If CEOs Only Knew…

If CEOs only knew…the highest cost medical condition impacting their corporation. It is likely that direct healthcare costs represent the 2nd or 3rd highest corporate expense (after salary costs). But costs to the corporate bottom line are more than just direct healthcare costs.

CEO's offer health coverage to their employees and families because they expect a financial return on their investment (ROI). They offer the security of healthcare coverage because they want their employees on the job, productive, and undistracted by health concerns for themselves or their family members. They offer benefits to attract and retain good employees, thus keeping down "turnover" costs of hiring, training, and replacing staff.

It is the CEO's job to look across multiple corporate silos and make decisions that benefit the overall organization. The problem is that corporate healthcare expenses and the impact of illness are rarely measured across corporate silos relative to a financial ROI. New insurance plans are not measured as investments when benefit managers believe their task is to cut the line item of healthcare costs. Rather, the easy response to cutting costs for the healthcare line item is to reduce benefits, increase copayments, and cost shift to employees. But some of those actions may not be best for the overall corporate bottom line.

A recent study by Dow Chemical Company in conjunction with Cornell University and the University of Pennsylvania developed an approach that models the financial impact of investing in a worker's health status. The study uses traditional business ROI modeling to measure the direct and indirect costs of nine (9) major medical conditions.

The direct costs are, of course, the medical plan costs incurred as a consequence of an illness. The indirect costs measured in the Dow study are the costs of absences and impaired presenteeism (coming to work with an illness that impairs the usual level of productivity). The Dow study has a level of sophistication that includes multi-year interest discounting of costs and savings to achieve a Net Present Value. In addition, the study includes factors to reflect the different impacts of absences and impaired presenteeism by industry and type of job.

Using a typical company profile, the results were astounding and unexpected. By nearly 2 to 1 over the next rated condition, depression topped the list of corporate costs. These costs were not the highest direct healthcare costs, but were by far the highest corporate costs per worker (direct and indirect costs). 4.3% of workers suffered from depression, with a cost of over $25,000 per worker, more than double the second most impactful condition of stomach/bowel disorders at about $13,000 per worker. Depression related corporate costs were also more than double the $12,000 corporate per worker cost of diabetes.

If CEOs only knew…that a recent Atlanta survey showed that benefit managers believed they were providing high quality accessible behavioral health programs to the corporate staff, but that 50% of their employees feared using the benefits because of stigma and the potential loss of their job or a promotion. The high voluntary response rate to the survey from those suffering from depression indicates a cry for help and a need to voice concerns that could not be stated directly to corporate management.

If CEOs only knew…it's not just about treating depression as a single diagnosis. The same survey showed that employers did not understand the interrelationship between many diseases and depression – generally referred to as co-morbid conditions. Many employees can not effectively recover from or stabilize chronic and persistent conditions such as diabetes, asthma, heart conditions, hypertension, or cancer because of the coexistence of depression. Without treating the underlying depression, patients tend to be non-compliant with taking medications, making and keeping office appointments, and are frequently unable to deal rationally with other medical symptoms. Untreated depression is also the underlying cause behind many payments made for treatment of digestive disorders, musculoskeletal, and cardiovascular diagnoses.

The Corporate Cost of Mental Health Conditions

Medical Intensity	**Type of Condition**	**Direct MH Costs**	**Co-Morbid Conditions**	**Indirect Corporate Costs**
Low Cost	Frustration Anxiety Low Stress Minor Depression	**LOW**	Tobacco Use Sleeplessness Colds/Flu Blood Pressure	**Moderate–HIGH** Increased Errors Presenteeism Loss of Teaming
Medium Cost	Moderate Stress Depression Anger Attention Deficit PostTraumatic Stress	**MEDIUM**	Hypertension Musculoskeletal Digestive Gastrointestinal	**Moderate-HIGH** Unsch Absences Poor Morale Relation Conflicts Lost Productivity
High Cost	High Stress Major Depression Schizophrenia Bipolar Disorder Obsessive Compulsive Panic Disorder Anorexia-Bulimia	**HIGH**	Cardiovascular Cancer Diabetes Asthma Back Pain Alcoholism	**HIGH** Low Productivity Divorce Turnover Early Retirement Worker's Comp Disability
Catastrophic	Violence Suicide	**HIGH**	Accidents Burns	**HIGH** Death Work Violence Disaster Recovery

Cutting costs and shifting risks to employees is easy to do. The harder analysis is to perform a real ROI analysis that includes direct and indirect costs. If healthcare was viewed as an investment with a desired ROI, the CEO might find that the cuts in their healthcare budget and limits on mental health coverage were actually a drain on corporate productivity and profits.

In the developing world of a knowledge-based workforce, isn't it time we took care of the "central computer" within each individual. Depression is a treatable chemical imbalance in the brain not a character weakness. Chief Information Officers make wise ROI decisions in technology and information systems. Benefit Managers should provide CEOs with similar cross-silo, multi-year ROIs for health conditions affecting corporate human capital. In doing so, the evidence is clear that CEOs will find the number one overlooked health condition impacting the corporate bottom line will be untreated depression.

If CEOs only knew…the Atlanta Business Leaders Initiative (ABLI) is a pilot program in partnership with the prestigious National Business Group on Health (NBGH) to help employers identify the corporate impact of depression. The ABLI wants to increase awareness of depression as a "bottom line" issue for CEOs. ABLI supports a broad approach to corporate interests that only CEOs are able to take.

The goal of the ABLI is make Atlanta a model community of corporate investment in voluntarily improving the quality of care for depression and other mental health services. The ideal outcome of this work is to establish Atlanta as a national model of best practices to remove stigma, end discrimination, and improve education, access and quality of care for those suffering from any behavioral illness. The NBGH and the ABLI have and are developing tools to analyze ROI and are creating support documents to establish best practices in behavioral health vendor selection, provider practices, and patient compliance.

If you are a CEO interested in partnering with the NBGH and the ABHI, please call the Judy Fitzgerald, Executive Director of ABHI, at (678) 574-2470.

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