



# Peace of Mind...

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[chestnutglobalpartners.org/Services/EAP-ROI-Calculator](http://chestnutglobalpartners.org/Services/EAP-ROI-Calculator)

**Why is a ROI Calculator Needed in the Field of EAP?** There are no commonly used ROI tools currently available in the EAP field. Most of the ROI tools in use are exclusive to certain EAP vendors, and much of the logic and data is based on small sample studies and clinical guess-estimates and is not driven by the research literature.

## **How is the EAP ROI CALCULATOR® Different than Other Approaches?**

**Work Performance Outcome Area Featured.** The “Core Technology” of the EAP field emphasizes how EAP services are designed to help employees who are stressed and have personal problems, with the goal of restoring a high level of work function. The Calculator also emphasizes the primary role of outcomes from improvements in worker performance (both while on the job – called “**presenteeism**” and by not missing scheduled work time – called “**absenteeism**”) that occur much sooner after use of the EAP than if the employee had not used the EAP.

**Realistic Episode for Workplace Outcomes.** Based on data for amount of time needed to deliver the typical number of EAP counseling sessions, and the time period of follow-up to assess changes after treatment, we use a **90-day period** for how much time that the typical employee with EAP relevant issues may experience a negative impact on the level of work performance.

**Other Outcomes also Included.** Other kinds of outcomes are included in the Calculator but with less contribution to the total savings, compared to the savings from the work performance outcomes. Avoided instances of **turnover** and **accidents** among employee users of the EAP both are relatively infrequent outcomes that are only relevant to a small part of the EAP caseload and each outcome has multiple causal influences other than use of the EAP. Also relevant are the cost-offset savings in reduced medical comorbidity issues that are measured in **annual health care claims costs** – but these cost savings are only relevant to a small slice of EAP caseload (i.e., those users with more serious clinical problems – such as anxiety, depression or addictions), for which EAP only plays a minor role in the treatment, and ongoing case management over several years, needed to see the savings. These other outcomes all have a 12-month time frame, apply to a smaller set of EAP clinical users, and have a less direct causal path to considering the EAP as the primary cause of the improvement.

**Integration with the Workplace Outcome Suite (WOS).** Drs. David Sharar and Richard Lennox of Chestnut Global Partners developed the WOS set of survey items in 2010. It is now utilized by over 400 EAP providers to measure the changes from before to after use of the EAP services in employee presenteeism and absenteeism (and three other outcomes of work engagement, work distress and life satisfaction). The Calculator includes default inputs based on the research database of responses to the single-item and five-item WOS Presenteeism and Absenteeism scales. Users who have collected their own WOS survey outcome data also can use their results in the Calculator, by following some data conversion instructions that adjust the results to fit the mathematical requirements of the Calculator.

**Research-based Default Data.** The Calculator uses the most extensive and current research-based default input numbers for EAP specific outcomes. For example, the default inputs for workplace presenteeism

and absenteeism losses, and their improvement after use of counseling, is based on the average findings from eight major studies from over 100,000 users of EAP counseling services from different vendors in the United States, Canada and Australia. Other outcomes and cost value data, used as defaults in the Calculator, are based on the best available research studies and current economic data.

**Investment in EAP.** The investment figure is the cost to provide the EAP service for one year to the entire covered employee population. Note that this investment figure should represent only the portion of the fee paid for the EAP that reflects the delivery of EAP counseling services, as the return from outcomes associated other kinds of EAP services are not included in the Calculator. As counseling sessions typically account for most of the EAP service activity, we suggest using 80% of the full EAP program cost to represent the counseling only part of the overall price.

**Financial Return Metrics.** The cost savings from the Calculator are presented in two economic metrics of IRR and NPV and the standard Benefit to Cost ratio. **Internal Rate of Return (IRR)** is a rate of return used in capital budgeting to measure and compare the profitability of all kinds of investments. The IRR is expressed as a percent (%). This metric can answer the question of what is the financial return to the employer. The **Net Present Value (NPV)** is the sum of the present values (value in today’s dollar) of incoming and outgoing cash flows from the EAP over a period of time. It is expressed in dollars. The **Benefit to Cost Ratio** is the simpler mathematical ratio that represents the total financial benefit (savings associated with use of the EAP) over the total cost for the EAP service. This measure is expressed as a ratio. It answers the question of how many dollars in return does the company get back for every one dollar invested in the EAP.

**Savings for Employees in Avoided Out of Pocket Treatment Provider Costs.** The Calculator generates as output the total of the costs that employees would have needed to pay personally out of their own pocket to get the same kinds of professional services that were provided at no cost from the EAP. These include savings in the market rates for service fees from licensed mental health and marriage and family counselors, financial advisors and legal advisors. Only the employees with a successful clinical resolution of their case are included in this savings component.

**Customization of Inputs and Outcomes.** The user has many options to customize the inputs and cost values beyond the defaults. It is designed as a consultative approach, with the EAP and their customer organization both participating in the use of the Calculator. It also has the option to calculate the return on investment for each type of outcome separately or in different combinations of outcomes.

**Break-Even “What If” Analysis Capability.** Users may calculate the break-even level of investment needed for a 1:1 return given user inputs for the program price, the level of utilization or the level of program effectiveness for certain outcome areas (or changes to other factors). For example, the user can create different scenarios based on several different levels of utilization and see how changing the utilization rate changes the total return from the program.

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