

Prioritizing Mental Health: The Link Between Mental Health and Employers' Healthcare Expenses



When discussing mental health, the focus is often placed on emotional and psychological well-being, ignoring the connection between mental health issues and the chronic physical conditions that drive costs in corporate health plans. This overlooked link can have severe implications for employers, leading to both higher healthcare costs and reduced productivity among their workforce.

Epidemiologic studies have shown that approximately 51% of people with mental disorders also have chronic medical conditions. While chronic medical conditions can contribute to mental illness, the opposite is also true – mental illness contributes to chronic medical conditions – driving up employer healthcare costs and an unhealthy employee population base. This article will explore how mental health issues contribute to chronic physical problems and the subsequent financial burden employers face.

IMPACT ON EMPLOYEE PRODUCTIVITY

Mental health issues can significantly impact an employee's ability to function optimally at work. Reduced focus, concentration, and decision-making abilities may lead to errors, accidents, and increased absenteeism. Additionally, employees grappling with mental health challenges may struggle to manage their physical health effectively, leading to more frequent sick days and decreased overall productivity.

THE ROLE OF UNHEALTHY COPING MECHANISMS

Individuals struggling with mental health issues often turn to unhealthy coping mechanisms such as substance misuse, overeating, or leading a sedentary lifestyle. These behaviors contribute to the development of chronic conditions like obesity, cardiovascular diseases, and diabetes—all of which are major drivers of healthcare costs for employers.



THE MIND-BODY CONNECTION

The mind-body connection is a well-established concept that highlights the interdependence of mental and physical health. Stress, anxiety, and depression are some of the common mental health issues that can take a toll on the body. Chronic stress, for example, triggers a cascade of physiological responses, including increased cortisol levels, elevated heart rate, and inflammation, which can lead to numerous physical health problems.

THE PREVALENCE OF COMORBIDITIES

Research has shown a strong association between mental health issues and chronic physical conditions. For instance, depression and anxiety are frequently seen alongside chronic pain, heart disease, and gastrointestinal disorders. These comorbidities create a complex healthcare landscape, with intertwined conditions requiring comprehensive and expensive treatment plans.

THE COST BURDEN FOR EMPLOYERS

The ripple effect of mental health-related chronic conditions places a substantial burden on employers' healthcare costs. Firstly, increased utilization of medical services, including frequent doctor visits, hospitalizations, and medications, raises expenses for employers providing healthcare benefits to their workforce.



Secondly, the decrease in productivity and rise in absenteeism directly impact the company's bottom line. When employees are not performing at their best due to mental health-related physical problems, it affects overall team efficiency and output. To solve this, IMA Benefits recommends the following actions:

- + Encourage your workforce to get the recommended screenings
- + Facilitate age/gender-appropriate screenings
- + Influence a healthier culture
- + Target-specific solutions:
 - Telemedicine
 - Subscription primary care
 - Various therapy offerings (Ginger, Headspace, Listeners On Call)
 - Encourage employees to know their numbers

Depression and chronic conditions have a strong correlation. While depression may not be the costliest chronic condition, depression doubles the cost of claims, and the presence of depression makes every other chronic condition worse.



According to IMA People Analytics, the presence of depression with another chronic condition has a cost impact similar to diabetes (significantly higher than hypertension, hyperlipidemia, and lower back pain). The Per Member Per Year (PMPY) overall population cost is \$5,024. With depression, this figure leaps to \$11,448. Other associated costs of depression paired with common chronic conditions include:

- + Lower back pain \$11,540. **Lower back pain with depression \$13,469.**
- + Diabetes \$17,899. **Diabetes with depression \$21,663.**
- + Morbid Obesity \$16,027. **Morbid Obesity with depression \$26,985.**

The true cost of mental health includes comorbidities and lost hours - more than just the cost of claims. Only about 2-3% of the overall medical spend in the IMA People Analytics book of business was related to mental health diagnoses. This has increased during the COVID-19 pandemic in both awareness and impact, but only a small portion of medical costs are directly related to mental health.

The National Institute of Mental Health estimates that up to 20% of adults live with some form of mental illness, while actual diagnosis rates are often less than 5%. **Based on statistics**, over 60% of people do not seek treatment for mental health conditions, but according to the World Health Organization, 65-80% of people would improve with treatment.

The research also found that employees with depression lose 31 days per year to absenteeism and 28 to presenteeism. This translates to \$750,000 annually for an average group with 500 employees.

Demographics can increase mental health challenges. For instance, individuals with lower income or facing other social determinants (access to care, food deserts, language, and education) are at a higher risk of experiencing depression and may have limited access to necessary care.

In zip-codes characterized by higher deprivation (top 30%), depression rates are 40% higher than in non-deprived areas (lowest 30%). Interestingly, lower-income individuals (below \$50k) value mental health more than other benefits, despite valuing those other benefits less. The increased out-of-network rates further exacerbate the financial strain on low-income employees, discouraging them from seeking necessary care.

To mitigate the financial impact of mental health-related chronic conditions, employers must take proactive steps to support their employees' well-being. Examples of this include:

Enhanced Employee Assistance Programs (EAPs): Offer access to confidential counseling services and resources to assist employees in managing mental health challenges and preventing the development of chronic physical conditions. HR leaders should consider promoting the importance of preventative care and help employees find a primary care provider (PCP).

Wellness Initiatives: Implement wellness programs promoting mental and physical health, including stress-reduction workshops, mindfulness training, and physical activity incentives.



Mental Health Benefits:

Going beyond standard health insurance coverage to include mental health benefits can transform your workplace and lead to reduced medical spending, better employee retention, and an improved employee experience. Prioritize employee well-being by providing comprehensive mental health coverage in your company's healthcare benefits package. This proactive approach encourages early intervention and appropriate treatment, fostering a thriving workplace where employees feel valued, heard, and empowered.

Which came first, the chronic disease or the mental health issue? Ultimately, it doesn't matter. We must address both. Recognizing the relationship between mental health and chronic physical conditions is essential for understanding the comprehensive impact on individuals and employers alike.

Summary

Employers can foster a healthier and more productive workforce by prioritizing mental health support and addressing the associated physical issues while curbing the rising healthcare costs. Investing in employee well-being is a compassionate approach and a strategic decision that yields long-term benefits for the workforce and the organization.



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