

# The Business Value of EAP: A Conceptual Model

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**ABSTRACT.** *This Research Note describes how to conceptualize the different ways that employee assistance services provide business value to an organization. The model features three major categories or levels of value: Workplace Performance Value – which has cost savings from employee productivity, absence and other human capital areas; Benefit Cost Value – which has cost savings from health care, disability and other employee benefits; and Organizational Value – which has cost savings from risk management and improved organizational development.*

**What Are EAPs?** Employee Assistance Programs (EAPs) are employer-sponsored programs designed to alleviate and assist in eliminating a variety of workplace problems. EAPs typically provide screening, assessments, brief interventions, referrals to other services and case management with longitudinal follow-up for mental health concerns and substance abuse problems. The source of these employee problems can be either personal or work-related. Those who work for EAPs come from many different professions including social workers, psychologists, counselors, substance abuse specialists, occupational nurses, and others. In Canada, the services are called Employee and Family Assistance Programs (EFAPs).

## The EAP Business Value Model

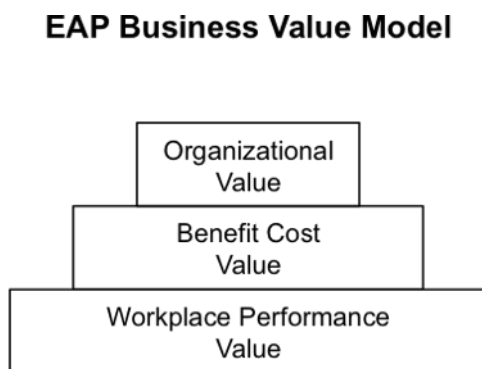
To those not familiar with the research literature in this industry, it can be difficult to know which elements are the most important to use in judging the business value of employee assistance services.<sup>1</sup> This task is further complicated by the range of outcomes that have been examined in past studies and by the variability in the nature and quality of the services offered by different EAP programs and providers.<sup>2,3</sup> For example, one review found almost 200 papers on various aspects of the outcomes and cost-effectiveness of EAPs.<sup>4</sup>

To address this need, the “EAP Business Value Model” was developed.<sup>5,6,7,8,9,10</sup> It identifies and prioritizes the primary sources of business value that EAPs -and their allied mental health and workplace service partners- are capable of providing to purchasers and the organizations that EAPs support.

The model features three major categories or levels of value: *Workplace Performance Value* – which has cost savings from employee productivity, absence and other human capital areas; *Benefit Cost Value* – which has cost savings from health care, disability and other employee benefits; and *Organizational Value* – which has cost savings from risk management and improved

organizational development. These categories are hierarchical in nature, such that one builds upon the other to deliver increasingly more value (see Figure 1).

**Figure 1**



### Value Component 1: Workplace Performance

The first part of the value model reflects savings in the area of indirect business costs that occur at the level of individual employees through their workplace performance. These costs are considered the domain of human capital management practices. These are cost savings that an organization receives when effective prevention and intervention services from the EAP result in improvements in work performance areas central to the EAP mission: Less employee absenteeism, less presenteeism, less turnover and enhanced employee work engagement. All EAPs should be able to show value in this area and thus it is depicted at the base of the value hierarchy in Figure 1. The evidence for these kinds of EAP outcomes has been reviewed earlier in other reports (See *EASNA Research Note 3*).

### Value Component 2: Benefit Costs

The second component of the value model includes the impact of the EAP program on the employer paid claims costs for employee benefits in the areas of medical and pharmacy, mental health, disability, and workers' compensation for users of the EAP. These are considered direct costs to the business

**Example: Health Care Benefits.** A primary source or claims savings comes from the many clinical counseling sessions provided by the EAP. If not for the EAP, many of these sessions would likely have taken place in the outpatient benefits system for which the employer often pays the claims costs. Certain EAP clinical cases with more severe conditions can be potentially relevant for greater claims cost savings. EAPs can identify employees with high-risk psychiatric or substance abuse problems and then facilitate the proper referrals and follow-up support for treatment and management programs available in the larger benefits system. For these types of high-risk cases, it is commonly found that mental health and substance abuse treatment costs and associated medication costs may appropriately increase in the short term, but the health improvements derived from the treatment avoids future higher total health care benefit costs.<sup>11,12,13,14</sup>

### Example: Disability, Workers' Compensation and RTW.

Only those EAPs who work collaboratively with other departments and benefits programs at the company that focus on absence management, disability management, return to work (RTW) programs, injury rehabilitation and disease management programs are able to potentially contribute to cost savings in these small volume but high cost per case areas.<sup>15</sup> Much of the savings in disability and workers' compensation claims comes from the prevention of even larger losses among current cases on disability or work compensation benefits and also the prevention of new cases entirely who were at risk for such claims. An example of how EAP can provide disability benefit cost value is described below.

**Example: Disease Management.** EAPs can partner with other programs that address chronic conditions and disease management. The EAP's proactive workplace outreach can be linked to these other efforts (often from specialty providers or health plans) to improve treatment access and case management. The real value of the EAP staff can be to help identify and intervene with the co-morbid mental health and substance abuse disorders that are so commonly found with other medical problems and chronic diseases and which can interfere with medical care compliance when not properly addressed.

### Value Component 3: Organizational Risk

The final EAP value component includes the cost savings to the organization associated with EAP outcomes in the areas of workplace safety risk management, legal liability risk prevention from crisis events, positive changes in organizational culture, improved morale and recruitment. The goal of the EAP when collaborating with these other areas is to get involved early with employee problems and thus prevent regularly occurring and preventable situations from becoming workplace issues. And when they do occur, to stop the progression toward a more serious situation. These outcomes reflect the potential financial benefits from EAP services that are delivered at the work-team and organizational levels. Examples of some of these kinds of organizational level value from EAPs are described below.

