

MENTAL HEALTH ISSUES ARE COSTING



Bottom Line Hard.
Issues Hit Your
Mental Health



YOUR COMPANY MORE THAN YOU THINK



MENTAL HEALTH ASSOCIATION
OF GREATER HOUSTON

The mission of the Mental Health Association of Greater Houston is to promote mental health and to improve the care and treatment of persons living with mental illness through education and advocacy. The Mental Health Association of Greater Houston is an affiliate of the Mental Health Association in Texas and the National Mental Health Association. Its programs serve all residents of the Greater Houston area.

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RETHINK MENTAL HEALTH COVERAGE

The costs of mental health issues in the workplace are often hidden, much like the illnesses themselves. Both impact your business and bottom line more than you may realize.

Right now, it is probable that one out of every 20 of your employees is struggling with depression, and others are affected by bipolar disorder or another treatable brain disorder. Another 25 percent of your workforce probably has a family member with a mental or emotional illness. Whether employees are affected directly or indirectly, the result is lost productivity, poor performance, absenteeism, higher accident rates and turnover.

In addition, employees with untreated mental disorders incur medical expenses that are 4.5 times higher than for other employees. Individuals with psychological disorders visit their primary care physicians twice as often as those without these disorders. With correct diagnosis and treatment for the underlying mental health problem, medical costs decrease.

The financial impact of mental health issues is staggering. Each year, American workers lose 200 million work days to depression alone, at a cost of \$44 billion to employers.

By rethinking mental health coverage, you can minimize the financial burden and emotional drain of mental illness in your organization.



“Removing obstacles to good mental health care makes good sense for the company, the family and, certainly, the individual.”

— Stanford Alexander, Chairman,
Weingarten Realty Investors

THE BUSINESS CASE FOR EQUALIZING MENTAL HEALTH COVERAGE

Clinical depression is one of the most common mental illnesses, affecting one in 10 working-age adults. This disorder has a significant impact on American businesses, yet it can be treated cost-effectively.

- Employees with depression lose 4.1 more hours per week in productive time than those without depression. In a company of 1,000 employees, this equates to 19,300 hours of lost productivity annually.
- American workers lose 200 million work days to depression each year, at a cost of \$44 billion to employers for direct treatment, absenteeism, lost productivity and mortality.
- Based on treatment for depression alone, the savings realized by equalizing mental health benefits could offset the incremental medical plan cost of equalizing mental health benefits for all diagnoses.

GET SMART ABOUT MENTAL HEALTH ISSUES

Improving mental health coverage for your employees and their families costs less than you think.

Mental illnesses are biologically based, like diabetes and cardiovascular disease, yet many group medical insurance plans limit access to mental health care. This may take the form of restrictive limits on mental health treatment, or higher deductibles or co-insurance payments for mental health care. Many people face the difficult choice of not treating their mental illness, or paying a burdensome percentage of the treatment costs out-of-pocket.



This short-sighted approach is rooted in the misconception that mental health coverage is too expensive. The fact is, equalizing mental health benefits with medical and surgical benefits incurs minimal cost.

According to recent research, mental health equalization in a managed care environment raises insurance costs approximately 1 percent. These direct costs are offset by improved employee performance and reduced rates of illness, absenteeism, accidents and turnover.



IMPROVE LIVES AND PRODUCTIVITY

The business case for equalizing mental health coverage is compelling, but the rationale goes much deeper. Giving employees and their families the opportunity to treat mental and emotional problems is the humane, fair and responsible thing to do.

Proactively improving mental health coverage helps lift the stigma of mental illness and encourages employees to seek effective treatment. Many brain disorders can be treated successfully with psychotherapy and prescription medications, enabling the individuals to be productive and effective at work and at home.

SUCCESSES IN HOUSTON

The benefits of equalizing mental health coverage are well-documented by numerous U.S. companies and organizations. Houston companies that have improved coverage for mental health show positive results.

Working with the Mental Health Association of Greater Houston, six Houston companies began offering mental health benefits on par with medical and surgical benefits: Weingarten Realty Investors, Anadarko Petroleum Corporation, the *Houston Chronicle*, Devon Energy Corporation, the Houston Texans and Conn's Appliances.

Two years after adopting insurance equality for mental health, the average annual increase in mental health benefits cost was less than 1 percent of total medical plan expenses for Weingarten Realty, the *Chronicle* and Devon combined. During this period, the highest annual increase in mental health benefits for any of the three employers was 1.6 percent of total medical plan expense.

Halliburton and El Paso Corporation, which have a longer history providing equalized mental health benefits, show similar results.

These eight companies currently provide about 158,000 employees and their dependents with mental health coverage that is equal to or better than the coverage for medical and surgical needs.

“We see mental health parity as a wise business productivity approach as well as a basic fairness issue. Medical advancements make these types of illnesses much more treatable, and coverage can be secured at a reasonable cost.”

— Jim Hackett, CEO
Anadarko Petroleum Corporation

Hypothetical Company Illustration

In this hypothetical illustration, potential savings are based on depression diagnosis. The illustration covers a one-year period, assuming 1,000 total employees and 100 employees (1 in 10) with depression. The assumption of lost work time for those with depression is excerpted from a study reported in *The Journal of the American Medical Association*, June 18, 2003 (“Cost of Lost Productive Work Time Among U.S. Workers with Depression” by W.F. Stewart, et al.).

Estimated Cost of Insurance Equality		Potential Savings Realized	
Medical Plan Cost Per Employee Per Year	\$7,000	Lost Productivity Per Year by Employees With Depression	19,300 hrs.
Cost of Equalizing Mental Health Benefits (% of Total Medical Plan Expense)	1.4%	Productivity Gain (Assuming 80% Treatment Success Rate)	15,440 hrs.
Incremental Cost Per Employee Per Year	\$98	Average Rate of Pay	\$15.50/hr.
Incremental Cost	\$98,000	Productivity Savings	\$239,320
SAVINGS PER 1,000 EMPLOYEES PER YEAR			\$141,320



ACT NOW

Equalizing mental health benefits with those of other medical and surgical benefits is affordable, humane and responsible. The Mental Health Association of Greater Houston (MHA) suggests the following action steps to achieve equitable benefits for mental health:

- **Get the facts.** This packet includes detailed information about mental illness in the workplace and mental health benefits, compiled by the Mental Health Association of Greater Houston. For additional information, call the director of MHA at 713-523-8963.
- **Discuss the rationale** for mental health coverage with your Human Resources manager. Ask for a review of your company's benefits plan to identify possible limitations in mental health coverage.
- **Discuss the desired changes** with your benefits consultant or insurance company.



- **Obtain cost estimates** for removing treatment caps, for equalizing deductibles and co-pays to those of other medical/surgical benefits, and for eliminating other limits from coverage.
- **Evaluate the costs** and amend your benefits plan to achieve mental health benefit equality.
- **Communicate the improvements** with your employees. Encourage employees to seek treatment for themselves and their covered family members.
- **Be proactive.** Congress is considering legislation that would mandate mental health coverage equal to that for other medical and surgical coverage for companies with more than 50 employees. Whether or not the legislation passes, proactive employers and their employees can begin enjoying the benefits of adequate mental health coverage now.



If your company already offers mental health benefits that are equalized with medical and surgical benefits, consider joining MHA's effort to expand this coverage to more companies. Contact MHA to find out how you can take the lead with local executives and be recognized for your achievements in the process.

While employees might press for other benefits, many keep their need for mental health coverage to themselves. Be in the vanguard of employers lifting the lingering stigma of mental illness to improve bottom line results.

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