

# Coalition for Fairness in Mental Illness Coverage

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## **EMPLOYERS SHOULD SUPPORT MENTAL HEALTH PARITY**

Mental health and physical health are inextricably linked. Mental illnesses can affect a person's productivity and health as much, if not more than, a physical illness. An employee with an untreated or undertreated mental illness may add to employer costs via: absenteeism, turnover and retraining expenses, poor morale and lower productivity, injury and compensation costs, conflict among employees and increased medical costs. Investing in mental health parity provides a return of productivity and economic gain.

### **UNTREATED/UNDERTREATED MENTAL ILLNESS COSTS EMPLOYERS**

- The 1999 Surgeon General's report on mental illness estimates the direct business costs of lack of parity coverage of mental illness treatment of at least \$70 billion per year, mostly in the form of lost productivity (absenteeism and "presenteeism") and increased use of sick leave. Other studies have shown that employees with inadequate mental health coverage resort to increased use of general health care services.
- An MIT Sloan School of Management report showed in 1995 that **clinical depression costs American businesses \$28.8 billion a year in lost productivity and worker absenteeism.**
- Depressed workers have **between 1.5 and 3.2 more short-term work disability days in a given thirty-day period than other workers.** The average salary equivalent **disability costs of these days range between \$182 and \$395 per depressed worker** (Health Affairs; Volume 18, Number 5; 1999).
- Of the 11 million individuals who suffer from depression in any given year, approximately 7.8 million are found in the workplace (American Journal of Psychiatry; 1996; 145:1351-1357). **The annual cost per employee is \$4,200** (Journal of the American Medical Association; 1997; 277:333-340).

### **TREATMENT OF MENTAL ILLNESS SAVES EMPLOYERS**

- When workers with depression were treated with prescription medicines **medical costs declined by \$882 per employee per year and absenteeism dropped by 9 days** (Health Economics).
- A 1998 study by the UNUM Life Insurance Company and Johns Hopkins University found that **employer plans with good access to outpatient mental health services have lower psychiatric disability claims costs than plans with more restrictive arrangements** (Salkever, 1998; also Frank, 1999).
- "A four-year study of program effectiveness at McDonnell Douglas yielded a **four-to-one return on investment** after considering medical claims, absenteeism and turnover" (Wall Street Journal; June 11, 1999).
- "The important message from large employers like Delta is that in the last decade we have introduced and implemented generous mental health and substance abuse benefits for our employees and their families, not in response to legislative mandate, but because **it improves our corporate 'bottom line'**" (Delta Air Lines testimony May 18, 2000).
- "When the Kennecott Copper Corporation provided mental health counseling for employees, its **hospital, medical, and surgical costs decreased 48.9 percent**" (GWCMHPC, Inc., 2000).