

HR GUIDE

The ROI of Workplace Mental Health Benefits



Preface

The landscape for employer-sponsored mental health benefits has shifted dramatically in recent years. With the acceleration of remote and hybrid work, turbulent market conditions, and the ongoing challenges of low benefits utilization and employee engagement, it's clear that a new approach to employee mental health is urgently needed. Yet, while 84% of employers say they plan to increase or enhance mental health benefits in the next year, a recent study conducted by Modern Health and Forrester Consulting revealed that there is still a disconnect between employer and employee perceptions about what effective mental health support actually means.¹

According to the study, employees want access to high-quality mental health support, to be encouraged to prioritize their mental health at work, and to feel safe in their role regardless of their mental health status. Yet only 45% of employees feel heard by their employer. In contrast, 71% of employers believe they listen to their employees.¹

This guide addresses the divide between employer and employee by helping organizations to make informed decisions about their benefit investments.

We'll also help employers to rethink what it means to support their employees. Companies that accomplish this will see greater returns, higher employee engagement, and a more productive and healthy workforce.





Defining the Business Case for Workplace Mental Health

As we move toward the future of work, employees need to be more creative, adaptive, and resilient to meet business outcomes. However, individuals cannot meet those requirements if they are not healthy or supported. Although employers remain justifiably focused on business outcomes in a challenging economic climate, those outcomes can only be achieved if employers can build a culture that truly supports the mental well-being of its employees. Organizations that achieve this are more likely to weather the economic downturn and experience vital workplace improvements such as:

- Employers who invest in employee mental health see measurable returns on investment (ROI). We conducted a study across over 100 companies using Modern Health and found that employee attrition was lower among employees utilizing our services versus those who did not. Regardless of tenure, our analysis found that retention was 5.5% higher among employees who engaged with Modern Health services versus those who did not. This means that an employer with 1,000 employees, assuming a 22% engagement rate, would see 13 fewer employees leaving, with a valued estimated savings of up to \$550K.²
- Normalizing mental health in the workplace can help reduce stigma, foster psychological safety, and increase a sense of belonging, resulting in greater engagement, creativity, and productivity.
- Support a company's culture and DEIB efforts.³

