20 Years of EAP Cost Research: Taking the Productivity Path to ROI

This promising strategy can be accomplished with far fewer operational costs than traditional claims-based ROI studies — and in far less time.

By Mark Attridge, Ph.D., M.A.

In part 1 of this three-part series (Attridge, 2010a), I revisited the methodology and major findings of the 1990 claims-based cost-offset study of the Employee Assistance Program at the McDonnell Douglas Corp. In part 2 (see the last issue of *JEA*), I reflected on the modest progress of the field in the 20 years since that study. In this final article, I recommend an alternative strategy to produce a significant cost-offset for EAPs — one that is based on self-report measures of employee work productivity and work absence days for EAP clients.

Pareto Path to ROI — A Review

The Pareto Path to Return on Investment (ROI) model postulates that the business value of EAP is primarily driven from the relatively small number of EAP cases with more severe kinds of clinical problems (i.e., mental health and/or addictions), cases that tend to cost a lot in terms of health care and disability claims, when individuals are either left untreated or treated ineffectively.

However, when delivered effectively by the EAP, case-management and long-term support for pareto-type cases have been demonstrated to have a positive cost-offset for employers. In addition to McDonnell Douglas (Smith & Mahoney, 1990), several other studies have shown, over a multi-year follow-up period, to have a net cost-offset in health care and disability claims, and employee turnover (see review in the second article in this series; Attridge, 2010b). Furthermore, these EAP studies mirror the pattern of effects found in peer-reviewed scientific literature on the cost-offset of mental health and substance abuse interventions in general.

Given the frequent call for more ROI evidence, surprisingly few rigorous studies of EAP cost-offset have been conducted in the past 20 years. For example, only about 1 in every 100 research studies published in the last 20 years in the *Employee Assistance Quarterly/Journal of Workplace Behavioral Health* analyzed financial cost-offset of an EAP (Attridge, 2010b). There are many reasons why so few studies of this kind of research have been published, including the complexity of the study design, requirements of a multi-year time frame, a large employee population base, access to client outcome data sources, use of expert analysts, and so on. In other words, conducting traditional cost-offset research is not easy, it is very expensive, and most EAPs are not set up to do it.

The Productivity Path to ROI

However, instead of focusing efforts on the most severe cases, EAPs can center on making smaller improvements in the majority of EAP cases with less clinical severity who are also at risk for workplace performance problems. Taking this "Productivity Path" to ROI is a promising strategy that can be accomplished with far fewer operational costs than traditional claims-based ROI studies — and in far less time (i.e., several months compared to several years).

This strategy also aligns with the organizational trend that emphasizes a health and productivity management (HPM) approach to employee benefits and corporate wellness. This method embraces self-report measures to determine employee absence, presenteeism, and work engagement (Goetzel, 2007; Kramer & Rickert, 2006; Loeppke et al., 2009).

Putting this strategy into practice requires the routine assessment of employee work absence and on-the-job performance, especially of work productivity or "presenteeism" (Chapman, 2005). However, this aspect can be easily accomplished through the adoption of any one of several validated self-report tools widely

accepted by business leaders to measure employee work performance outcomes (Attridge et al., 2009; Baker, 2007; Kessler et al., 2003; Koppman et al., 2002; Lerner et al., 2001). In addition, a new set of core outcome measures — including five-item scales for employee productivity and workplace absence — is also available specifically for EAPs (Lennox, Sharar & Burke, 2009).

In addition to the advantages of lower cost, shorter time frames, and access to new measurement tools, there is also a strong *evidence* basis for the Productivity Path to ROI approach. In fact, changing workplace performance outcomes is a prime area — if not *the most important area* — for behavioral health workplace services. Research from large-scale HPM studies dramatically reveals that employer-related *total costs* from mental health and substance abuse disorders are overwhelmingly accounted for in the area of lost worker productivity, as opposed to the more traditionally studied areas of health care and disability claims, and workplace absence (Burton et al., 2008; Goetzel et al., 2004; Goetzel & Ozminkowski, 2006; Integrated Benefits Institute, 2004; Simon et al., 2001).

For example, the Integrated Benefits Institute (Parry & Molmen, 2009) found that most of the cost burden for employers in treating employees with depression was accounted for by *diminished employee productivity* (63%). This aspect exceeded the *combined* dollar value of losses to the organization from workplace absence (18%) and short-term disability (19%).

Productivity Path to ROI also makes sense because most EAPs are quite effective at re-establishing workplace productivity and reducing workplace absence in employees who use the EAP for brief counseling (Harlow, 2006; Jorgenson, 2007; McLeod & McLeod, 2001). Several examples of this kind of success are described below and summarized in Table 1 below.

