



Corporate Counseling Associates

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# EAPs: Commodity or Workforce Investment?

By Robert Levy  
President, Corporate Counseling Associates



## Introduction

Employee Assistance Programs stand at a crossroads, and the outcome will determine whether employers are the winners or losers. Some EAPs serve as a static employee-level resource, part of a company's benefit package. Others continue the original EAP mission of supporting organizations as a strategic resource, working with employees and management to improve the performance and productivity of both individuals and the organization.

More than ever, organizations need to recognize whether their EAP is a trusted business partner, or a simple benefit commodity.

Employers have two main models to choose from—the benefits-driven model or the performance management model—and the wrong choice can have serious business consequences, particularly when crisis strikes. Workplace violence, natural disasters, company mergers, and layoffs can all have long-lasting effects on a workforce. Everyday personal problems are no less harmful—mental illness, behavioral issues, substance abuse and interpersonal conflicts trigger widespread degrees of employee absence, turnover, presenteeism, and other costly risks related to workplace stress and strains. Your choice of EAP model will determine how well you manage these business situations.

Workforce investments are high enough that employers can't afford to be without any EAP coverage. But the advent of managed care has cheapened many EAPs, in both costs and the services they offer. Many EAP providers have pared down their program to a hotline and a remote triage center, waiting to refer employees with problems—rather than reaching out to help. More than ever, organizations need to recognize whether their EAP is a trusted business partner, or a simple benefit commodity.

### Hallmarks of a Strategic EAP

- Proactive approach
- Performance-driven service
- Holistic viewpoint
- Risk mitigation
- Case follow-up
- Provider vetting
- On-site agility
- Consultative EAP advice


## Employee Assistance: Evolution and Value

EAPs originated in the 1950's and 1960's as a tool for addressing occupational alcohol problems; as they expanded to tackle more employee issues, they reaffirmed their commitment to the workplace and broadened their scope to include all kinds of counseling. Their goal continued to be helping employees to keep their jobs while helping companies manage their workforce. Continued growth led to a wider range of problem-solving programs and expanded offerings. While little competition existed among EAPs in the early decades, prices dropped and competition heated up as the industry was changed through multiple acquisitions by insurance companies.



The rise of managed care transformed EAPs into a healthcare benefit, moving away from the value that it offers management to get performance on track. Cementing that mindset was the removal of many providers from the workplace, in favor of regional call centers. Today, while millions of people suffer from workplace impediments such as depression, substance abuse and obesity, many employers continue to focus more on EAP prices than productivity gains.

That's a costly error in judgment; the costs of untreated employee problems far outweigh the potential savings from bargain-shopping. Illustrating the point is a 2006 report from the Partnership for Workplace Health titled, *A Mentally Healthy Workforce—It's Good for Business*. It revealed the following statistics:



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- Mental illness and substance abuse result in indirect costs to employers of an estimated \$80 to \$100 billion annually.
- Over eight percent of full-time workers (more than 12 million people) have drinking problems; 20 percent of workers have been directly and indirectly affected by these individuals.
- Workers with depression cost employers \$44 billion annually in lost productive time; individuals who are depressed but not receiving care for their condition consume two to four times the healthcare resources of other enrollees.
- Mental illness is strongly linked with absenteeism and *presenteeism*—a relatively new term for those who are at work physically, but with greatly reduced performance. Presenteeism is quickly outpacing absenteeism in lost productivity.

Compare these multi-billion dollar costs of mental illness with the annual cost of providing consultative EAP services: less than \$30 per person.

A recent survey by *Employee Benefit News* magazine and the Partnership for Workplace Health titled "Innerworkings: A Look at Mental Health in Today's Workplace," further makes the case for EAP value. When asked to rank which health issue they believed was most costly to their employer, more than 500 HR and benefits professionals nationwide cited mental illness above any other condition.


## Hallmarks of a Strategic EAP – and the Pitfalls of Gatekeepers

With such high stakes, what should employers look for when choosing an employee assistance program? First and foremost, your EAP should have a purpose. It should be designed to accomplish something.



A truly strategic EAP plan should be an active, ongoing business partner. In a survey of our clients, nearly 90% reported that they expected CCA to add value to their offerings, citing the fact that their EAP provider has more significant contact with their managers and employees than any other vendor.

A strategic EAP's true value is felt when disasters and workplace calamities strike. CCA responded with on-site counseling to the Northridge earthquake in Los Angeles, Oklahoma City's tornados and 1995 terrorist bombing, the Hurricane Katrina flooding in New Orleans, and the September 11, 2001 terrorist attacks. A consultative firm should be equally adept at responding to downsizings, strikes, discrimination conflicts, coaching and harassment issues, and talent retention challenges. Good strategic firms realize that they serve *two* clients: the employee and the employer. Solutions that are good for one, but not the other, aren't helpful.



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For example, when a large insurance company experienced a murder and suicide in its offices, CCA was immediately on the scene to counsel co-workers and managers. We not only shared some observations about how to manage future threats, we also helped the company develop an ongoing "Threat of Violence" policy. Even further, our counselors and consultants examined the issues around how the company managed employees, and the internal culture that contributed to the tragedy. This strategic depth led to larger issues of performance management, as well as changes that the company needed in its corporate culture and internal communications.

CCA has also experienced clients who chose to switch to low-cost EAP providers for purely financial reasons, and subsequently switched back. When crisis struck, or even when they needed guidance on having a difficult conversation with a manager or employee, these clients found that while they were cheaper, low-cost EAP providers simply couldn't deliver the necessary level of service.

Their low costs may seem attractive, but the benefits-model EAP is accompanied by potential pitfalls. Simply put, employers get what they pay for. An ineffective EAP is entirely reactive, engaging only when called upon. Similarly, health benefit plans provide little more than a website and a toll-free "hotline" for employees to call. Such generic, clinical support results in low utilization and reinforces the notion that they have little value. No wonder some insurance providers are offering no-cost EAPs!

If all an EAP offers is a commoditized benefit, it's hard to see the value. The best employee assistance programs provide a unique business advantage by combining an expertise in human behavior with a deep knowledge of workforce dynamics. They help employees to stay healthy and productive, while helping organizations remain effective, competitive and successful.



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## Contact Us

For more information about our programs and services, or to schedule a capabilities presentation, please contact our **Business Development Team** at **212.686.6827**.

**Main Office:**

475 Park Avenue South, Fifth Floor  
New York, NY 10016

**Tel:** (212) 686-6827

**Fax:** (212) 686-6511

**24-Hour Helpline:** (800) 833-8707

**Email:** [info@corporatecounseling.com](mailto:info@corporatecounseling.com)