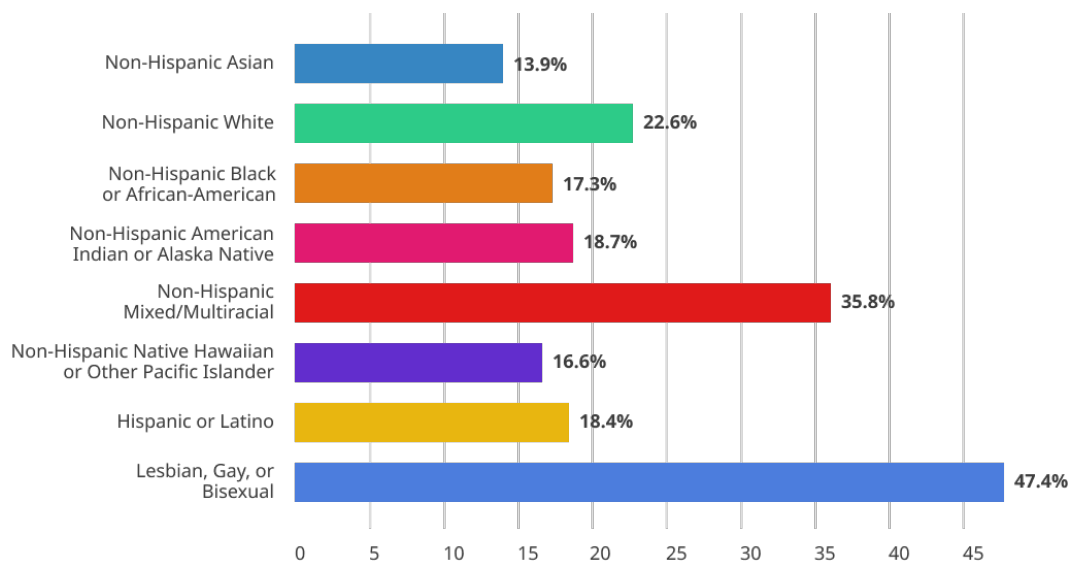




Understanding the Prevalence of Mental Health Conditions in the Workplace

According to the World Health Organization, 1 in every 8 people has a mental health condition. Anxiety and depression are two of the most common concerns, with 301 million people living with an anxiety condition and 280 million living with depression. As economic downturns and social polarization continue to unfold, the threat of rising mental health conditions is alarming. Additionally, the cost of anxiety and depression contribute to a loss of productivity, costing the global economy an estimated \$1 trillion every year. By 2030, it's estimated that the cost will exceed \$6 trillion, an amount greater than that associated with any other non-communicable disease.⁴

Breaking these statistics down even further, we can see the annual prevalence of mental illness among U.S. adults by demographic group:⁵



**Note: These statistics are not reflective of global populations which demonstrate that the collective need is much higher.*

Yet despite the economic costs and high rates of need across all populations, over two thirds of those affected do not receive the care they need.⁶ This is largely due to the shortage of mental health providers available. According to Mental Health America, in the U.S., there are an estimated 350 individuals for every 1 mental health provider. However, these figures may actually be an overestimate of active mental health professionals, as it may include providers who are no longer practicing or accepting new patients.⁷





The Mental Health Accessibility Problem

79% of employees reported they would be more likely to stay at a company that provides high-quality mental health resources.⁸ Yet, fewer than 1 in 3 employees who enrolled in mental health benefits, typically employee access programs (EAPs), feel they actually met their needs.

This is largely because EAPs still operate on antiquated care models which no longer serve the needs of employees. EAP quality control is also limited or non-existent which creates significant challenges for employees and employers alike. To counteract the limited services available through EAPs, employers often create patchwork solutions which usually sacrifice the employee experience and hinder clinical outcomes. Additionally, EAPs may have large provider networks but there's usually no way to track which providers are accepting new patients, causing employees to spend excessive time finding a provider or waiting to receive support.

As a result, employees experience massive accessibility issues. In 45% of cases, employees with anxiety or depression could not get an appointment with a provider in a timely manner. 35% of employees had to wait at least 3 months to get an in-person appointment with a mental health care specialist.⁷

Cost is also a barrier for many employees. Findings from the *2022 Global Benefits Attitudes Survey* conducted by Willis Towers Watson revealed that 41% of full-time employees live paycheck to paycheck. The number jumps to 57% for employees in fair to poor health.⁹





More alarmingly, employees living paycheck to paycheck are 48% more inclined to avoid or delay medical care. In fact, 2 in 5 employees delayed care in the last year, with 25% of them citing cost as the reason. Although some insurances offer mental health benefits there are challenges here as well. Many providers are not in-network or have long wait times until the first available appointment, and co-pays may still be required. For employees living paycheck to paycheck, self-paying for mental health care may be out of financial reach.⁹

When employees were asked which benefits would most help them, health care ranked in the top 3. Over 25% of employees want employer support to help manage their emotional health. Mental health days ranked number 1 in emotional health care preferences at 53%, while 40% requested stress and resilience management activities, and 39% said more generous coverage of mental health services and medications would be the most helpful solution.⁹

MODERN HEALTH

CASE STUDY

Lyft provides equitable benefits worldwide, increases engagement, and reduces costs by partnering with Modern Health

After we partnered with Modern Health, we started seeing...
 45% Increase in employee engagement
 77% Reduction in medical costs
 61% Increase in employee productivity
 76% Increase in employee retention

Lyft Case Study

Learn how Lyft partnered with Modern Health to increase engagement & reduce costs.

