Making the Business Case for EAPs

A Workshop on Research and Methods

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Dr. Tom Amaral is founder and President of EAP Technology Systems Inc., a consulting firm specializing in data-based evaluation and quality improvement of employee assistance programs. He is a research clinical psychologist who has been evaluating EAPs for nearly 25 years. He is a recognized expert on cost-benefit analyses, workplace outcome evaluations, healthcare claims cost offset studies, customer satisfaction surveys, and benchmarking. He has designed and implemented these projects for many Fortune 500 corporations, government agencies, and smaller firms.

Dr. Amaral is chief architect of the eapisoft computer software system, which enables EAPs to demonstrate and improve their value to the organization. In addition, he conducts training seminars for professionals on a variety of advanced topics, including how to make the business case for EAPs, how to perform cost-benefit analyses, and how to implement benchmarking and quality improvement initiatives. He has authored and presented many papers and articles on evaluation, cost-benefits, and software topics.

Throughout his career, Dr. Amaral has been active in promoting the EAP profession through his participation in the Employee Assistance Professionals Association (EAPA). He currently sits on EAPA's Standards Committee and Research Committee. He also has served as an editorial board member for the *Journal of Employee Assistance Research* and the *EAPA Exchange Research Supplement*, co-chaired the Association's national conference in 1994, and chaired the conference's research track on numerous occasions.

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Dr. Attridge has been conducting basic and applied research since beginning graduate school in 1984. He is a co-founder of the Research Department at Optum in 1994 and presently manages work in the design and implementation of collaborative research studies, for development of outcome and satisfaction surveys, and consulting on measurement of financial return on investment (ROI). He has conducted outcomes and operations research for employee assistance and work/life programs, telephonic nurse advice, print and internet-based health education materials and specialized health care management programs. He has published many studies in scientific journals and regularly presents research findings at leading business and academic research conferences.

He has an extensive background in communication and presentation skills. He has B.A. and M.A. degrees in communication and a Ph.D. in social psychology. Prior to working in the EAP field, he developed and taught over 50 classes at the undergraduate and graduate levels on a variety of topics in communication and psychology. He has held research and teaching appointments at the University of Wisconsin, the University of Minnesota and Augsberg College. He is a previous board member of the International Society for the Study of Personal Relationships and has been a peer-reviewer for several scholarly journals.

Dr. Attridge has been contributing to the EA profession through his presentations and trainings at recent conferences of the Employee Assistance Professionals Association (EAPA) and the Employee Assistance Society of North America (EASNA). He has been Chair of the Research Committee for EAPA since 1999 and serves on several of its committees (professional, work/life, communications, and conference planning). Currently he is on the editorial boards of *Employee Assistance Quarterly* and the *Journal of Employee Assistance*, is a research advisor to *EAPA Exchange OnLine*, and is a scientific reviewer for the National Registry for Effective Prevention Programs (NREPP) Workplace Division/SAMHSA.

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The EAP Business Value Model

1. **Human Capital Savings** — Human capital cost savings are based on calculations of estimated savings from avoided employee absenteeism, productivity, and turnover. Savings on these dimensions are calculated for individual clinical cases, management consultation cases, training programs, and crisis risk management cases.

2. **Health Claims Savings** — Health care savings are determined for mental health outpatient claims, medical claims, short-term disability, and worker's compensation claims. Savings are estimated from both diversions (avoided costs that would have occurred had an external provider been used instead of EAP Staff) and loss reduction (cases where more expensive treatment has been averted by appropriate use of less expensive care in benefits).

3. **Organizational Savings** — Organizational services include direct value for providing management consultation services, group interventions, and educational training. Savings are calculated based on the cost to provide similar services through an external provider, as well as savings from legal risk reduction (for crisis risk management services).

Business Case Strategies

Strategy	Pros	Cons
Presenting research done by others	• Very economical way to demonstrate value • More literature exists than most people realize	• Can be time-consuming to review the literature • Not always easy to obtain a copy of a study • Sometime difficult to understand the scientific literature
Case studies	• A good story can be very convincing • Easy and inexpensive to prepare • Useful for educating audience on what an EAP actually does	• Viewed as "soft" because they don't include numbers • Confidentiality considerations
Accountability reports	• Relatively easy and inexpensive to prepare • Reports are done routinely anyhow • Useful for providing education on the EAP	• Typically not as focused as other strategies • Sometime mistrusted because viewed as "marketing hype."
Satisfaction and feedback surveys	• Satisfaction surveys are customer focused • Surveys yield independent evaluations • Relatively easy to carry out and can be done quickly	• Findings are considered "soft" • Low response rates can yield biased results
Effectiveness investigations	• Most effectiveness questions are easy to answer • Can be very focused	• Some effectiveness questions require extensive data for analysis • Can sometimes be too specific
Benchmarking	• Commonly used and understood by business and industry • Relatively easy to do • Directly tied into quality improvement	• Can be hard to locate benchmarking partners • Requires consistent data collection and software
Outcome evaluations	• When well designed, outcome evaluations yields "convincing" findings • Can be targeted to specific issues	• Requires data that are often hard to get • These studies are often difficult to conduct • Typically require considerable time and resources
Cost-benefit studies	• Can be very direct and focused • If done carefully, the findings can be very powerful	• Easy to make methodological errors that yield non-significant findings • Require considerable time commitment, expertise, and money to carry out

