Hidden Costs, Productivity Losses of Mental Health Diagnoses

by Michael Klachefsky
Startling numbers out of Europe this year have put depression and its effect on the workplace in the spotlight, as a recent study by the European Depression Association (EDA) has found a full 10% of workers experienced an absence related to depression at one time in their career. Although these statistics are specific to employees in Europe, signs of this trend in the United States are already evident.

According to data from the most recent Long-Term Disability Claims Review from the Council for Disability Awareness, musculoskeletal and mental disorders were the diagnoses most commonly mentioned by insurers as increasing in 2011. Twenty-nine percent of participating companies

As employees deal with stress in their workplaces, they may be experiencing mental health problems such as depression and anxiety that can affect how they do their jobs. Employers can help by urging employees to take full advantage of their benefits.
reported increased musculoskeletal claims, and 29% reported increased mental disorder claims.

Mental health conditions can directly affect an employee’s productivity and are major causes of presenteeism, a lack of productivity that can impact an employer’s bottom line. To counter this, employers may need to be ready to support not only the physical but also the emotional health of their employees, and address the financial impact that mental health issues can have on their workplace.

**Mental Health, Job Stress and the Workplace**

An employee’s mental health and working environment are uniquely related. As employees deal with heavier workloads and increased responsibility in the workplace (a.k.a. "doing more with less"), they may be experiencing excessive stress, depression, anxiety and, in turn, lower productivity. All of these conditions can directly affect profitability.

Learning and recognizing the signs and symptoms of job stress and depression are important for employers. The sooner symptoms are realized, the more quickly employees can receive the help they may need to return to their life and become healthier, happier and more productive at work.

Mental Health America, a non-profit organization that addresses all aspects of mental health and mental illness, has outlined several signs and symptoms of depression that employers and employees can watch out for, including:

- Persistent sad, anxious or “empty” mood
- Changes in sleep patterns
- Reduced appetite and weight loss, or increased appetite and weight gain
- Loss of pleasure and interest in once enjoyable activities
- Restlessness, irritability
- Difficulty concentrating at work or school, remembering things or making decisions
- Fatigue or loss of energy
- Feelings of guilt, hopelessness or worthlessness
- Thoughts of suicide or death.

Although the symptoms of increased job stress are similar, they are also important to identify. Job stress comes in different forms and can affect individuals both mentally and physically. Signs of stress may include:

- Anxiousness, irritability or depression
- Apathy, loss of interest at work
- Problems concentrating
- Fatigue
- Headaches.

High stress also can lead to depression, anxiety, compulsive behaviors and substance abuse. Other problems might include fatigue, insomnia, stomach disorders and high blood pressure.

The effects of stress can escalate to a higher, more physical or mental level and can eventually lead to a loss in productivity, leave of absence (LOA) or disability leave, if not properly addressed.

**Financial Effects of Health-Related Lost Productivity**

Many employers concentrate on the medical and pharmaceutical costs of health care, which make up only 30% of the total cost of poor employee health. The other 70% can be attributed to health-related lost productivity—the decline of productivity due to absenteeism and presenteeism.

*Presenteeism* is the productivity loss caused by employees working with physical or mental health conditions. Major causes of presenteeism can include musculoskeletal conditions, arthritis, obesity and allergies. Depression alone is estimated to cost $83 billion annually in the United States.
and in terms of presenteeism, the disorder is the highest cost health condition nationwide.\(^7\)

The study of presenteeism is a relatively new field, but the phenomenon has always existed. Presenteeism began to be studied around the year 2000,\(^6\) while its counterpart, absenteeism, has been studied and quantified for a much longer period. Employers are likely to be more aware and willing to address absenteeism, while being reluctant to address presenteeism or unsure of where to begin.

If left unaddressed, the cost associated with health-related lost productivity can result in a dramatic effect on an employer’s bottom line. It is important that employers use existing benefits or look into maximizing benefits with programs or services that help prevent or reduce the impact.

**Calculating Costs**

Given the causes of mental health-related lost productivity, it makes sense that an employee who is anxious or depressed may not be as productive as he or she could be. Presenteeism and productivity research over the last ten years has not only verified this perception but also has been able to quantify the productivity loss.

According to the Integrated Benefits Institute, on average, depression was associated with 2.2 days of absence and 7.5 days of presenteeism per employee per year.\(^9\) This means a company with 1,000 employees and an average salary of $50,000 per year has a payroll of $50,000,000 per year. Assuming the average employee is earning approximately $192 per day:

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7.5 \text{ days} \times 1,000 \text{ employees} \times $192/\text{day} = $1,440,000 \text{ per year}
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in salary spent on employees experiencing presenteeism due to depression.

To put that figure into perspective, $1,440,000 is 2.8% of the employer’s payroll.

**Identifying and Eliminating Lost Productivity**

To help alleviate these costs, employers may want to hire a consultant to help identify and eliminate instances of health-related lost productivity, which also may, over time, decrease direct health care costs. For example, an on-site nurse or vocational specialist can help manage workplace absence and disability, perhaps finding stay-at-work and/or return-to-work solutions for employees.

An employer that operated a number of call centers had significantly increased job demands, leading to higher stress levels and increased incidences and durations of mental health-related absences. An on-site consultant was able to intervene early—in some cases, before an absence occurred. Interventions included helping employees connect with the employer’s employee assistance program (EAP) to deal with their stress. Over a period of six months, 125 employees with mental health conditions were returned to work. Over 18 months, the program helped avoid $740,000 in short-term disability claim costs.\(^10\)

A consultant can direct employees suffering from physical and mental conditions to the employer’s appropriate benefit programs. As of yet, there is little research on techniques to reduce presenteeism in the workplace, but helping employees who are at work and struggling with a medical condition is a good place to start.

In addition, a few ways employers can begin to reduce presenteeism costs include:

- **Recognize the cause of the problem.** What issues do employees seem to be dealing with the most? Is it stress, anxiety or depression? What can be done to help remove some of the stressors or barriers? It’s important that employers make health benefit offerings...
and resources easily attainable for employees and encourage their use whenever possible and appropriate.

- **Reinforce the EAP.** EAPs are a great resource for individuals dealing with a variety of concerns, from relationship problems to mental health issues.
- **Consider job modifications.** Employees at work with or absent because of medical conditions can often be assisted to stay at or return to work by modifying their jobs. Workplace mental health accommodations usually cost less than those for other conditions; equipment or physical modifications are rarely required. Modifications can take the form of:
  — Changes to duties
  — Changes to work location
  — Changes to hours of work.

### Improving the Bottom Line

Mental health diagnoses are having an increased impact on workplace efficiency and bottom line costs, as more companies are struggling to balance increased workloads with the pressures of the current economy.

Employers can counter this by being aware of the signs of both mental illnesses and job stress and, depending on the circumstances, working with employees to make accommodations to help them stay at work or return to work from a disability absence. These adjustments could save employers thousands of dollars each year and, in turn, have a healthier and happier workforce.

### Endnotes

10. Internal data from The Standard.