

A white paper to help you grow your business

EAPs: To bundle or not to bundle

Trends in recent years point to a number of group health, life and disability carriers bundling employee assistance programs (EAP) into their core products. With this trend comes the need for employers to discern whether the bundled option is a good value or if it compromises the value of the EAP to their organization.

During an uncertain economy, employee benefits programs are typically evaluated for potential cost savings. In the last six months alone, 20 percent of employers reported reducing employee benefits, according to a study by the Society for Human Resource Management (SHRM). Before considering downsizing or eliminating an EAP program, employers need to take a closer look at the issues and overall value their EAP is providing – especially in uncertain times when employees need it most.

When considering downsizing an EAP, employers may look for options embedded or bundled with other benefits programs. While these options may provide some cost savings, the services may not add up when it comes to the needs of the organization and its employees. Eliminating an EAP altogether actually may increase employer costs due to the resulting negative impact on absenteeism, productivity, retention and overall employee well-being.

What are the issues?

According to EAP provider ComPsych Corporation, during particularly tough economic times, financial stress can diminish productivity by distracting employees from their work and increasing absenteeism. The professional support and resources provided by employee assistance programs not only help to ease these disruptions in the workplace, but also build employee loyalty. As Employee Benefits News reported at the height of the economic meltdown in 2009, “EAPs are the rare benefits program well positioned to address ‘recession depression.’”

Economic fears are taking a toll on the mental health and family lives of many Americans, even among those who still hold jobs. Between June and December 2008, the demand for ComPsych counselors, and referrals to therapists, increased 40 percent. Financial counselors also are hearing of difficulties in their clients’ eating and sleeping habits.

Economically stressed employees look not only for psychological support but also financial and legal support. Along with an increase in EAP requests for financial and legal advice in the past three years, ComPsych has seen an increase in requests for help with basic needs such as food banks, evictions, college planning and housing searches.



Source: ComPsych Corporation

Elder care resources also are becoming a top priority as many workers struggle to find care for aging family members and consider their own long-term care and employment needs. According to work-life benefits provider Ceridian Corporation, three distinct trends are emerging as a result of the aging workforce:

- The number of employees with eldercare responsibilities is rising significantly and will continue to rise
- Retirement policies and practices will change as employers seek to retain older workers and as baby boomers redefine the nature of retirement
- Older workers will weigh their options and seek work that is both financially and personally rewarding

Value to the employer

Though occurring mostly outside the workplace, these are issues employers can't afford to ignore. For some large employers, the value and impact of an EAP is work-life balance. "Securian's foundation for employee practices is the commitment to work-life balance," says Melvin Collins, employee relations consultant at Securian Financial Group in St. Paul, MN. "We believe in happy, healthy employees; we want employees and their families to remain whole," he adds.

Securian believes their EAP provides the resources necessary to keep the stressors and pressures outside the workplace from permeating the workplace. "Employers should not underestimate the value of the EAP," says Collins. "They need to take a closer look and consider the deficit in resources if the program were to go away."

The value of an EAP may not always be tangible. For Securian, the EAP shows associates and their families they are cared about and that the company is committed to their well-being. "This is a huge benefit in itself and can enhance engagement in the program and overall employment satisfaction," says Collins.

Suzanne Greenlee, Director of HR/Benefits for Sodexo has a similar outlook. "The cost [of an EAP] is relative to other benefits programs; it's not that expensive," she maintains. Sodexo has no plans to downsize or eliminate their current EAP. "People love it; it is meaningful and it works," she says.

"At Securian Financial Group we focus on what it takes to succeed, now and for many years into the future. Throughout our history, we've measured our strength in human as well as financial terms. We value the talents and experience of our diverse workforce and consider our associates a major source of our strength and success."

Source: www.securian.com

At Sodexo, one of the company's strategic imperatives is to hire and retain the best people. "The EAP is part of the formula," says Greenlee. "The EAP allows us to truly support employees and their families, which in turn has an impact on how they support our clients," adds Greenlee. "Some employers provide EAPs because it is the right thing to do; we offer the EAP because we truly believe it is a benefit for the employees, and, ultimately, it positively affects the company's bottom line," she explains.