Work Performance Outcomes in Three EAP Studies

■ ***Study 1*** — Workplace performance outcome data was collected from over 26,000 cases during a 9-year period from a large external EAP. The data revealed that the average rating on a 1-10 scale of the level of work productivity rebounded significantly from 4.8 from before use of the EAP to 8.3 after use of the EAP (Attridge, Otis, & Rosenberg, 2002). The post-EAP rating is close to the productivity level rating of 8.9 on the same scale that was obtained in a nationally representative sample of employees who had not used the EAP (Attridge, 2004). This study also found that almost half of the cases (48%) reported that they had been able to avoid taking time off from work due to using the EAP, with an average of 1.8 days of absenteeism avoided per case.

■ ***Study 2*** — An EAP for government employees collected self-report employee productivity and absence data on over 59,000 cases (Selvik et al., 2004). Results revealed that the number of employees who reported having difficulty performing their work due to mental health factors was reduced from 30% to 8% of all EAP cases. There was also a significant reduction in work absenteeism days and tardiness, with absenteeism changing from 2.4 days to 0.9 days, respectively for

Table 1

EAP Research Results for Improving Workplace Performance

Study	Sample Size	Change in Number of Work Absence Days in 30 Days After EAP Use Per Average EAP Clinical Case	Percentage of EAP Cases with Improved At-work Productivity in 30 Days After EAP Use	Average Amount of Improvement in Work Productivity Per Clinical Case with Effect
1	26,000+	0.86 days	70%	42%
2	59,000+	1.50 days	22%	unknown
3	3,500+	0.62 days	40%	57%
Average		1.00 days	44%	50%

the 30 days before the EAP compared to the 30 days after EAP use concluded.

■ ***Study 3*** — A national study featured the analysis of pre-use data and post-use follow-up assessments obtained from over 3,500 employee users of a national external EAP provider (Baker, 2007). Among the approximately 40 percent of cases who had work performance problems before the use of the EAP, the average number of these work cut-back days was reduced from 8.0 to 3.4 after EAP use. This study also found that in the 25% of EAP cases that reported missing at least a half day or more of work before their use of the EAP, the average level of work absenteeism was reduced from 7.2 days to 4.8 days, respectively for the 30 days before versus the 30 days after EAP use concluded.

Summary

In my opinion, more EAPs should routinely use Productivity Path to ROI to measure changes in employee work performance. Outcome is often diminished for many employees when they seek help from EAPs, but it can usually be improved substantially after intervention from an effective counselor. Consequently, focusing on workplace performance outcomes presents EAPs with a good chance of finding even meager positive results for the majority of its cases.

Compared to the Pareto Path to ROI that uses a high dollar value applied to a few high-severity cases, Productivity Path to ROI uses a more modest dollar value applied to a large number of lower-severity EAP cases. Indeed, a recent case study found a 3:1 ROI using this approach for their EAP (Hargrave et al., 2008). What also makes the Productivity Path to ROI especially appealing for EAPs is that it directly incorporates the work focus goal of the Core Technology of our field (Roman & Blum, 1985). Focusing on improving employee work performance as the basis for ROI is conceptually aligned with why EAPs are uniquely of value to the workplace. ❖

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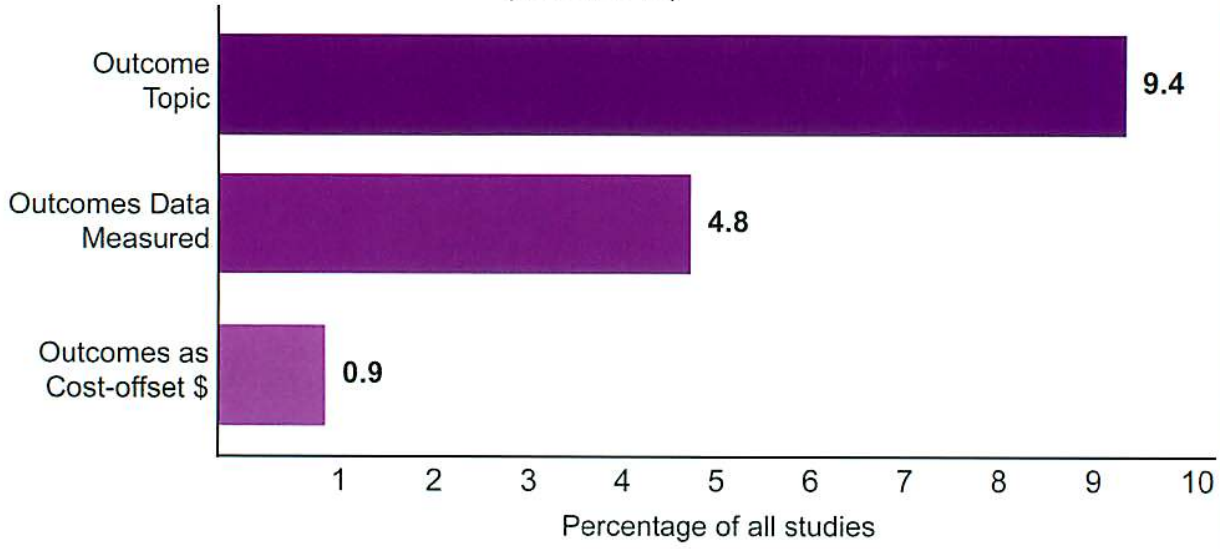
Profile of Outcomes Research Studies in the *Employee Assistance Quarterly** (1990-2010)