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Claims Costs Do Not Paint The Full Picture

Claim costs are just the tip of the iceberg. With a growing spectrum of mental health needs, it's crucial for employers to look at the full spectrum of need from red (high acuity needs) to green (low acuity needs) in order to understand the full cost of untreated mental health conditions in the workplace.

For example, claim spend is a key factor for those in the higher risk segment, but our clinical research shows that a majority of the employee population is in the yellow zone — where costs are driven not only by claim spend, but also by voluntary turnover, presenteeism, and absenteeism².

Employees with unresolved depression experience a

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This contributes to an average of

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Lost Productivity

Productivity and turnover costs due to mental health are key cost drivers to organizations. Data supplied by the American Psychiatric Association revealed that employees with unresolved depression experience a 35% reduction in productivity, contributing to a loss of \$210.5 billion annually in absenteeism, reduced productivity, and medical costs¹⁰. Since depression causes difficulty concentrating and a loss of interest in most activities, it's not surprising that it causes an average of 31.4 missed days per year for an individual.

However, this fails to consider the loss of productivity that occurs when employees show up to work despite concerns (presenteeism). This adds up to another 27.9 days lost to unproductivity.





Increased Turnover

Turnover, whether voluntary or involuntary, leads to direct and indirect costs, which can include:

Direct

- Recruitment (such as the costs of recruiters, advertising, assessment, interviewing, and other selection processes)
- Training and onboarding a new employee
- Severance.

Indirect

- Lost knowledge
 - Lost productivity during a transition
 - Reduced morale and motivation of co-workers (which can trigger turnover contagion) and the departing employee.
-

Additionally, the costs of lost productivity as a new employee gets up to speed are significant. The total dollar value of these costs fall into a wide range, depending on the type of employee, typically expressed as a percentage of an employee's annual salary. In some models, these costs can exceed 100%, but they usually fall between 10% and 30%.¹¹

The Cost of Burnout

Burnout takes a toll on organizations and those they employ. Not only do studies link burnout to serious health consequences such as anxiety, depression, substance use, and increased risk of coronary disease—burnout is also linked to impaired job performance, increased turnover, lower job satisfaction, and increased absenteeism due to sickness.

According to a recent study conducted by Gallup, the health care costs associated with employee burnout across the globe are estimated to be as high as \$322 billion a year.¹²





Calculating The ROI of Mental Health Benefits

At Modern Health, we offer a comprehensive, realistic, and scientifically-rigorous approach to measure financial impact. We look at value and ROI across a number of dimensions — from clinical outcomes to financial, and qualitative business impact measures. This allows organizations make data-driven decisions about their benefits investment.

Value of Investment (VOI) is the total benefit of an investment encompassing both economic Return on Investment (ROI) as well as intangibles that cannot be easily classified with a financial return. Intangibles consist of things such as the value of improved employee retention, productivity, equity, performance, and sense of belonging.¹³

We'll look at a few ways to measure the value and return on employee mental health benefits below.

Other ways to measure your mental health benefits plan:



Annual Health Care Spend



Utilization Rate



Engagement Rate



Cost Per Session

Quantitative Measurements

Specific company scenarios and needs differ, but the following metrics can provide a good baseline to measure the impact of your benefits program:

- Engagement Rate: Measures the percentage of employees who have access to a benefit and actually use it.
- Cost Trend: Measures the impact of specific benefits investments on your overall cost trend.
- Time-Savings: Measures how much time your HR team and employees save from a new benefit investment.





Employee retention rate is another important metric to consider when evaluating the return of mental health benefits as studies show that 79% of employees are likely to stay at a company that provides high-quality mental health support.¹

As previously mentioned Modern Health conducted a study where findings revealed that retention was 5.5% higher among employees who engaged with Modern Health versus those who did not.² The data suggests that employees who use mental health benefits like Modern Health have a higher likelihood of staying with their employer. This translates into significant savings for employers. To calculate your current employee retention rate follow this simple formula:

STEP 1 Determine what time period you want to use to measure retention, either monthly, quarterly, or annually.

