

# Humana Wellness Case Study: The Value of Humana EAP and Work-Life Services

## Key messages

- Engagement of an Employee Assistance Program can result in savings to an employer of at least \$1.98 for every \$1 spent on the program.
- Engagement of Work-Life Services can result in an employer benefit of at least \$1.96 for every \$1 spent on the services.

The value of Employee Assistance Program (EAP) and Work-Life Services has been discussed and analyzed for many years. Employee health and time-saving benefits, as well as employer savings realized by utilization of those programs and services, have been diverse. Engaging internal analysis, Humana has determined that there is a significant and positive value recognized when employers and employees use EAP and Work-Life.

## So, what are EAP and Work-Life Services?

EAP and Work-Life consist of multiple, integrated services designed to help employees deal with challenges, reduce stress, and increase focus and productivity.

### Employer/manager assistance

Organizational leaders and managers sometimes need the guidance of an objective, trained manager consultant to gain a new perspective on big-picture and everyday issues. The EAP provides consultations on organizational and team concerns, evaluating employees, managing difficult employees, and honing supervisory skills. Executives and managers can also call to address their own concerns.

### Employee Assistance Program (EAP)

EAP provides assessment, assistance, and referral support to help employees and their household members navigate their concerns and focus on solutions. Employees simply call a toll-free number. Humana EAP phones are answered 24 hours a day, seven days a week by experienced, caring EAP professionals who have a minimum of a master's degree and an average of 15 years of experience. Humana EAP consultants and its national network of EAP providers work with employees (both via phone or in person) to address their issues, and can also refer them to community and local support services, and other employer-sponsored benefits, always keeping in mind the employees' preferences, needs, and health insurance.

### Work-Life

Work-Life specialists carry out research on all types of daily-life needs and provide guidance and customized referrals, saving employees and their household members time, effort, and stress. Work-Life specialists can help employees locate:

- Tickets to shows/games, local gyms, community programs for youth development and healthy living, home repair people, local stores that deliver, party planners, and more
- Nannies, family day care, day care centers, back-up childcare, local schools, and other childcare-related service providers
- Home healthcare providers, nursing homes, assisted living facilities, community-based programs, and other adult care-related service providers

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## Legal/Financial Services

As part of the EAP, employees also have access to free 30-minute consultations with financial counselors and attorneys on issues such as real estate, retirement planning, divorce and separation, budgeting/debt reconstruction, and trusts and estates.

## Online resources

The EAP and Work-Life website includes thousands of articles, tip sheets, calculators, checklists on work and life-event topics, and links to best-of-the-web resources. It also includes a “Tools for Managers” section to help managers enhance their communication skills, manage employees, address drugs and alcohol in the workplace, ensure a respectful working environment, and use the EAP as a management tool.

## Confidentiality

All of these services are confidential, offered at no cost to employees, and always available.

## Why are EAP and Work-Life Services important?

Employers of all sizes share a similar challenge: Employees who are distracted by or dealing with personal and/or work concerns are not able to fully focus on their work. As a result, employers experience decreases in employee productivity that lead to increased business costs. EAP and Work-Life help address lower productivity, increased absences, and reduced engagement. Consider this:

- Indirect costs of poor health, like lower productivity, are several times higher than direct medical costs, such as visits to the hospital<sup>1</sup>
- Financial stress is affecting a profound number of American workers: Nearly half of all adults in the U.S. struggle with paying “household expenses on time”<sup>2</sup>
- Employers lose \$25.2 billion a year due to workers dealing with caregiving issues<sup>3</sup>
- Depression is a leading indirect cost for employers, totaling \$44 billion each year. Short-term disability claims for mental illness are increasing by 10 percent each year<sup>4</sup>
- Research has shown that EAP can lower absenteeism, presenteeism, and stress – three common drivers of indirect costs for organizations<sup>5</sup>

## Value of EAP and Work-Life Services – employer benefits

At an employer level, EAP and Work-Life help to increase productivity and reduce absenteeism, and as a result, increase the employer’s bottom line. The return on investment (ROI) of EAP and Work-Life has been a topic of meaningful conversation over the years. During the past few decades, there have been multiple estimates of benefits arising from these programs. These include:

- One of the most frequently cited resources for EAP ROI is a study commissioned by the McDonnell Douglas Corporation. In that four-year study, McDonnell Douglas noted a savings of \$5.1 million by instituting an EAP – a return of \$4 for every \$1 invested due to reduced absenteeism, turnover, and medical claims.<sup>6,7</sup> The sum highlighted in that study is now nearly 25 years dated.
- Chevron Corporation recognized a savings of \$14 for every \$1 spent on EAP. The savings were based on employee retention and improved job performance as measured by referring supervisors, absenteeism, tardiness, safety, and quality and quantity of work.<sup>8</sup> This study is nearly 17 years dated.
- A prospective cost-benefit estimate of Federal Occupational Health EAP services showed that for every \$1 spent on the EAP, the expected savings for the first year would be \$1.27, rising to \$7.21 by the fifth year.<sup>9</sup> This estimate is nearly 16 years dated.

