

## In This Issue

*In this seventh issue of the McGraw Wentworth Benefit Advisor for 2001, we will:*

- *Examine the issue of mental health in the workplace, specifically depression's impact on the bottom line.*
- *Discuss several types of depression, risks of depression and signs of depression.*
- *Talk about employer's concerns and what tactics employers are using to address the mental health issue.*

*We welcome your comments and suggestions regarding this issue of our technical bulletin. For more information on this Benefit Advisor, please contact your Account Manager or visit our web site at [www.mcgrawwentworth.com](http://www.mcgrawwentworth.com).*

## "Depression in the Workplace"

The majority of us don't want to know about it, don't want to hear about it, and certainly don't want to talk about it. What is it...mental health. There has always been a stigma associated with the area of mental health, but more and more people are beginning to realize that they need help or need to help people affected by some type of mental health issue. Many employers are realizing that these issues directly affect



them as mental health issues are often the leading cause of unscheduled absences, reduced productivity and high medical and disability claims costs in the workplace. Employers need to begin to connect the loss of productivity from these absences with their behavioral health benefits. Otherwise the costs are enormous. Too many people are afflicted with some form of mental illness to ignore the issue.

When discussing mental health, one cannot ignore the enormous impact depression has on employers and employees alike. Depression affects 20% of women, 10% of men and 5% of adolescents worldwide according to an article by The Edge. The same article indicates "depression is the most common psychological problem in the United States, with 17.6 million people

suffering some form of the illness." Depression is in fact the most expensive medical cost in relation to all other behavioral health conditions. According to Employee Benefit News, "...depression is the leading cause of

psychiatric disability claims and generates some \$20 billion a year in direct costs..." It is a true work issue and employers are turning more attention on it.

It can be very costly if they don't. The indirect costs of ignoring depression are three times as great as treating it. According to Paul Greenberg, PhD and an article in Business & Health, the costs can be as high as "\$11.7 billion due to excess absenteeism, \$12.1 billion due to reduced capacity on the job and \$7.5 billion in lost earnings due to suicide." Any way you look at it, the numbers are staggering.

### Types of Depression

With depression affecting tens of millions of Americans in any given year, it is important to be able to distinguish amongst the less severe and more severe forms. There are several types of depression.

**Major Depression:** Also known as unipolar, it is the most common form of depression. Symptoms include extreme sadness, difficulty concentrating, fatigue, low self-esteem and others. It can last for several years at a time. According to the April 2000 issue of *Business & Health*, 17% of people experience major depression at least once in their lifetime.

**Seasonal Affective Disorder:** Given the name because it usually gets better once winter ends, the winter doldrums have passed, and spring has sprung.

**Bipolar Depression:** Another name for manic depression, it includes several of the same symptoms as major depression. However, bipolar or manic depression has severe/extreme bouts of highs and lows (mania and depression).

**Dysthymia:** This is a less severe form of depression, but it is also a chronic form and can be just as debilitating as the others.

### Risk Factors

Risk factors for depression include:

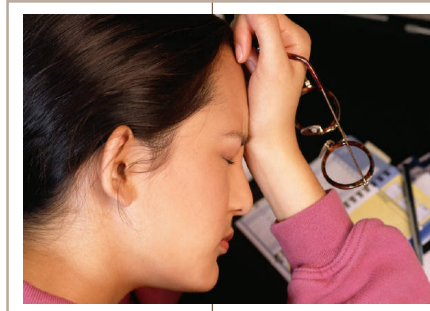
- *Stress or negative changes in an employee's personal and/or professional life*
- *Difficulties with interpersonal relationships*
- *Working excessively*
- *Long hours without a break*

- *Added responsibilities*
- *Family history of depression*

### Signs of Depression

The following is a list of signs of depression:

- *Irritability*
- *Withdrawal*
- *Low energy*
- *Reduced motivation*
- *Difficulty concentrating*
- *Reduced productivity*
- *Excessive tardiness*
- *Days off work exceed days allowed by disability plan*
- *Cannot be reached by telephone*
- *Feelings of guilt, worthlessness or hopelessness*



workers reported their health reduced their work productivity or output up to 35% of the time. While those workers without symptoms of depression indicated health has an impact only 5%-10% of the time.

Productivity is also affected when employees miss work. There is a much higher rate of absenteeism with depressed workers, thus affecting the bottom line. According to UniSci, "Productivity and absenteeism losses associated with depression cost U.S. companies \$24 billion annually, or about \$3,000 a year per depressed employee."

**Increased disability costs:** Companies are finding that their disability costs are increasing due to be-

havioral health issues. Banc One, NA examined their disability costs and found that depression had a huge impact on those costs. "Half of the company's

short-term disability costs for behavioral health were related to depression." In addition, they found that "employees with depression were among the most likely to go back on disability (26%)."

**High claims costs/medical costs:**

Depression is the leading cause of psychiatric disability claims, generating up to \$20 billion a year in direct costs. According to a study published in the 1998 *Journal of Occupational Environmental Medicine*, employees who were determined to be at high risk for depression had medical expenditures that were, on average, 70% higher than those who were determined to be at

### Impact on the Workplace

**Reduced productivity:** According to research conducted by the New England Medical Center's Health Institute, there are major limitations on depressed workers. Specifically, the Institute found that depressed

## NOTABLE THOUGHTS

**WHEN PEOPLE GO TO WORK, THEY SHOULDN'T HAVE TO LEAVE THEIR HEARTS AT HOME.**

**BETTY BENDER**

Continued on Page 3

low risk. When evaluating this extreme percentage in 2000 dollars it is the equivalent of an annual difference in upwards of \$1700 per employee. When Banc One, NA conducted their research, they found that their medical claims costs for depression were in upwards of \$1 million, in and of itself a significant amount of money. The amazing fact was that the amount was almost equivalent to Banc One's total medical claims costs for heart disease. In other words, depression has a big impact on the bottom line.

