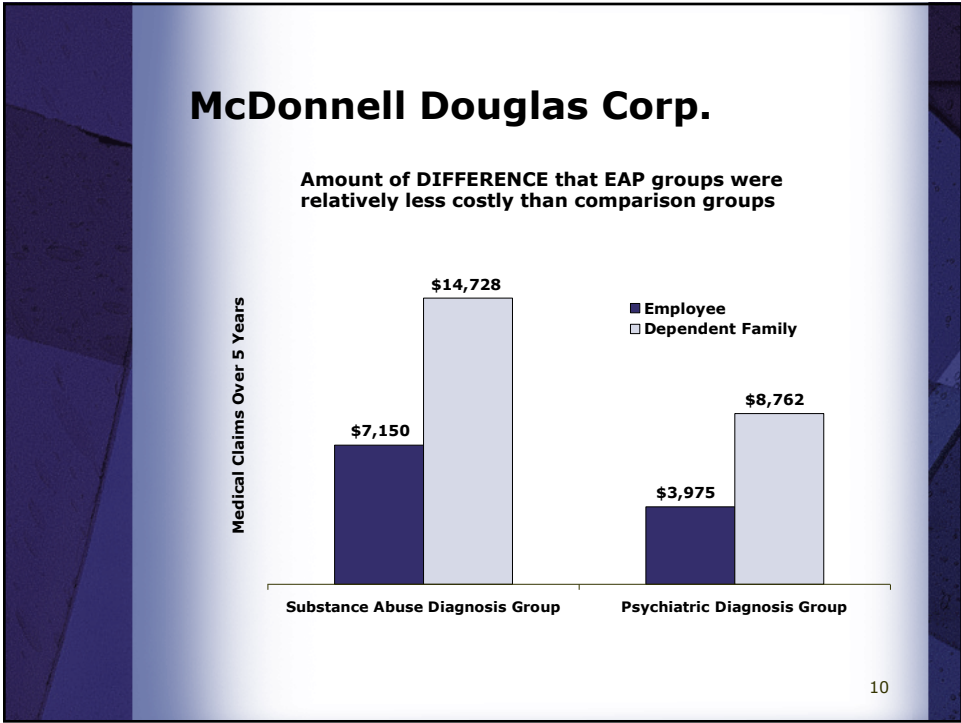
**Time Period:** 5 year period (60 months) start in 1985

**Findings:**

- Employees in both EAP groups had lower total medical care claims costs (after net out costs of treatment for SA/CD or Psych)
- Dependents of the employees in both EAP groups had lower total medical claims costs

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## Abbott Laboratories Co.

**Dainas & Marks (2000)**

Design: Longitudinal with natural comparison group

EAP Study Group: Employees with claims for treatment of variety of behavioral health conditions and who used EAP in same year. Also their dependents.

Comparison Group: Same criteria but who did not use the EAP. Also their dependents.

Time Period: 3 year period (36 months) start in 1994

Findings:

- Employees in EAP group had higher mental health and substance abuse treatment costs
- Employees in EAP group had lower medical treatment costs
- Employees in EAP group had lower combined total health care costs
- Dependents of employees in EAP group had the same pattern of cost differences

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## Summary of Research Findings

- EAP interventions and follow-up treatments can increase short-term mental health and substance abuse claims cost for employees with serious substance abuse and mental health conditions who get appropriate clinical care to address their conditions
- The costs of EAP services, and of the mental health and substance abuse treatments used after referral by the EAP, are more than “offset” by decreases in overall medical claims costs over several years
- Successful intervention with an employee through the EAP can also reduce the total medical claims costs associated with the spouse and children of the employee

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## Additional Research Points

- The use of an EAP and subsequent mental health and substance abuse treatment may slow the escalation of total health insurance costs in the long run by reducing cost risk in these kinds of high severity cases
- The Mental Health Parity and Addiction Equity Act may enhance an EAP’s ability to generate a cost-offset by supporting benefits access and treatment

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## Open Audience Dialogue

- The operator will now open up all the phone lines. Please place your phones on mute when not speaking.
- Any questions on the research we described on the impact of EAPs on health care claims costs?
- Has anyone in the listening audience ever conducted a claims cost-offset study at his or her organization?

