EAP options for today’s workforce: maximizing value by design

Tips for brokers to help ensure the best EAP fit for clients

The modern Employee Assistance Program (EAP) has evolved beyond its grassroots peer-driven beginnings into a complex global benefit implemented by the majority of employers.

Accompanying this growth are the challenges of the benefit marketplace, but also an opportunity for benefit brokers to deliver an effective and high-impact product that also enhances their clients’ overall satisfaction.

There is ample evidence validating the positive effect that a quality EAP has on lowered absenteeism, presenteeism and workplace distress, improved work engagement and life satisfaction.

This is fortunate news for employers, who can buy a low cost solution for some of the most expensive and vexing workplace problems. However, downward price pressures are creating a problem for the EAP industry, grasping at straws for a profit margin, and brokers trying to sell EAP products and ensure client satisfaction.

EAP fit is crucial

As health care costs continue increasing, the cost of an EAP has remained flat and even in some cases, decreased. Outsourcing, commoditized pricing, and administration simplification all impact the EAP industry and perpetuate a common, misplaced goal: find the easiest and cheapest way to address some of the biggest workplace risks.

As prices of EAPs stagnate, vendors are forced to cut corners and deliver less. Employers get less for their shrinking benefit dollar, often in areas where their needs are the highest. Brokers are at risk of losing valued customers. Everyone loses over what are essentially pennies of the benefit dollar.

This presents a paradox for benefits brokers and consultants. Their energy is easily drawn toward the more familiar, complex and costly benefit products, leaving them prone to inadvertently marginalize the EAP products and perpetuate the race to the bottom:
In an upcoming trends report published by Chestnut Global Partners entitled, “The Increasing Role of Procurement in EAP Purchasing Decisions” Tom Shjerven highlights some of the problematic trends that are also described below.

As benefit products, EAPs purchases are commonly driven by price. Brokers often do not possess detailed knowledge of EAP and struggle to make the case for price realization and differentiate between programs worth a premium and those worthy of being positioned as a “loss leader freebie.”

The net result, as Shjerven writes, is that EAPs are rarely purchased with significant thought to whether the product “is a good fit for the organization.”

Which begs the question, what is the most effective EAP for a given organization? How can brokers best evaluate the needs of their customers and make the case for best quality and best fit, within an acceptable cost-benefit ratio?

Adding value by design

Attentive EAP stakeholders recognize when an EAP is adding value. So these questions become quite relevant as brokers work to capitalize on sales opportunities and deepen customer relationships.

There are essentially three ways to build and implement an EAP, all of which have shown similar, positive workplace outcomes:

1. an internal program staffed and run by company employees
2. an external model delivered offsite by a vendor
3. the “hybrid” EAP that offers a customized blend of both

What isn’t well understood, however, is which of these fits best for which employer setting to ensure EAP purchasers reap the workplace benefits that quality EAPs are documented to provide.

Since all three EAP models demonstrate some positive outcomes, brokers have multiple EAP options to choose from.

Given that EAPs function most effectively when they are high touch and well-integrated into the workplace, finding the best fit for an organization becomes important to both sell the EAP at a credible price point while also ensuring customers the programming they need.
Recently, the authors conducted a research study where they interviewed 29 internal EAP managers, half from current programs and half from programs that have been down-sized, outsourced or eliminated.

The intent was to better understand these front line EAP managers’ experiences and the circumstances where their programs thrived and where they faltered. The study found consistencies that lend valuable insights into what EAP may be best fit for an organization.

Low cost, embedded and “free” EAP are the easy choice, but again, may be detrimental to the overall deliverable of a broker and the client relationship. Based on the research, here are 10 questions that can help ensure you have the best fit EAP model:

1. What is the size of the organization? Internal and hybrid EAPs fit well in mid-sized and larger organizations where there is internal HR, benefits, legal and security infrastructure.

2. How stable is the organization and its structure? Internal and hybrid EAPs are a best fit when they can become part of the fabric of an organization and work closely within highly invested HR and Benefits organizational leaders. This takes time. Internal EAPs are often viewed as cost targets during periods of austerity and change.

3. What is the leadership culture? Organizations should consider internal and hybrid programs when the organizational leadership understands the risks of employee personal problems and has a sincere interest in the health and well-being of the workforce.

4. What is the benefits procurement strategy? Organizations purchasing off-the-shelf benefit plans with minimal customization and administrative burden should consider less expensive and purely external programs. While internal and hybrid EAPs don’t have to be more expensive, they do require internal administrative expertise for procurement and ongoing administration.

5. What is the expectation for ROI? While both internal and external EAPs can deliver EAP outcome metrics, internal EAPs often thrive when they are in a culture of insourcing, perceived value and part of a team of “people leaders.”

6. What is the investment in Organizational Development and Learning? An often overlooked value of EAP is the impact to workplace culture, climate, leadership and a learning environment. Internal and hybrid models are more likely than external programs to compliment and fill gaps delivering organizational development interventions, leadership consultation and training.

7. How complicated are the drug testing and personnel management policies? Internal programs are a best fit when EAP involvement is written into workplace policy. In such cases internal EAPs can effectively fill gaps in an HR organization’s areas of drug testing administration, performance improvement and violence prevention.

8. How effectively does the organization communicate with the employees? Internal EAPs thrive in organizations that are high-touch with robust communication, rather than the one-and-done benefits communications that often come during annual enrollment.
9. How flexible are the organization’s HR and benefits managers? Internal EAP managers can effectively wear many hats. Today’s EAP managers are often skilled in HR management, benefit plan administration, wellness and occupational health. Internal programs thrive when there is a niche internal EAP role. But EAP professionals can also do double duty across the HR and Benefits spectrum.

10. Does the organization have a health and wellness strategy? Emotional and social health should have an equal seat at the health table. To the degree the organization is investing in employee health and well-being, EAPs should be built to match that commitment.

Where the EAP should live within an organization does not seem to make a big difference, as our research found that successful EAPs existed in HR, Benefits, and Medical departments. The most critical factor predicting success is how well the EAP is integrated into the broader workplace culture.

Additionally, price need not be the determining factor, which contradicts the trend toward outsourcing to the lowest cost vendor. Purchasers purely interested in checking a box to say “Yes, we offer an EAP” are best suited to purchase a standard low-cost EAP offering.

But for those willing to make even moderate investments in an EAP, well-crafted internal and hybrid EAPs are not necessarily more expensive and usually will pay for themselves in both hard and soft returns.

**One size EAP does not fit all**

Clearly no one size fits all, which is a cautionary tale to any broker, consultant or benefit purchasers drawn to only considering low cost, marginalized EAP benefit products.

Sometimes you get what you pay for. And purchasing anything without careful consideration of the needs of the end user brings risk to the investment and the broker-client relationship.

Caveat emptor. Given the employer risk associated with employee mental health and social problems, benefit brokers, consultants and purchasers are advised to learn about design options of the modern EAP and the best practices for articulating measurable workplace outcomes.

Just because EAPs are low cost in the context of total benefit spend does not mean a poor decision will be low impact. Take the time to understand the organization and consider all the options to ensure the EAP is a best fit.