



The Full Costs of Depression In the Workforce

RESEARCH BY THE INTEGRATED BENEFITS INSTITUTE

Employees that live with depression know its costs only too well. Employers, on the other hand, greatly underestimate depression's costs and impact on their employees and their business, taking a narrow view of depression as a short-term disability (STD) issue. Often referred to as "the common cold of mental illness," depression disability can be expensive, extended and hard to manage. IBI research shows, however, that a full-cost view presents unanticipated employer costs and significant challenges. To broaden the employer perspective, IBI examined two views of the impact of depression on employers' business realities.

Digging into the numbers. IBI analyzed a master research database provided by Ingenix, a subsidiary of UnitedHealth Group. Included are almost 401,000 unique employees from six companies for which data are provided for medical, pharmacy and STD claims. IBI analyzed more than 45,000 STD claims. We then examined the STD results in the context of a national employee self-reporting database populated by the Health and Work Performance Questionnaire (HPQ) to which IBI has access in its partnership with Harvard researcher Ronald Kessler, Ph.D. That database includes information on 27 self-reported chronic health conditions, including depression.

Depression affects disability. The analysis shows lengthy durations for depression STD (44% longer than a control group with no depression). The longer durations occur even when depression exists but isn't the disability diagnosis (30% longer). When IBI reviewed depression STD costs, lost-time lost productivity was the largest cost component and which, with wage-loss payments, are two and a half times the costs of medical and pharmacy expenditures. Surprisingly, treatment costs for nondepression conditions are three times those for treating depression for depression STD. This may result from the likelihood shown in the HPQ data that depression will exist alongside other medical conditions—seven additional, on average.

Early identification. Our findings provide evidence that early identification and treatment for depressed employees may be cost-effective in reducing disability lost time. Other findings indicate that depression that first arises after the STD claim is associated with more costly medical treatment and extended lost time. In either event, the research demonstrates the importance of early identification and treatment for depression to avoid unnecessary costs. The HPQ analysis also shows that while 28% of self-reports identify the existence of depression, only 30% of those conditions currently are treated. This represents another huge opportunity for improved management of workforce depression.

Claims costs mask full effect. Finally, the analysis demonstrates that claims data can't tell the whole story. Overall, sick leave and presenteeism were found to be responsible for 81% of the lost productivity for employees with treated and untreated depression. These costs aren't commonly captured by employers unless they use a self-reporting tool such as IBI's HPQ-Select.

IBI offers help. To help employers use the research findings, IBI formed a Member Solutions Board (MSB) of member experts to suggest how employers can overcome challenges identified in the research. That advice is included in the full research report available to members. The MSB for this research includes: Aetna, Aon, Benfield Group, Bristol-Myers Squibb, Broadspire, Cisco Systems, Eastman Chemical, Nationwide, Towers Perrin, Unum and Whirlpool.

MSB suggestions include: promote a corporate culture that encourages identification of a potential for depression for early intervention; engage a disability supplier that will aggressively identify and manage depression; embrace new mental health parity requirements to fine-tune mental health treatment as a productivity instrument; and provide active employee and manager counseling through your employee assistance program to promote the understanding and management of the disruption that may be caused by depression.

Members can access the full report at ibiweb.org.

Integrated Benefits Institute
595 Market Street, Suite 810
San Francisco, CA 94105
415.222.7280
info@ibiweb.org
ibiweb.org

