

The Costs of Depression in the Workplace

Many people occasionally experience the “blues,” especially during or after the holiday season. However, “blue” feelings that continue for more than two weeks, start to dominate everyday life, and/or cause physical and mental deterioration may indicate something more serious – depression. While depression is faced by many people at some point in their lives and treatment can be costly, people with depressive disorders can be treated effectively and inaction might be even more costly.

The National Institute of Mental Health (NIMH) estimates that as many as 19 million American adults, or 9.5 percent of the US population, suffer from some form of depression each year. Although treatment rates have increased in recent years, depression is under-diagnosed and under-treated. In fact, while one in 10 people will suffer from depression this year, only 25 percent of them will receive appropriate treatment according to the *Journal of the American Medical Association (JAMA)*.

Traditionally, researchers have studied the direct health care costs associated with the treatment of depression. However, recent studies have indicated that the indirect costs of depression, especially in the workplace, may outweigh the direct costs of appropriate treatment.

What is depression?

There are various forms of depression, ranging from major depression to a mild, but chronic form of depression. Typically, recognizable symptoms of depression include persistent feelings of sadness and apathy, fatigue, decreased interest in activities, appetite and sleep changes, agitation, and difficulty thinking or concentrating. According to the World Health Organization, major depression is the leading cause of disability worldwide.

Depression often co-exists with other physical conditions such as heart disease, diabetes, cancer and stroke, and negatively affects the outcomes of these illnesses. The NIMH found that patients with a history of major depression are four times as likely to suffer a heart attack, while

the American Psychological Association found that chronic depression, and even long-term mild depression, may suppress an older person’s immune system. The debilitating symptoms of depression can also impair a person’s desire to seek and stay on treatments for other medical illnesses.

The economic impact of depression

According to a *JAMA* study, depression costs employers \$44 billion a year in reduced productivity, excluding disability costs. This report also found that 81 percent of the costs related to the “lost productive time” was accounted for by reduced performance while at work. This phenomenon, referred to as “presenteeism,” results from the symptoms of depression such as fatigue and difficulty concentrating and making decisions. The *American Journal of Psychiatry* says those with symptoms of depression are seven times more likely to experience lowered productivity on the job than those without such symptoms.

Depression also has a significant impact on overall health and utilization of medical health care services. A *Health Affairs* study indicated that depressed patients use two to four times more general medical services than patients without depression. Furthermore, the Health Enhancement Research Organization (HERO) found that employees with symptoms of depression had health care claims that were 70 percent higher than those without these symptoms, even though treatment for depression accounted for only 28 percent of the total health care expenditure.

Barriers to diagnosis and treatment

Several factors prevent people from seeking/receiving appropriate treatment for depression. The largest barrier may be the perceived stigma associated with mental health conditions. Patients are often reluctant to discuss depressed feelings with a health care provider for fear of being negatively labeled. Also, many workers may not realize their symptoms have gone beyond what is “normal” and that treatment would be helpful.

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If patients do seek treatment for depression, they often are seen in a primary care setting. The *America's Mental Health Survey 2001* indicates that most people with undiagnosed depression who raise the issue do so with their primary care physician. But primary care physicians might be ill equipped to discuss mental health issues. Numerous studies have established that major depression is not diagnosed in the primary care sector in one-third to one-half of patients who have it.

A final barrier relates to common organizational and financial arrangements, such as managed behavioral health "carve-outs" (a health plan contracts with another company to provide or oversee benefits) and risk-based provider payment methods. These types of arrangements might not offer incentive to health care providers to diagnose and provide treatment for depression, or to follow-up or communicate with other providers.

PHC4's work on depression and other mood disorders with the Pittsburgh Regional Healthcare Initiative (PRHI) sheds further light. PRHI has observed that follow-up treatment is needed to detect a patient's additional or continuing problems, and that when hospital stays are brief, follow-up care is particularly important. PRHI's work further indicates that continuity of care, and communication among providers, health plans, subcontractors and purchasers is crucially important.

Is treatment for depression effective?

According to the NIMH, treatment for depression is effective in more than 80 percent of cases. Effective treatment may include the use of antidepressants or psychotherapy; ideally, caregivers in cases of major depression might pursue both. A study funded by NIMH found older adults who received both antidepressant medication and interpersonal therapy fared better over a three-year period and were much less likely to experience recurrent depression than those who received only one form of therapy.

While there are costs associated with treating depression, the gains in productivity may outweigh these treatment costs. An economic analysis completed by *Health Affairs* found that 45 to 98 percent of the treatment costs were offset by productivity gains. Furthermore, Massachusetts Institute of Technology researchers found that self-reported worker productivity improved in roughly 85 percent of people treated for depression. Additionally,

recent research suggests that early intervention and treatment for depression in people with co-existing physical ailments improves overall health outcomes.

Strategies for purchasers

There are steps that purchasers can take to ensure that employees have the opportunity to receive effective mental health care. First, to reduce the stigma and to encourage intervention, employers can serve as educators on the importance of early intervention, what to expect from treatment, and how to evaluate the care received. Early intervention increases the likelihood that the most appropriate type of care will be provided and brings early relief for symptoms.

Education programs could include free seminars at the workplace, literature on mental health disorders, Employee Assistance Programs (EAPs), and confidential screenings. Many local and national mental health organizations offer free materials such as brochures and posters to distribute to employees. Large employers might hire private consultants and EAPs that provide confidential screenings for mental health issues such as depression, anxiety, and substance abuse. Cliff Shannon, President of Pittsburgh-based SMC Business Councils and a member of PHC4's governing Council says, "While the individual's role is paramount, purchasers, and particularly small businesses, typically rely on their health plans for information and should at least ask their health plans for copies of informative brochures to distribute to employees."

Purchasers might want to follow PRHI's lead and take a more active role to make certain that there is coordination of care between providers and plans, especially if they are using a "carve-out" behavioral health benefit. To encourage employees to seek the care they need as soon as necessary, employers could: (1) assure the health plan offers early intervention services, varied treatment options and follow-up care; (2) work with their plans to implement free or lowered co-pays for initial visits; (3) offer a choice of providers; and/or (4) encourage employees to take full advantage of the mental health benefits that are available.

Some large employers are beginning to recognize that providing appropriate treatment for depression can lead to lower medical care utilization, lower indirect costs, and a healthier more productive workforce. Educating employees and becoming more involved in mental health benefit design are good places for purchasers to start to reduce the debilitating effects of depression in the workplace.

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