Sample Effectiveness Questions

- Is the program adequately serving all employee groups within an organization?
- To what extent is the EAP reaching the organization's troubled employees?
- Is the program providing adequate follow-up services?
- Are managers and supervisors utilizing the program's services as expected?

Sample Outcome Questions

- What is the retention rate of employees one year after participation in the EAP?
- Do supervisors' ratings of employees' work performance change following EAP intervention?
- What is the program's impact on sick leave and other types of absenteeism?
- Does the EAP positively affect health benefits utilization?

Kinds of EAP Surveys

- Clients
- Supervisors and managers
- HR representatives and other organizational "customer" groups
- Purchasers
- Training participants

Survey Methods

- Research design and sampling issues
- Data collection: Mail / phone / web

Survey Analysis

Analysis of methodology:

- survey return rate and sampling error
- assess measurement reliability
- compare similarity of survey and non-survey cases

Analysis of study results:

- description of sample
- results for major study questions
- exploratory test for moderator factors

Survey Research Resources

- World Health Organization's Health and Workplace Performance Questionnaire. Developed by Dr. Kessler at Harvard Medical School – see www.hpq.org
- Institute for Health and Productivity Management's "Gold Book" of Measuring Employee Productivity – 7 self-report measures – see www.ihpm.org
- Web survey service: www.zoomerang.com

Characteristics of Good Survey Items

- Clear and unambiguous
- Low difficulty reading level (6^{th} grade)
- Short: max of 100 letters, 15 words, 20 syllables
- One idea (avoid double-barreled items)
- Positively worded items

Survey Research Tool Kit Reference List

Research Design

Deal, J.E., & Anderson, E.R. (1995). Reporting and interpreting results in family research. *Journal of Marriage and the Family*, 57 (4), 1040-1049.

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Hedrick, T. E., Bickman, L., & Rog, D.J. (1993). *Applied research design, a practical guide.* Newbury Park, CA: Sage Publications.

Love, A.J. (1991). *Internal evaluation, building organizations from within.* Newbury Park, CA: Sage.

Richardson, W.S., Detsky, A.S. (1995). Users' guides to the medical literature. *Journal of American Medical Association,* 273 (16), 1292-1295.

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Survey Methods

Henry, G.T. (1990). *Practical sampling.* Newbury Park, CA: Sage.

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Rosenfeld, P., Edwards, J. E., & Thomas, M.D. (1993). *Improving organizational surveys, new directions, methods, and applications.* Newbury Park, CA: Sage.

Warnecke, R. Ph.D. (1996). *Health survey research methods, conference proceedings.* Hyattsville, MD: DHHS Publications No. (PHS) 96-A1013. [Call National Center for Health Statistics at (301) 436-8500. Free book.]

The Survey Kit (1995)
Sage Press
(805) 499-8774

Vol. 1. Fink, A. *The survey handbook.*
Vol. 2. Fink, A. *How to ask survey questions.*
Vol. 3. Fink, A. *How to conduct self-administered and mail surveys.*
Vol. 4. Frey, J.H., & Oishi, S.M. *How to conduct interviews by telephone and in person.*
Vol. 5. Fink, A. *How to design surveys.*
Vol. 6. Fink, A. *How to sample in surveys.*
Vol. 7. Litwin, M.S. *How to measure survey reliability and validity.*
Vol. 8. Fink, A. *How to analyze survey data.*
Vol. 9. Fink, A. *How to report on surveys.*

Spendolini's Definition of Benchmarking

"Benchmarking can be defined as a systematic process for understanding the services that are recognized as representing best practices for the purpose of continuous quality improvement."

Michael J. Spendolini, The Benchmarking Book. American Management Association, 1992.

Definition of a Benchmark

bench•mark\'bench-märk*n*

1: a point of reference from which to measure performance, quality or value

2: something that serves as a standard against which others may be measured.

