

TRENDS

REPORT



2017

An analysis of what is occurring in the fields of Employee Assistance, Organizational Health and Workplace Productivity industries.



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By many accounts, 2016 was a year of contradictions and extremes. Our politics were certainly contentious and polarizing, as evidenced by Britain's controversial decision to exit the European Union and the election of a new President in the United States prone to late night Twitter™ feuds. The ongoing civil war in Syria continued to create a humanitarian crisis which, in some countries, increased tensions and discrimination toward immigrants. Added to these tensions were the rise of terrorism in places such as Berlin and Nice, and the violent attacks on Dallas police officers and Orlando night club goers – all of which contributed to rising anxiety levels and safety concerns.

By contrast, there were many good news reports that lifted our spirits. West Africa finally became Ebola free, causing the celebration of thousands of families and humanitarian aid workers. Here in the United States the teen birth rate continued its decline of more than 50% since 2007, while the generosity of American employees resulted in a record \$373 Billion donated to charities. The unemployment rate of 4.6% was the lowest in almost 10 years, and let us not forget the 'feel good' sports stories, including the Chicago Cubs and Cleveland Cavaliers winning world championships for the first time in over a half century.

In the world of health care, concerns about the rising costs contrasted with the satisfaction that many felt in seeing the number of uninsured reach record lows. And finally, the death of recording artist Prince due to drug overdose helped shed light on the epidemic of opioid addiction and a growing need for greater integration of physical and mental health.

In this year's CGP Trends Report, the stories featured are also studies in extremes and contradictions. Perhaps the central theme this year is a variation of last year's theme: the more things change, the more unpredictable they become...and the more resilient we'll have to become in navigating life's unexpected turns.

Sincerely,

Todd Donalson

Todd R. Donalson

Director of Training and Consultation

REQUESTS FOR EAP SUPPORT DUE TO ANXIETY ARE ON THE INCREASE

By Todd Donalson - CGP Director of Training and Consultation

More individuals accessing CGP's EAP services in North America requested assistance for anxiety in 2016 than in 2015. While CGP's book of business utilization rate of 6.5% reflected a slight decline compared to 2015, the average number of counseling sessions per unique case increased 15%, to 2.9 sessions. ***

Although the top two reasons for accessing EAP services - (1) marital /relationship, and (2) stress – were consistent with previous years, the number of individuals seeking support for anxiety increased 29% compared to 2014 and 2015. This moved it up one spot into third position on the 2016 top 10 list of EAP concerns. Occupational concerns remained in the sixth spot for the third consecutive year, with job satisfaction due to organizational change and increased workloads comprising a majority of these cases. (See Figure #1)

TOP 10 NORTH AMERICA EAP CONCERNS

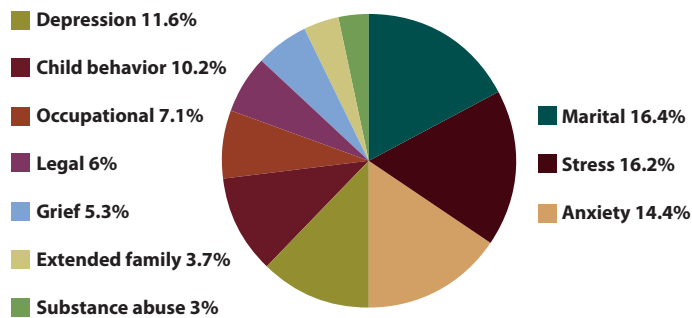


FIGURE #1

Compared to the general or 'catch all' category of stress, EAP cases for anxiety are traditionally used to identify individuals who report more specific and serious physical and emotional symptoms of stress. While this developing trend could be an early indicator of an increase in diagnosable mental health conditions, it may also be a reflection of community efforts to reduce stigma by helping to 'coach' individuals to clearly communicate symptoms of emotional concerns to their treatment provider.

Utilization of EAP services outside of North America was 3.8%, down from 4.3% in 2015. The primary reasons for requesting EAP support were consistent with previous years, with marital/relationship, stress, and child behavior issues the top three concerns (See figure #2).

Local culture and access to alternative community resources continues to influence how employees access EAP services across the globe. In India, for example, the most common EAP concerns are related to extended family relationships and "co-dependency". According to Lynette Nazareth, Program Director for CGP India, "The growth of the IT industry and larger educational institutions has resulted in many individuals from rural India moving to larger cities in pursuit of educational and employment opportunities.