### Employer Concerns

Employers tend to have several concerns in the area of mental health coverage for their employees, especially due to the impacts depression can have on the workplace. These are ways employers are trying to begin to recognize the need to address mental health as a true issue:

1. *There is pressure to eliminate discrimination in mental health benefits.*
2. *Benefit managers are looking to add value to their mental health care programs. Unfortunately they face a huge challenge. According to a Year 2000 report from the then United States Surgeon General, David Satcher, "...the design of employer-sponsored health plans often reduces access to coverage and limits effective treatment."*



3. *Benefits managers are looking for ways to step up contract negotiations and be strategic and aggressive when doing so.*
4. *Need to find ways to improve access to care. When possible, working with providers is a good first step.*
5. *Continual increases in prescription drug costs cause benefit managers to constantly reevaluate their behavioral health programs, including their prescription drug benefits. The benefit to evaluating the prescription drug program is that newer antidepressant and antipsychotic drugs, when added to the formulary, have proven to reduce the need for hospitalization (decrease costs to employer) while improving the quality of life of the patient (increase in productivity). Everyone wins.*

### Employer Tactics in Dealing with the Mental Health Issue

As evidenced by the many statistics mentioned earlier, employers must address the importance of a strong mental health program, especially when dealing with depression in the workplace. With depression currently being the second leading cause of disease burden next to cardiovascular disease and expected to be the first by 2020 (according to the World Health Organization), we all need to recognize that depression is a real issue and a true ailment.

Employers can take several paths to address the mental health issues at hand:

1. **By mainstreaming mental health:** *Communicate, communicate, communicate. Communicate effectively and recognize that mental health is a true health issue and not a taboo subject, via:*

- **Employee Assistance Programs (EAPs):** *EAPs are more than just a small perk offered by employers. Instead they can be a valuable resource for employees when dealing with mental health issues such as depression. According to information published by Bristol-Myers Squibb the effectiveness of their EAP is demonstrated by the fact that 70% of the cases that go through their EAP never reach their medical plan. The bottom line, money is saved!*

*Some employers are even going as far as referring employees to their EAP after screening for depression when conducting other programs such as weight management and smoking cessation.*

*Employers should include information about their EAPs in their communication materials. That communication should include information on how to use the EAP. Without the proper understanding of the basics of the EAP and the value of the EAP, the savings that companies such as Bristol-Myers Squibb experience will not be realized.*

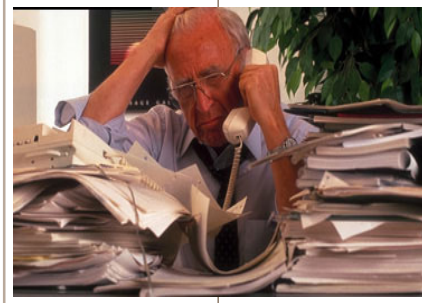
- **Workshops:** Workshops are a good vehicle to reach large numbers of employees. The workshops do not have to be addressed specifically as "mental health" workshops. Instead, they can be described, for example, as "managing your mind" workshops or "dealing with stress" workshops. Whatever you title them, they are good tools to assist in getting the real issues out on the table and allowing employees to see they are not alone.

## 2. Direct employees to reliable information regarding depression:

- Help employees distinguish between normal feelings of sadness and more severe feelings of depression.
- Help employees understand what treatments are available.
- Direct employees on where they can receive care (i.e. to health plans which are developing "depression disease management" programs).

## 3. Position stress management as a personal health performance issue: The cost of employee

*stress is extremely high in terms of lost productivity, increased absenteeism and high turnover rates. By helping to make employees aware of their stress levels and the impact that stress can have on their health and life, employees can reduce their stress levels and employers can increase productivity and decrease absenteeism and turnover rates.*



It is not only up to the employers. It is important that employees demand easy access to mental health benefits. If employees talk about it, employers will listen and realize that it is not a taboo subject.

Whoever is taking the initiative, mental health should be addressed on an equal basis with physical health. People's mental health issues have a tremendous

impact on the bottom line. Without recognizing the impact, the workplace will suffer losses, losses in productivity, losses in good employees, losses to the bottom line. Aren't we always trying to fight negative impacts on the bottom line? Now we have a positive way to influence the bottom line by examining our mental health and, more specifically, the depression programs we have made available to our employees. MW

## What We Have Learned

Depression should be discussed in the workplace and in the home. The costs of ignoring it are enormous. But first, we need to recognize that depression is an illness, just like ailments such as diabetes. The often thought of stigma must be erased and it is up to people in all facets of a person's life to help bring the issue out in the open. Since many of us spend the majority of our days in the workplace, it is important that employers take an active role in helping to address and reduce depression. Depression is very treatable when we do not ignore it.

Our technical bulletins are written and produced by the McGraw Wentworth staff and are intended to inform our clients and friends on general information relating to employee benefit plans. They are not intended to provide either legal or tax advice. Consult your legal counsel or tax advisor in matters that directly affect your benefit plans.

McGraw Wentworth  
3250 West Big Beaver Road Suite 500  
Troy, MI 48084  
Telephone: 248-822-8000 Fax: 248-822-4131  
Internet: [www.mcgrawwentworth.com](http://www.mcgrawwentworth.com)