STEP 2 Determine the number of employees employed on the first day of the given time period, and the number of employees who stayed employed through the length of said time period.

STEP 3 Divide the number of employees that stayed with your company through the entire time period by the number of employees you started with on day one. Then multiply by 100.

Source: Lattice

For example, let's say you wanted to measure your employee retention rate for the past month. On the first day of the month, you had 15,500 employees, and on the last day of the month you had 11,200 employees. In that scenario, your employee retention rate would be $(15500/11200) \times 100$, or 72%.

To further understand the return on mental health investments, the following section will cover several qualitative measures that employers can implement to see the full picture of their employee benefit programs.





Qualitative Measurements

The qualitative return of mental health benefits are often overlooked by organizations because they are not easily measured in hard ROI dollars. Instead, they are measured by softer returns related to organizational improvements such as greater job satisfaction, productivity, and a greater sense of employee belonging.

However these improvements are still incredibly valuable since they can build workplaces that are engines of well-being, showing workers that they matter, that their work matters, and that they have the workplace resources and support necessary to flourish.¹⁴ Many of these measurements can be assessed through self-reported employee surveys and workplace feedback.

Common ways to measure workplace well-being:



Improved job satisfaction



Increased employee participation



Attracting new talent



Improved conflict resolution





Measuring Cost Savings (ROI)

Cost-effective care is care that helps you avoid costs in the future by preventing illness or slowing the progression in severity, helps you save money by shifting costs from more expensive solutions to less expensive care, and helps you save money by maximizing the value of your workforce through optimal employee retention and productivity.

To capture the full breadth of value for your organization's investment, we recommend measuring cost-effectiveness and savings in the following categories:

Healthcare Costs Savings: avoided company healthcare costs due to employee recovery from symptoms/severity through mental health care.

Healthcare Costs Avoidance: avoided company healthcare costs avoided due to prevention of symptoms/severity through mental health care.

Cost Redirection: company cost savings when employees are using therapy and or coaching to manage needs vs. seeking care from traditional outpatient medical services.

New Demand for Behavioral Health: cost savings for the additional employees now with reliable access to behavioral health services.

Net Savings from Effective Triaging: pass-through company cost savings when employees with sub-clinical needs are appropriately triaged to cost-conscious certified coaching instead of therapy.²

Workiva Case Study

Workiva sees a 10x improvement in employee engagement with Modern Health over its previous mental health solution.

[ACCESS INSIGHTS](#)





3 Tips to Enhance Your Mental Health Benefits

If evaluating the return on mental health investments results in a need to enhance or replace your current programs, here is the key criteria to consider when evaluating new mental health benefits.

A Stepped Care Model For Cost-Effective Care

Modern Health studies indicate that a stepped model of care achieves better health outcomes at a lower cost for more employees. In a stepped care model, individuals who need care undergo a series of clinically validated assessments and are then offered options for the right level of care for their needs.¹⁶

When applied to mental health care, stepped care is dramatically less expensive than the dominant model because individuals are directed to the most effective but least resource-intensive type of care.

Multiple Modalities of Care

Employee care preferences widely vary. In fact, 44% of Modern Health members selected one-to-one care as their preferred mode of care.¹⁷

As you evaluate benefits, consider offering a variety of modalities such as self-paced programs, small groups session, coaching, and one-on-one care.

Culturally Centered Care

Beliefs and values influence how we think, speak, behave, and interact. Thus it's imperative to provide culturally-centered support that incorporates different employee perspectives, languages, and cultural backgrounds as it can improve benefits utilization and employee outcomes.¹⁸

We're Here to Help

Connect with one of our mental health experts to learn how we can support the well-being needs of your diverse workforce.

[TALK WITH US](#)



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