TOP 10 INTERNATIONAL EAP CONCERNS

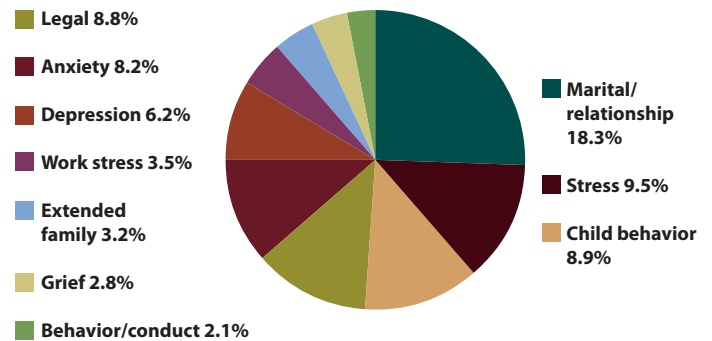


FIGURE #2

Because Indian culture tends to be heavily dependent on the extended family for support and decision making, this change has resulted in increased stress on the family structure." Alternatively, in many Eastern European and South American countries, legal concerns are a primary reason for accessing EAP support. According to Rita Passos, Director of Business Development and Relations for CGP do Brazil, "Laws are very complex in Brazil, and attorneys are very expensive. Requests for support for family law (divorce or child custody), real estate, and consumer rights, especially in the first 1-2 years of the program, can often account for 40-50% of the total utilization."

In addition to local culture, the utilization of EAP services is impacted by the effectiveness of program promotion at a local level. Liliana Bedoya, CGP Accounts and Services Manager, states "Employers who have highly utilized EAP programs are most often those who regularly promote the services, particularly by enlisting the support of local managers or "EAP champions" who help position the EAP as a resource which can promote employee wellness."

2016 CGP INTERNATIONAL EAP UTILIZATION

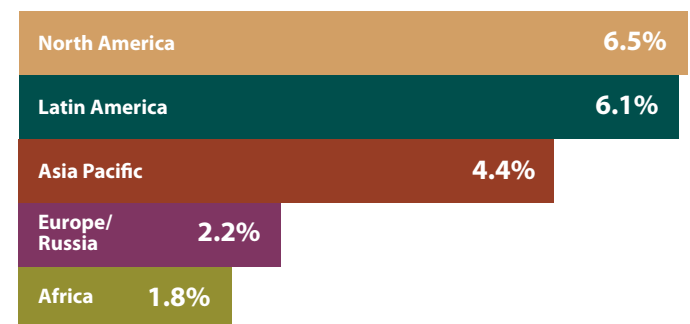


FIGURE #3

***CGP utilization rates are calculated by dividing the total number of cases receiving counseling/consultation by the total number of eligible employees.

EAP SURVEY REVEALS MARKET SEGMENTS AND TOP INDUSTRY NEEDS

By Matt Mollenhauer - Managing Director of CGP

Historically, the EAP field has not systematically collected or analyzed data regarding the market landscape of the industry. In response, CGP conducted a survey of its major EAP partners in 2016 in an effort to obtain a clearer picture of the market trends, segments, and emerging needs for the global EAP industry. The information collected revealed insight into future goal setting by the EAP field. This article provides a high level summary of some of the key findings from this survey, which was presented in greater detail at the 2016 Employee Assistance European Forum in Bucharest, Romania.¹

Market Segments

Did you know that there are more than 839 external EAPs in the world? Of these, approximately 70% are based in the United States. These 839 entities can be broken into three market segments: Global, Regional, and Local National. A market segment is a subset of a larger market, sharing one or more common characteristic that drives service delivery, while also retaining a unique characteristic that distinguishes it from the others.

Six EAPs were identified as global service providers throughout the "world". Global EAPs are tasked with building local relationships that allow services to be delivered in each country, and are increasingly focusing on the use of technology as a service delivery platform. In some cases, each of these global EAPs have the same local service provider within a particular country, and as a result, are challenged with differentiating their unique value to a purchaser. Global EAPs, however, can be an attractive option for many organizations as it allows the employer to work with a single vendor to provide EAP services for all of their employees.