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## The Edison Study Revisited

- This study looked at the value of going to the EAP first before accessing benefits versus seeking help on one’s own directly into benefits
- Only substance abuse cases were included in the study
- EAP cases spent more on substance abuse claims and were referred directly for substance abuse treatment; only 35% of the comparison group ended up with substance abuse providers even though they had substance abuse diagnoses

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## More on the Edison Study

- Comparison group had more mental health claims and medical claims than the EAP group because they tended to “bounce around” in the health care system
- Comparison group appeared to have relapses and increased claims costs after 12 and 24 months, whereas the EAP group did not
- The EAP group had significantly lower medical claims costs than the comparison group over the 30-month follow-up, which yielded the overall cost-offset

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## Implications of the Edison Study

- The EAP clearly added value to the help-seeking and treatment process for employees with substance abuse
- The EAP was apparently better at matching employees who have substance abuse with the appropriate type and level of care
- The EAP had very intensive follow-up and monitoring protocols in place to guide employees through care

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## Why Follow-up Is Important



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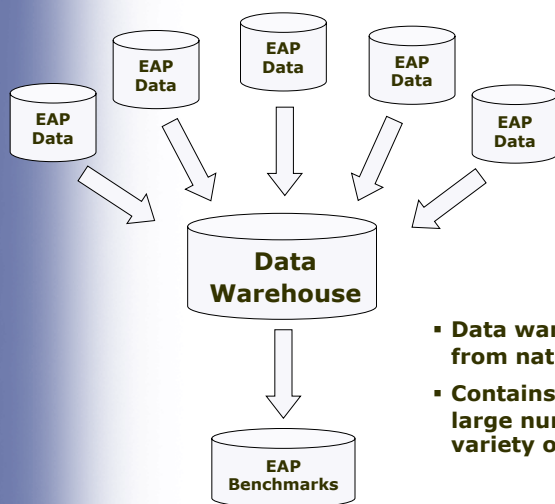
### McDonnell Douglas Revisited

- “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.”
- “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.”

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### EAP Data Warehouse™



- Data warehouse derived from national software
- Contains data from a large number and wide variety of EAPs

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### Utilization and Outreach Rates

<b>Cases Opened Utilization Rate</b>	<b>4.4/100</b>
<b>Alcohol Cases Outreach Rate</b>	<b>1.6/1000</b>
<b>Drug Cases Outreach Rate</b>	<b>0.5/1000</b>
<b>Outreach Rate for Depression</b>	<b>9.5/1000</b>
<b>Outreach Rate for Anxiety</b>	<b>8.2/1000</b>
<b>Outreach Rate for Work Issues</b>	<b>11.8/1000</b>

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- ### Implications for Free and Embedded EAPs
- “EAPs” that are bundled with an insurance product, and often offered at no additional charge
  - Primary value proposition is that bundling these EAPs with the insurance offering will support the sale of that insurance product
  - The question is whether these kinds of programs can also yield a significant cost-offset
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## Implications for All EAPs

- Use these findings to support and demonstrate the value of your own programs
- Share these findings and the written research brief with your organizations, especially the self-insured employers
- Consider implementing practices that are associated with producing a significant cost-offset

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## Application to Best Practices

- Look for opportunities to engage and reach out to employees who have substance abuse and serious mental health disorders
- Use systematic assessment processes or standardized diagnostic tools to identify employees with these kinds of problems and to determine level of care needed
- Refer these employees to outside treatment providers whenever appropriate
- Engage in long-term follow-up and monitoring to ensure that these employees make it through treatment successfully

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## Open Audience Dialogue

- The operator will once again open up all phone lines. Please remember to put your phones on mute when not speaking.
- Questions on today’s presentation?
- Open dialogue among presenters and audience members, as time allows.

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