The Figure 2 chart on page 14 in the 3rd quarter 2010 issue of the *JEA* was not accurate. The X-axis scale on the bottom should have read 0 to 10 and not 1-5, and the top bar st ats were inadvertently removed. As a result, the stats inferred in the graphic only represented half the amount of what was mentioned in the text. This chart depicts the graphic as it should have appeared.

* Title changed to Journal of Workplace Behavioral Health in 2005.

Here's What Some Researchers Had to Say About the McDonnell Douglas Series

"There remain a small group of dedicated researchers in the EAP evaluation field who provide fact-based outcome studies on a regular basis. They are joined on occasion by individuals who write about their individual worksites to further enhance our limited knowledge. What I have noted in the past decade is there are now more studies being written examining external or combined internal-external programs where as in the past the information was almost exclusively written about internal programs. There were very few needs assessments that appeared in the literature in the past decade, and while case studies still predominant there has been more outcome and process evaluations studies published in the peer-review literature. My greatest concern remains that too few decision makers use these too few studies to base their programming decisions upon. Beliefs, which are typically skewed and too often premised upon attribution errors, continue to form the foundation for decision regarding EAPs rather than the use of evidence based research."

— Rick Csiernik, PhD, RSW, Professor, School of Social Work, King's University College at The University of Western Ontario, London, Ontario, Canada

"Having evolved from a practice-base foundation, the employee assistance (EA) field has struggled with some of the same problems related to research as the substance abuse field. Given our history, the EA field has always lacked a strong research-based foundation and has relied on related fields to guide research and evaluation methods. However, the EA field is not without its own unique set of best practices as described by the EA professional organizations and leading researchers. Dr. Attridge describes some of these methods in his important contribution to EA research on topics including, but not limited to EAP evaluation and cost-benefit analysis. As EA service definitions and measurement practices continue to be shared and discussed publicly, our field can move forward as a profession with empirical research that will support our work and sustain our programs. EAPs around the globe play an important role in supporting the quality of work/life for individuals and families, which in turn, supports employer 's goals for high performance and overall productivity. Without empirically based evidence, using standardized and accepted research methods and measures; the EA field may not be able to maintain its programs in the future. Today, the EA field is ripe for more research. With the recent activity in the field focused on evaluation and research, I am positive about the outlook for EAPs as a sustainable workplace partner and profession.

— Jodi M. Jacobson, PhD, LCSW-C, Assistant Professor Chair, Employee Assistance Program Subspecialization, University of Maryland, Baltimore

"Mark Attridge should be commended for his continued research in the area of cost benefit for EAPs. His writings clearly show the difficulties encountered in doing such studies. One of the major issues that we face in the field is confidentiality by the corporate client. The only cost benefit study that I could publish was done for the U.S. Department of Health and Human Services because everything that is done under federal auspices goes into the public domain. Any other ROIs that our company has done were for corporate clients who naturally did not want to disclose the data. I would therefore suggest that perhaps we should think of corporate consortiums for a singular study where data is not identified by company."

— Dale Masi, PhD, MSW, CEAP, Professor Emeritus Maryland School of Social Work, Baltimore MD and President/CEO Masi Research Consultants Inc.

"Having been involved in the creation of ROI calculators almost 10 years ago, I have recently seen ROI research become less abstract and more pragmatic. Attempts of obtaining data are based more on employee user questionnaires for specific programs than trying to establish the 'big link' between EAP and cost savings in general. Yet, a 'wider project' of making EA a more coherent and evidence-based profession is still a work in progress. In order to fully professionalize employee assistance, we must be able to quantify outcomes and thereby combat the trend towards commoditization. The next task is to develop the tools required to assess the financial impact on the organization ***as a whole*** instead of looking at cases in isolation. One of the reasons for this task is to avoid the 'squeezing of the balloon' phenomenon whereby isolated interventions combating absenteeism, for instance, lead to more presenteeism and vice versa. The metrics need to reflect that! Several variables are needed to establish EAP as a comprehensive program." ❖

— Wolfgang Seidl, MD, MA, MBACP(Accred), Executive Director, The Validium Group Limited, United Kingdom