Regional EAPs are delineated by the 'multi-country' geography in which they deliver services (Latin America vs. Europe). There are 56 Regional EAPs, comprising approximately 7% of the EAP market. One would think that the larger the geographical region, the more Regional EAPs there would be. However, this is not actually the case. For example, while Asia has about four identifiable Regional EAPs and Latin America has seven, Australia has 20. Although regional EAPs claim to provide a more culturally sensitive and higher touch consultative services to their customers, this claim has yet to be validated by objective market research or surveys.

Local National EAPs are the most common market segment, and are defined by an emphasis on delivering services within a single country or metro area within that country. Currently there are about 777 Local National EAPs in the world - nearly 75% of which are located in the United States. Local National EAPs can grow indigenously or as a sub-contractor to a Regional or Global EAP. Clinical capability, infrastructure, and knowledge about EAP principles and workplace culture/policies can vary widely across this market segment. In fact, many groups within this market segment are comprised of a private practice that also serves EAP

clients. Currently, there are significant market opportunities for growth in this sector, particularly in developing countries such as China where a majority of employers are likely to be local rather than multi-national.

Top 3 Industry Needs

Survey participants were also asked to identify what they saw as the top needs for the EAP industry. The top three needs identified were (1) increased utilization rates, (2) improved collaboration and coordination of care, and (3) the production of measurable outcomes that improve the perceived value of EAP by purchasers. To better understand the logic behind why these needs were identified, let's briefly look at what industry research tells us.

1. Increased EAP Utilization

Research indicates that most individuals suffering from mental health concerns do not receive proper treatment. Nearly 30% of the population identify symptoms of a potential mental health disorder each year, yet in contrast, only 4.5% access EAP services each year.^{2,3,4} In addition, recent evidence suggests that more than 75% of EAP providers do not use a validated screening tool to evaluate EAP concerns, and instead often rely on the information collected during a 3-7 minute telephone intake.⁵ If a primary purpose of an EAP is to provide early identification and assessment of employee mental health concerns, an important strategy toward achieving this goal is to increase the utilization of services. One barrier toward doing that, however, may be the use of capitated pricing structures which, in a highly competitive and price driven market, can actually discourage higher utilization.

**According to Tom Bjornson,
Founder and CEO of Claremont
EAP based in Alameda, California**

**“The problem with EAP pricing
and increasing utilization
is the perverse incentive in
capitation: the less you do the
more you make.”**

EAP SURVEY REVEALS MARKET SEGMENTS AND TOP INDUSTRY NEEDS

By Matt Mollenhauer - Managing Director of CGP

2. Improved Coordination of Care

Referring individuals to resources that can treat more serious mental health concerns is another primary component of EAP services. On a global level, the scarcity of specialized treatment resources in many countries results in the additional challenge of the EAP becoming a 'defacto' mental health treatment program. The use of mobile and wireless technology platforms, however, may become a major tool helping EAPs to achieve this goal. As evidence-based treatment services become more readily available to clients via smart phones, EAP providers may be able to more efficiently communicate with clients and treatment resources without the time zone or geographical constraints that currently exist.

3. Measurable Outcomes

Despite the existence of more than 500 applied research papers on behavioral health concluding that workplace intervention is generally effective, most of these remain unpublished, proprietary, or simply not shared with the purchasing organization.⁶ But as my colleague Lou Servizio points out in his trends article on "Standardizing EAP ROI Analysis", tools like CGP's Workplace Outcome Suite (WOS) and the EAP ROI Calculator have begun to help the EAP industry meet this challenge.

Best Practice >

How EAPs within each market segment will address each of these needs will vary widely. But since most are spending significant effort on these issues, the corporate consumer of EAP services may want to develop a strategy that focuses on the following goals:

1. Improve EAP utilization beyond its current benchmarks of 4-5%
2. Increase coordination of care with non-EAP providers, and incorporate the EAP into corporate initiatives; and
3. Require EAP vendors to demonstrate EAP outcomes beyond utilization rates, demographic information, and process metrics.

There remains a level of depth to each of the points raised in this article that is difficult to share in a short trends article. While we suspect that the numbers within market segments may change in the near future as the EAP industry evolves, the top needs identified for the industry will remain consistent for a number of years to come.