**Example: Security, Threat Management and Crisis.** It is recommended to incorporate the EAP into the organization's threat management response strategy. EAP case handling should be part of conflict resolution efforts, which can be included in the organization's violence avoidance plan. In addition, consultation with the EAP helps to facilitate the pre-incident and incident response efforts. EAPs are trained in how to respond appropriately to critical incidents that affect the workplace. Examples of traumatic incidents include bullying and violence, on-the-job accidents, injury and death, and natural disasters.<sup>16</sup>

**Example: Drug Tests.** EAPs can support the resolution of positive drug test cases at the company by providing EAP counseling, as needed.<sup>17</sup> Most EAPs have special training and experienced staff that can assist employees and managers in responding to substance abuse problems. Often substance abuse problems take more effort and persistence to properly address than other counseling issues and the EAP can assist in coordinating the care and follow-up processes usually associated with chemical dependency treatment.

**Example: Prevention and Wellness.** EAP counselors and programs can be used to support many company-wide wellness initiatives.<sup>18</sup> For example, when Health Risk Appraisal (HRA) surveys of

employees are used to identify those who are at highest risk for health problems, the EAP could be offered as a resource to help change lifestyle issues and other personal and work conditions that may be involved. Often what holds employees back from changing to a healthier lifestyle is not a lack of facts and knowledge, but rather the practical behavioral changes that allow it to happen. Adding screening items to HRAs for mental health and substance abuse problems is also effective. According to a survey conducted in 2008, the kinds of prevention services provided most often by EAPs to their client organizations, on at least a quarterly basis, are alcohol/drug screening and training (40%), team building (32%), and depression screening (25%).<sup>19</sup>

**Example: Employee Financial Problems.** HR staff and others working with employee financial benefits programs should be made aware of the EAP as a potential resource for employees who exhibit distressed financial behavior, such as wage garnishments, 401(k) early withdrawals or loans, early selling of company stock options, and so forth. This area is a growing problem for many employers and it can cause significant work performance issues if it is not addressed. Employee money problems can also be related sometimes to gambling or other substance abuse issues.<sup>20</sup>

**Example: Management Skills Training.** The EAP can be integrated into management skills training and other staff development efforts. This can be accomplished by referencing the EAP as a management tool that is available to solve problems that managers are responsible for addressing at work, employee discipline, dealing with difficult people, managing work teams, firings and layoffs, and so on.<sup>21</sup> The EAP can then help managers to improve their employee's performance issues. When collaborating with an EAP professional, HR staff and other managers can achieve firm, fair, and consistent individual performance management practices, which ensure due process and reasonable accommodations between the employee and the organization. All of this can help to avoid potential legal problems for the organization when such issues are not handled properly.

**Example: Organizational Development.** If the role of EAPs is broadened to be more than just a

counseling benefit for individual employees, then the organization can receive more value from EAPs. The highest goal for an EAP is to be a positive process that is embedded in the organizational culture.<sup>22</sup> When the EAP is given opportunities to integrate into the larger organizational structure and company culture then it can better empower the employer and employee stakeholders to act. This will generate greater “ownership” of the internal outreach and early intervention efforts. Many EAPs already work closely with HR staff and company leadership to assist with large-scale organization change initiatives. For example, the EAP can provide or support the organization in using some of the many kinds of tools now available for assessing the type of culture and health climate of an organization.<sup>23</sup>

**Example: Reducing Stigma.** For the EAP to be successful, though, the organization must overcome the stigma and discrimination that so frequently follow those with mental health and substance abuse problems.<sup>24,25</sup> Employees will not use the EAP if they have fears that their use will be held against them later as a personal flaw or work impairment issue. The workplace can positively address such issues and promote a psychologically healthy environment. One of the best ways to reduce negative attitudes about mental health and other difficult issues is to provide substantial and continuous support for raising awareness of the issues through the involvement of EAP stakeholders. This includes managers, human resources staff, individual employees, and family members. Collaboration with these groups ensures a mutually supportive effort that ensures utilization of the EAP and enhances overall outcomes.

## Using the Value Model as EAP Needs Assessment Tool

This conceptual model can be used to better align purchaser expectations for business value from the EAP with the level and breadth of services provided. Not all of these kinds of value are provided by all EAPs. Many of the lower priced and externally managed EAPs are able to provide value at only the base level of the model in the area of improved workplace performance. As one moves up from this to the next level of employee benefit claims savings, and then again up to the highest level of savings from

organizational risk and development, it gets progressively harder for an EAP to show their business value. This is because the EAP must be allowed by the purchasing organization to have greater access into the company (as many internally managed EAP programs do) and to collaborate with company staff in other parts of the organization and with other benefits providers.

**Create an Action Plan for Business Value.** If a purchaser is interested in getting full value from an EAP in all three areas of the conceptual model, it will need to negotiate a higher level of service from the EAP. The business will also need to devote more of its own internal resources (HR and benefits staff) to work with the EAP on setting up and managing activities that serve the benefits claims and organizational value areas. The desire by an employer for a more comprehensive EAP service should be reciprocated by getting more business value in return from the program.

## Conclusions

The goals for strengthening an EAP can follow various tactics at three different levels of EAP business value that focus on supporting individual employees and their family members, proactive collaboration with other benefits programs and assisting the company with organizational level culture change and human capital development initiatives.

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#### Suggested Citation for this Research Note:

Attridge, M., Amaral, T., Bjornson, T., Goplerud, E., Herlihy, P., McPherson, T., Paul R., Routledge, S., Sharar, D., Stephenson, D., & Teems, L. (2010). The business value of EAP: A conceptual model. *EASNA Research Notes, Vol. 1, No. 10*. Available online from <http://www.easna.org>.