## Value of EAP and Work-Life Services – employee benefits

At an employee level, EAP and Work-Life create a support system to help the employee handle challenging life situations. Humana regularly asks employees who have used EAP and Work-Life about their experiences and whether those services have been of value. Here's what employees have been telling us:

- Members consistently noted (via self-reported survey results) for both EAP and Work-Life that the following were better as a result of using Humana EAP or Work-Life Services:
  - Current stress level
  - Ability to handle the situation for which they sought assistance
  - Ability to be productive or accomplish things at work
  - Overall quality of life<sup>10,11</sup>
- 96% of members who used Humana EAP said they were satisfied with their overall experience<sup>10</sup>
- 96% of members who used Humana EAP would use them again if needed<sup>10</sup>
- 95% of members who used Work-Life said they were satisfied with their overall experience<sup>11</sup>

### What does job stress cost?

Job stress carries a price tag for U.S. industry estimated at more than \$300 billion annually as a result of: accidents; absenteeism; employee turnover; diminished productivity; direct medical, legal, and insurance costs; and workers' compensation awards, as well as tort and FELA judgments.<sup>12</sup>

## So what is the value of Humana EAP and Work-Life?

In order to better understand the impact of Humana EAP and Work-Life on both the employer and the employee, we conducted a case study of one of our larger customers. Findings include:

- **EAP:** Savings to the employer on EAP services are approximately 2:1. Analysis indicates a savings of at least \$1.98 for every \$1 spent on EAP, which represents the costs not spent on medical care and/or behavioral health visits by employees engaging instead in Humana's EAP services.
- **Work-Life Services:** In total, across all childcare, adult care, and convenience services, there was at least a \$1.96 savings for every \$1 spent on Work-Life. This sum took into account the average hourly salary per employee.
- **Work-Life Services:** The average number of hours saved on Work-Life cases involving childcare, adult care, and convenience services (such as assistance with vacation planning, locating home repair people, finding pet groomers, or various other services) was 10 hours per case.

## Analysis snapshot

The \$1.98 EAP employer ROI was determined by evaluating the cost of EAP services across the complete employee population measured (>12,000 employees of a consumer goods company located in more than 20 U.S. states) compared to an average of what it would have cost to treat employees in the absence of an EAP offering. Without an EAP offering, employees would be forced to search out care in a traditional outpatient

setting within the employer's behavioral health plan. The average number of outpatient visits (estimated at 12 per case) to the behavioral health plan and the average cost per outpatient visit (estimated at \$83 per visit) used in the calculation of the ROI were both provided to Humana by the employer used in the analysis.

The \$1.96 Work-Life employer ROI was factored by evaluating the cost of the rate for Work-Life across the complete employee population measured (>12,000 employees of a consumer goods company located in more than 20 U.S. states) against the cost to serve members engaging these Work-Life Services.

The average time saved (10 hours per case) included consultations across multiple categories of service, including topics of childcare, adult care, and convenience services. The average annual salary (~\$26,000) used to calculate the ROI was provided by the employer used in the analysis. As average annual salary increases, so too would the resulting ROI.

Any proprietary figures used by Humana in the ROI calculation are consistent with industry numbers on this topic.

## References

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10. Internal Humana EAP Services Semi-Annual Report (January-June 2014)
11. Internal Humana Work-Life Services Semi-Annual Report (January-June 2014)
12. The American Institute of Stress, accessed July 30, 2014. <http://www.stress.org/workplace-stress/>

These non-insurance services are provided by Humana EAP and Work-Life Services.

Personal information about participants and members of their households remains confidential according to all applicable state and federal laws, unless disclosure is allowed by such laws.

Free legal/financial consultations are limited to 30 minutes per issue. A 25 percent discount on further legal and tax preparation services provided by attorneys, mediators, and financial counselors is available. Certain legal and financial topics and issues are excluded from this service.