References ¹Hagen, Russ and Dave Sharar and Matt Mollenhauer; "State of Global EAP and Top Needs in the Industry"; 2016 Employee Assistance European Forum in Bucharest, Romania. ²Steel et al. (2014). The global prevalence of common mental health disorders: a meta-analysis. International Journal of Epidemiology ³Amaral and Sharar (2013). The top five needs in the EAP industry: EAPA Annual World Conference. ⁴Attridge et al. (2013). The NBC industry profile of external EAP vendors: Journal of Workplace Behavioral Health. ⁵Taranowski and Mahieu. "Trends in EAP Structure and Utilization", Journal of Workplace Behavioral Health, 2013. ⁶Attridge (2013) Keynote Presentation, EAPA Annual World Conference, Phoenix

THE INCREASING ROLE OF PROCUREMENT IN EAP PURCHASING DECISIONS

By Tom Shjerven - CGP Director of Sales

As the pressure increases on businesses to reduce or contain costs across their operations, the use of procurement services via external providers or internal teams is also increasing. The idea of course is to ensure that organizations maintain budgets and effectively use resources while acquiring the goods and services needed to conduct business. This approach is appealing, especially when the complexity of budgets and the global growth of companies outpace the available resources needed to critically evaluate the acquisition of needed services or products.

The common value proposition presented by procurement services is frequently distilled down to “finding the best possible price for a given service”. The limitation to this approach, however, is that there is an underlying assumption that all services and service providers are equal except in price. While this is certainly not true of all procurement vendors or staff, it has been our experience in the EAP/Work-Life marketplace for the past several years. There are four practices that currently appear to drive how procurement teams make EAP/Work-Life purchasing decisions:

1. Standardized practices are applied across the organization regardless of the service or product being purchased.

In other words, practice over purpose. The factors that may need to be considered when reviewing purchasing decisions for office furniture or raw materials, however, can be inherently different from those needed when purchasing EAP/Work-Life coverage for your global workforce. One cannot simply apply procurement procedures equally over all types of purchases and ensure that the value and desired outcome of the acquisition meet your desired goals.

2. Procurement teams are incented based upon how much money they save the organization.

While incenting procurement teams based upon the cost savings they produce for the organization can make sense in some respects, it does not guarantee that the organization is actually buying the services most needed. Even though an organization may be purchasing a five visit EAP model from two different vendors, the difference in the cost is driven significantly by how the services are delivered. For example, in the EAP field, 24/7 access can be provided by either using a centralized call center or an in-country call center. Although a centrally answered EAP program can often be purchased at a lower cost point, it can come with a disadvantage if the first point of contact does not speak the local language(s), understand the local culture, or know the resources available in the local community. Health care of any kind is at its core a locally delivered service. When considering price point differences, it is important that the procurement review process understands the reasons for the pricing differences, and whether such differences will impact the goals or objectives the organization is trying to achieve.

3. The lack of procurement expertise with the specific product or service.

Most procurement teams have little expertise in employee benefit services, and even less with EAP/Work-Life services. That is further compounded by the nuances created when the need for EAP services is expanded to multiple locations and countries. So while these professionals bring a valuable approach to the procurement process itself, they often do not have enough expertise in the services they are buying to effectively evaluate the true differences between one EAP provider and another. For example, determining the effectiveness of EAP services requires an evaluation and understanding of how services impact the absenteeism rate or work engagement of an employee. These are important considerations when selecting an EAP vendor, yet they go beyond the bottom line price of the service.

4. Decision authority is heavily weighted in favor of procurement staff versus the end users of the service.

Decision making authority for purchasing EAP/Work-Life services is increasingly weighted in the favor of procurement staff, even when the HR and benefit teams responsible for the performance of the service disagree with the decision.

In the past year, we have participated in a number of procurement processes where the input from procurement staff weighed more significantly than the HR and benefit teams that are the end users of services and ultimately responsible for the performance of the selected vendor. While the HR teams selected one vendor, the procurement teams selected another. In these cases, the “voice” of procurement carried more impact than the client (HR team) they were making the purchase on behalf of.

These points regarding the use of procurement teams, and the processes they use to acquire EAP services are not intended to negatively reflect the value of purchasing policies. They are, however, an effort to shed some light on the RFP process for EAP services and whether or not the practice gets at the true value of the service. According to the Employee Assistance Society of North America, “... the cost for an EAP represents less than a third of one percent of the total employee health care benefit spent as most companies.”⁷ Since this cost is remarkably low even when selecting the highest cost vendor, procurement teams would benefit from focusing on identifying an EAP partner that is a good fit for the organization, and not just one that is offered at the best price.

