

# Mental Health and the Workplace

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# The Impact of Absence & Disability To Employers: Sun Life Case Study



### **Direct Costs**

- · Cost Associated With Lost Time, Disability Benefits Paid, Premiums
- In 2018 Company X incurred approx. \$5.5 Million in disability-related lost time costs

### **Productivity Losses**

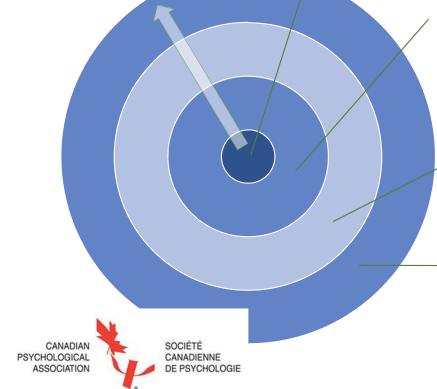
- Indirect costs associated with reduced work efficiency and business outputs
- Lost time cost were equal to approximately 136 FTE or 29 FTE / 1000 employees.
- When 1 employee was absence  $\rightarrow$  22% reduction in team productivity for teams of 4 to 8

### **Cost Multipliers**

- Benefit Plan Costs, Drug Plan Costs, and Rehabilitation Expenses
- · Cost of Replacement Workers & Training
- Impact of workload redistribution on colleagues

### **Business Impact – Cascading Effect**

- The business revenue needed in order to mitigate the direct costs is often greater than the cost itself
- A reduced ability to meet business demands can have additional cost implications



**National Employer: 4900 Employees** 

## Why Stay At Work (SAW), Disability, & RTW Programs Are So Critical For Employers:

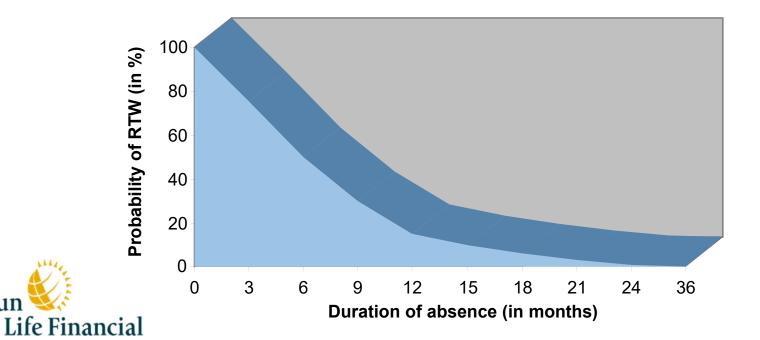
The Longer An Employee is Absent The Probability of RTW Decreases

Effective SAW & RTW Programs
Help Reduce Absence Duration
& Prevent Reoccurrence

Improves
Individual
and Team
Productivity
&
Engagement

Reduces Risk by Supporting Compliance With Legislated Accommodation Requirements (Duty) Supports Efficiency by Reducing the Need for Replacement Coverage / Over staffing Enables
Financial
Returns &
Achievement
of Business &
Performance
Objectives

Helps Employees Manage & Improve Their Health









Employers could expect to recover \$6 to \$7 billion annually of the \$20 billion losses resulting from disability due to mental disorders

With timely and meaningful insurance coverage and with the delivery of effective psychological services, public and private insurers stand to reduce disability costs

An Imperative for Change: Access to Psychological Services for Canada A Report to the Canadian Psychological Association, 2013

David Peachey, Vern Hicks, Orvill Adams





# Facilitating Access and Reducing Barriers

- Government incentives to employers providing enhanced coverage for mental health services
- Require mental health coverage to a meaningful standard for businesses that want to bid on government contracts
- Eliminate requirement of a physician's referral for psychological services in extended health benefit plans