Kinds of Benchmarks

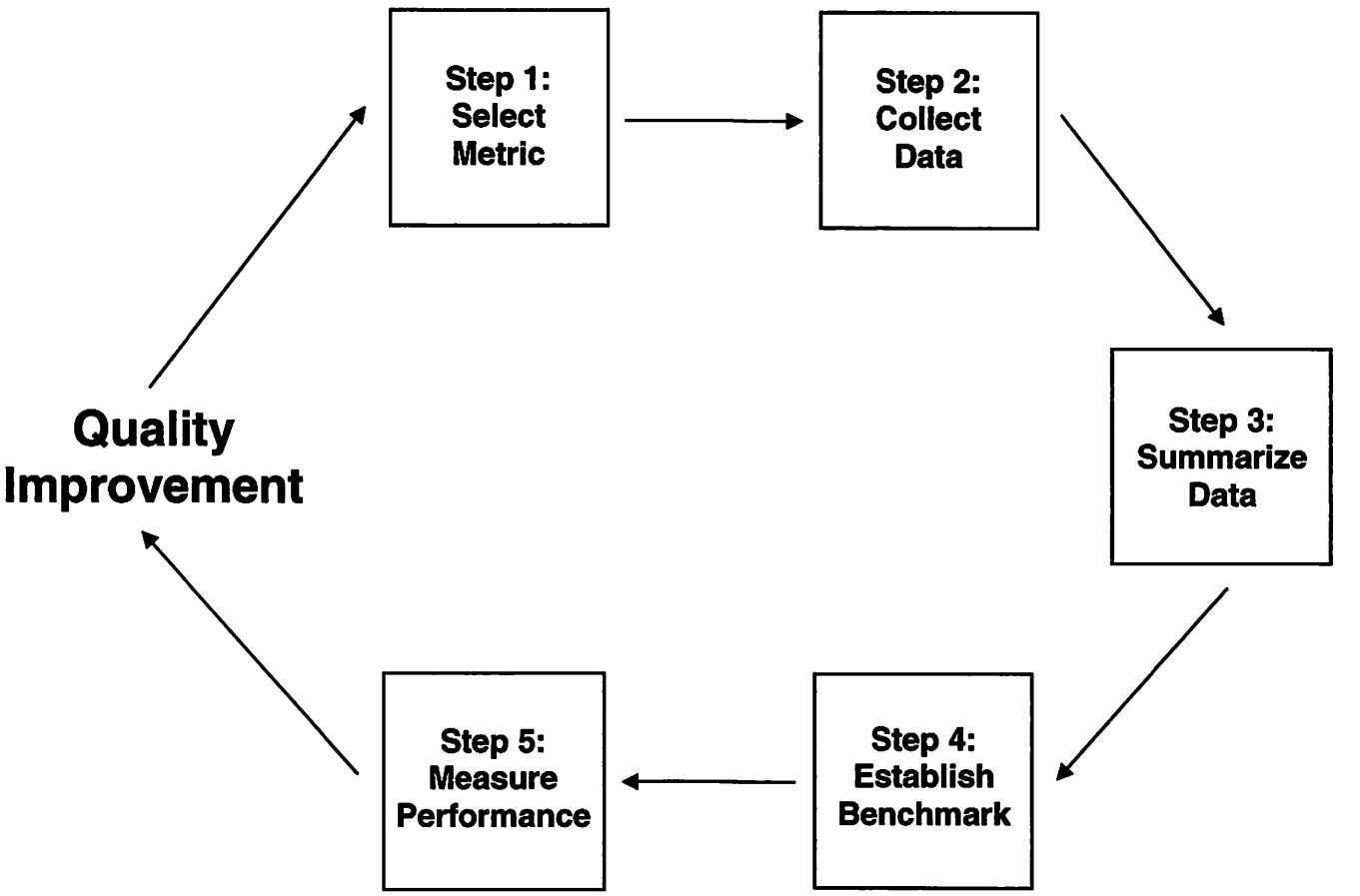
1. The EAP's own historical data.

2. Standards set by program objectives.

3. Comparison with similar EAPs.

4. Industry-wide comparisons.

Benchmarking Process Model



Workplace Outcome Indicators

- Absence for medical appointments
- Paid and unpaid sick leave
- Short- and long-term disability
- Leave of absence
- Personal time off
- Tardiness and unauthorized absences
- Time off due to accidents and injuries
- Number and severity of accidents and injuries
- Suspension-related time off
- Disciplinary actions
- Grievances
- Workers' compensation claims
- Health care claims

Eight Steps of a Cost-Benefit Analysis

1. Select a sample of EAP clients for inclusion in the cost-benefit study.

2. Collect work performance data on the EAP study group.

3. Determine comparison group or comparison work performance data against which to measure the program's impact.

4. Formulate a cost-savings equation that converts the EAP's impact into dollars.

5. Measure the program's impact on work performance.

6. Calculate the savings that have accrued, or will accrue, to the organization due to the EAP's impact.

7. Determine the program costs of providing services to the client sample.

8. Calculate the cost-benefit ratio or return on investment.

Opportunities for Communicating Value

- Regular utilization report presentations
- Crisis events
- Integration / partnering with other programs