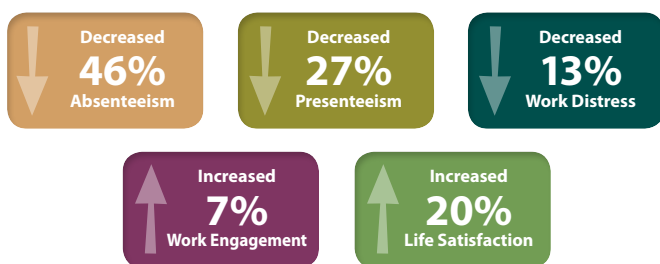
References ⁷Attridge et al. “Selecting and Strengthening Employee Assistance Programs”. 2009. Employee Assistance Society of North America <https://www.easna.org/wp-content/uploads/2010/08/EASNA-PURCHASERS-GUIDE-TO-EAPs-FINAL-102209.pdf>

STANDARDIZING EAP ROI ANALYSES

By Lou Servizio - Executive Director CGP Brazil

Over the past year, EAPA (Employee Assistance Professionals Association) and Chestnut Global Partners have published several reports of scientific studies that showed the correlation between EAP intervention and positive workplace outcomes.^{8,9} These widely read and influential studies gave impetus and urgency to the establishment of a long-sought after industry standard for measuring the validity and efficacy of employee assistance programs. "This is the only way as a field we will ever be able to truly compare and study outcomes across program models, industries, geographies, referral types, and other variables," said Greg DeLapp, CEO of EAPA.

2016 EAP WORKPLACE OUTCOME RESULTS



*Pre/post analysis of 8,100 individuals using EAP services from 20 different EAP providers

FIGURE #1

Since the turn of the last century, ROI (return on investment) measures have been applied to investments in factories, equipment, expansion of operations, etc. In recent years as more organizations have begun to apply various types of ROI analyses to their employee assistance programs, we are starting to see these organizations embrace standardized measurement tools such as CGP's Workplace Outcomes Suite (WOS). On top of this, we're also starting to see organizations evaluating and implementing more sophisticated analyses on par with the types of models CFOs are accustomed to using in evaluating the ROI of other parts of the business. The following takes you on my personal "journey" in developing a ROI methodology that will strike a chord with just about any CFO seeking hard justification for EAP.

"Employees who received EA services demonstrated significant reductions in: 1) depression, 2) anxiety, 3) absenteeism, and 4) presenteeism compared to a matched group of employees who did not receive EA services."⁹

~Melissa Richmond PhD, Director of Research and Evaluation, OMNI Institute

Adventures in Benchmarking EAP

When I earned my MBA from MIT so many years ago, I was required to take four finance courses. Terms like "net present value," "internal rate of return," and "opportunity cost of money" flowed off my tongue as if I were discussing the latest dismal performance of the New England Patriots (yes, they were bad in those days). Sure, I was "obligated" to take a course in Human Resources as part of the curriculum, but the terminology was as foreign to me as having to learn Russian. Terms like "employee well-being, motivation, empowerment, and employee satisfaction" seemed incredibly intangible, yet needed to be ingrained into my thought process if I ever had senior management pretensions. As I began my glacial rise in the corporate hierarchy, the last thing I wanted to do was decide on investments in benefits. I simply could not justify benefits much because I could not apply the investment-related methodologies that I had learned in business school. Furthermore, my health insurance premiums increased regardless of prevention programs, so why bother? So, decisions were made on the basis of "it would be nice for the employees," "competitors are doing it," and "what was leftover in the budget."

Later, when I was promoted to Vice President of the largest economic forecasting firm in the U.S., I learned how to calculate productivity losses by economic sectors and occupations within the corporate environment. I knew that things that motivated employees seemed to increase productivity but I could not find instruments that measured increases in productivity that I could then transform into financial terms. Time would change that.

Many years later, I found myself in the field of developing health care informatics products for HR (life can be cruel sometimes), but I figured out that applying investment tools to measure the value of my products to clients was not particularly difficult. The problem was that my clients looked at me as if I were speaking Greek, which I was - to them. However, in those days, times were good: benefits and investments lived in a cozy symbiotic relationship. Why justify investments in benefits when we can just use the leftover budget? Then came the hard times: decisions were made based on ROI. Benefits were killed and investments remained. By necessity, benefits had to become investments in order to survive.