Greenlee's role includes sharing EAP utilization and satisfaction rates with senior executive teams. When it comes to the EAP, concepts and anecdotal evidence go a long way. "Conceptually, if an employee is coming to work fully present, not distracted, injuries to self and others are likely prevented," shares Greenlee. When it comes to elder care issues, Sodexo finds more associates are able to remain on the job because they received the support and resources needed to care for aging family members. "Sodexo is not just here for employees while on the job, but all the time," adds Greenlee.

Is the EAP fundamental to your organization's foundation, mission and strategies? That's the question employers must ask themselves. When cost savings are a requisite, the loss of an EAP may cost more than the gain in short-term savings.

The appearance of a match

Employers looking for ways to reduce costs may perceive the value and delivery of an embedded or bundled EAP to be identical to a fee-based or standalone EAP; this is not always the case.

Yet, according to Employee Benefit News, embedded EAPs will remain a trend for the foreseeable future. In response employers must consider not just cost but desired outcomes and what matters most to the organization's bottom-line. Are services and utilization important? Embedded EAPs typically provide limited services and achieve utilization nine or more percentage points below fee-based EAPs. What's more, providers of embedded EAPs are not held accountable for utilization rates.

Greenlee states flatly, "Embedded EAPs do not have the same incentives to succeed as standalone EAPs." She expects Sodexo's EAP provider to demonstrate utilization rates and even share verbatim participant comments. "A 'free' or embedded program would be of no interest," explains Greenlee. "It would not allow us to take ownership of the program and integrate it with our strategic imperatives."

That's not to say embedded EAP options offer no value. They can provide many good resources to employees and their families when needed. For cash-strapped employers, offering an embedded program is certainly better than having no program at all. They must be aware of the limitations, however, and recognize that an embedded program may not match up with an organization's long-term goals, strategies and mission.

Benefits consultants can play a big role in helping employers assess whether an embedded program will meet their needs or if a fee-based model is a better fit for the long-term. Service expectations and delivery must be part of the analysis. In addition, consultants need to make sure the chosen EAP is visible and won't be overlooked by employees who are unaware of its benefits.

"As the leading provider of integrated food and facilities management services in the U.S., Canada and Mexico, we set out each morning to treat every person we encounter with the highest level of respect and service. And when you put that effort, expertise and enthusiasm together, it adds up to 'a better day' for our clients, their customers and our people."

Source: www.sodexousa.com

Selecting a vendor or partner

When it comes down to meeting organizational goals and strategies, do you want a program that sits quietly by in your benefits mix, or do you want a program that stands on its own?

Sodexo and Securian determined they were looking for strategic partners in their EAP providers. As Greenlee points out, “Our vendor is a strategic partner; they take the time to understand our mission, goals, industry and what our world is like.” Finding a partner like this may not be easy, but it will reap the rewards in the best possible EAP for your organization and employees. “A strategic EAP partner looks at the big picture and applies it to the population,” explains Greenlee.

For Securian, EAP access for families is a must. “If there are family issues,” says Collins, “you want to make sure everyone has access and you can understand the family component.” Spouses and families also see the value of an employee’s benefits when they can see the programs in action for themselves. “It’s great when families feel good about the organization and can say, ‘Securian is a great company to work for,’” says Collins.

Resources

Ceridian Corporation, “The face of change: Managing the challenges of an aging workforce,” 2009.

ComPsych Corporation, “Financial Stress: The Business Case for EAPs during Tough Economic Times,” 2011.

ComPsych Corporation, “Top Searches of GuidanceResources® Online Shows Employees Seeking More Psychological Help,” 2011.

Employee Benefit News, “Do ‘free’ EAPs offer value? It depends who you ask,” 2009.

Society for Human Resource Management (SHRM), “Financial challenges to the U.S. and global economy and their impact on organizations,” Fall 2010 update.

Minnesota Life Insurance Company
A Securian Company

Securian Life Insurance Company
A New York admitted insurer

Group Insurance
www.LifeBenefits.com

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York admitted insurer. Both companies are headquartered in Saint Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.
©2011 Securian Financial Group, Inc. All rights reserved.

F62382-30 7-2011
A02741-0711

400 Robert Street North
St. Paul, MN 55101-2098
1-800-606-LIFE (5433)
651-665-7898 Fax