Channels for Communicating Value

- Customer meetings
- Company publications / newsletters / web

Communicating Value: Beyond the Basics

- EAP as insurance policy (conduct non-user surveys of awareness and perceived value of EAP
- Buyer feedback (conduct surveys of awareness and perceived value from purchaser and managers)
- EAP value from integration with HR benefit services
- EAP as resource for managing risk and crisis events

Show Me the Money

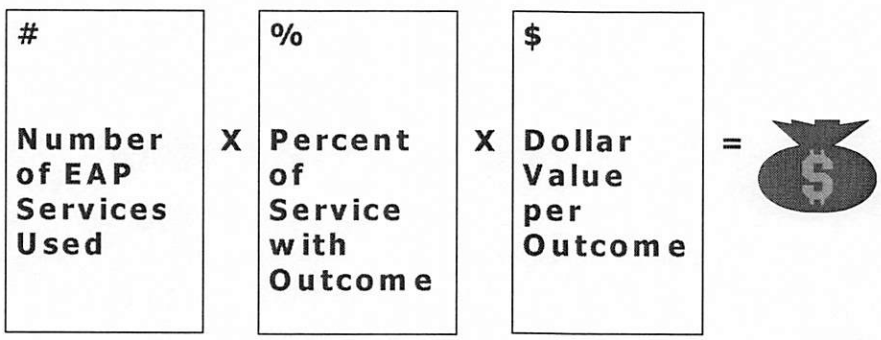
General Estimation Process for Financial Value of EAP Outcomes:

Use the reporting information to document that the EAP reaches employees in need and helps them. EAP outcomes reporting can offer evidence of positive changes in client clinical outcomes and better workplace performance. The next step is to convert these outcomes into dollar amounts (monetize the results).

Step 1 = Determine Number of EAP Services Relevant to Outcome
Step 2 = Use Research to Find the Percentage of Cases or Services that have the Outcome of Interest
Step 3 = Assign a Dollar Value to the Outcome
Step 4 = Do the Math to Get the Number of Relevant Cases or Services X the Dollar Amount = Total Savings for that kind of Case and Outcome

REPEAT Process for each kind of Outcome in Value Model

Do the Math: Source Code for Calculating Savings



Example of Outcome Size-Down Problem

Cases	Outcome Size-Down Level
1000	1 - Covered Population
60	2 - Users of EAP (6%)
48	3 - Employee Users of EAP (80%)
36	4 - Type of Case Relevant to Outcome (75%)
18	5 - Rate of Outcome Effect Per User (50%)

Result = Instead of 60 cases, there are 18 (less than 1/3) who actually create the financial return

Outcome Worth Problem

1 - What is the Dollar Value per Outcome?

2 - Who defines it?

3 - Can you get it from the customer?

4 - Can you estimate it from other sources?

5 - Does the time period of the source of dollar value match the period of EAP use? (inflation adjusted?)

Some Do's and Don'ts of Report Writing

- Use a consistent point of view. Use the second person (you) whenever possible.
- Use the active voice. Eliminate passive constructions.
- Avoid wordiness. Eliminate all unnecessary words and phrases.
- Use simple, ordinary words.
- Remember to use a warm and friendly tone.
- Vary sentence length, but, in general, use short sentences. Also use short paragraphs.
- Use headings, subheadings and lists for visual interest and easy reading.
- Check for errors in punctuation, spelling, grammar, usage and syntax.
- Add plenty of easy-to-understand tables, charts, diagrams and figures.

Suggested Reading

- Stuckey, M. (1992). The basics of business writing. New York, NY: AMACOM.
- Strunk, W. & White, E.B. (1979). The elements of style (3rd ed.). New York, NY: Macmillan Publishing.
- Venolia, J. (1979). Write right (rev. ed.). Berkeley, CA: Ten Speed Press.
- Publication Manual of the American Psychological Association, Washington, DC.

Action Planning Template

Source of value selected for action planning: _____

What I will need to show	Strategies I will use	My actions and resource needs
1.		
2.		
3.		
4.		
5.		

Key Points to Remember for your Action Plan:

1. Demonstrate your **strengths.** Make the business case for what your program does best - its areas of greatest business value.

2. Show value that is **relevant** to the organization. Demonstrate how your EAP satisfies the needs of the organization.

3. Be **creative** in how you make the business case. Use a variety of business case strategies to paint a broad picture.

4. Select business case strategies that are **feasible** to conduct. Stay within your resources, training, and expertise.

5. Stay **focused** on your objectives as you carry out your actions.

6. **Anticipate** the need to show value. If possible, start making the business case before you get asked.