Realizing that there was a need to translate benefits into investments, I developed the first commercial software (WELLCAST ROI™) that imbedded productivity losses with present value theory, and somehow managed to translate benefits into investments. I could figure out things like "by how much does an exercise program have to reduce blood pressure in order to justify the price of the exercise program based on the Internal Rate of Return?" or "what is the highest PEPM that I should pay, given the utilization rate and effectiveness rate in improving productivity so that I can break-even on my EAP investment?" In the case of EAP ROI analyses, however, I also needed a way to

STANDARDIZING EAP ROI ANALYSES

By Lou Servizio - Executive Director CGP Brazil

measure the reductions in absenteeism and presenteeism. Along came instruments that measured the reduction in absenteeism and presenteeism from EAP's (such as CGP's Workplace Outcome Suite, which I could incorporate into the software as inputs, which translated these productivity gains into financial terms (which then could then be converted into ROI). The CGP EAP ROI Calculator is an example of a tool that does all of this.¹⁰

The good news is that we can calculate the ROI of health care benefits, including EAPs, utilizing the same methodologies used by a VP of manufacturing to justify the expansion of a factory or by your personal financial advisor to recommend which financial instruments are best for you. Don't forget, investments in EAPs are not only compared to other preventive care and wellness programs (such as exercise, nutrition, smoking cessation, and vaccination programs), but also to investments in capital equipment and expansion into international markets. ROI is the great common denominator.

Now for some more good news. During the past 20 years, I have performed ROI analyses on hundreds of preventive care and wellness programs. Very rarely do I see a preventive care program that does not generate an attractive ROI. EAPs also generate superior ROIs, but there is a very important difference in how they generate savings. Whereas most preventive care programs generate much of the savings in medical costs, EAPs generate 95% of the savings in economic costs (productivity gains, reduced accidents, and reduced employee turnover). Prior to the days when we could measure improvements in productivity (without instruments like the WOS), it was difficult, if not impossible, to calculate these gains.

Even though US EAPs, in general, generate attractive ROIs, what about ROIs of EAPs located in other countries? Are they positive? A recent analysis performed by the author and presented at the 2016 EAPAA conference in Sydney, Australia revealed that the ROI is quite positive.¹¹ My analysis used improvements in presenteeism and absenteeism found in the 2015 study conducted collaboratively with Dupont among 1,140 employees in over 80 countries.¹² Keeping all other variables constant (with the exception of productivity losses which, of course, vary for the same industry

and occupation depending in which country they are located), the following chart show the ROIs for an EAP in the U.S., compared to Brazil and Australia. For consistency purposes, results were converted to U.S. dollars.

	Australia	U.S.	Brazil
IRR	448.00%	459.00%	341.50%
NPV	\$498,817	\$891,036	\$64,991
COST/BENEFIT	\$1/\$5.48	\$1/\$5.59	\$1/\$4.41
COST SAVINGS	\$625,392	\$1,112,143	\$86,250

** Assumes a 6.2% annual EAP utilization for employer with 7,896 employees.

Analysis of the return on investment (ROI) for EAP services yields very positive results, ranging from \$4.41 saved for every \$1 spent in Brazil, to \$5.59 saved for every \$1 spent in the U.S.

In summary, with tools like the WOS, which is now used by more the 500 EAPs worldwide, and the EAP ROI Calculator, the EAP industry is now on equal footing with the head of manufacturing in justifying investments. But even more important is that the ROIs are generally better than theirs...resulting in my prediction that in the coming years ahead, more and more organizations will embrace this model to show the positive impact that EAPs do have on workplace outcomes.

References ⁸Chestnut Global Partners, "EAPs Can and Do Achieve Positive Outcomes: Workplace Outcome Suite Annual Report 2016". <http://www.eapassn.org>

⁹Richmond, Melisa K., Fred C. Pampel, Randi C. Wood, and Ana P. Nunes, "Impact of Employee Assistance Services on Depression, Anxiety, and Risky Alcohol Use: A Quasi Experimental Study", Journal of Occupational and Environmental Medicine, July 2016 - Vol 58 - Issue 7 - p 641-650.

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¹⁰Servizio, Mollenhauer, and Shjerven, "Taking The Mystery Out of ROI Calculations", Journal of Employee Assistance 4th Quarter 2016;

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¹²Sharar, Mollenhauer, Heck, "EAP Works Across Cultures and Borders." Journal of Employee Assistance, 3rd Quarter 2016.



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