

THE EAP BUYER'S GUIDE (excerpt)

Pricing and its Ethical Issues with External Employee Assistance Programs:

Most external or outsourced EAPs are priced on a per capita basis - a fixed sum paid by the work organization to the Employee Assistance Program. For this fixed or "capitated price," an external EAP is responsible for providing all services specified in a written contract.

Ethical concerns arise when an established "per-capita" rate is insufficient to fund all contracted services. Low capitated bids can result in a budgetary shortfall for the EAP, and this economic pressure may drive an EAP to deliver limited or substandard services. Additionally, unethical EAPs that underestimate utilization may seek to limit that utilization and choose to reduce or "slow" the delivery of critical services.

Watch out for EAPs that offer a low price and then...

- ▶ Inflate utilization rates by counting information-only telephone calls, brief telephone intakes, or mixing previously opened cases.
- ▶ Offer a short-term model (1-6 sessions) and referring out after one session.
- ▶ Fail to promote the program as a way to prevent utilization
- ▶ Offer fewer services than promised.
- ▶ Misrepresent capabilities and outcomes when describing program activities.
- ▶ Utilize unqualified or poorly trained, less costly staff to provide services.
- ▶ Sub-contract services to underqualified affiliate providers at lower rates.
- ▶ Exaggerate the scope and availability of an EAP affiliate network and including providers not active in the network (phantom networks).
- ▶ Encourage clients to rely on Internet or telephone intervention as the primary clinical medium.
- ▶ Seek to renegotiate the contract within a short time period.

Potential Safeguards

- ▶ Carefully assess the adequacy of the compensation rate to ensure that client care, access, promotion, and workplace services are not threatened by rates too low to do the job. Avoid accepting a bid that is insufficient to fund the proposed EAP services.
- ▶ Ask how utilization rates are calculated and reported, how a case is defined, and what clinical medium was utilized (e.g. telephone, internet, and face-to-face).
- ▶ When services are "bundled" (e.g. the sale of two or more products in a package such as "EAP" and "Work-Life") or when EAPs are "embedded" and sold as an "add-on" in a health or disability plan package, require disclosure of any financial arrangements that could impact service delivery of all critical components.

Types of EAPs to avoid:

1-800 EAPs:

Are you being offered only a low cost toll-free line, telephone or internet counseling and no other support? This might provide a limited and relatively cheap component of service, BUT it is not an EAP. Don't be fooled.

Mental Health "Add-on" EAPs:

Insurance firms or managed health plans may offer an "EAP" by providing the first 3 visits of the mental health plan "free" to the employee. The employee is then rolled over into the mental health benefit. Problems? Confidentiality, unqualified EAP providers, lack of contact with the workplace, unexpected fees, and other ethical questions abound.

"Group Practice" EAPs:

If a local group of psychologists or a mental health practice begins offering EAP, evaluate the service very carefully. They may be good at what they do, but unless the practice has experienced or CEAP-qualified EAP providers, a specific EAP service team and a

commitment to delivery all core functions, they are more likely to be looking for a new and “easy” revenue source at your expense.

Only trained, experienced EAP staff and EAP-knowledgeable subcontract providers should deliver EA Services to your organization.

Unfortunately, it seems that many employers still select their EAP provider strictly on the basis of price. Although a price tag may be low, the actual cost of a poor decision can be high – especially in times of crisis or when the need for EAP assistance is the greatest.

Note: Costs for EAP services vary by region, by country and by level of service.

Dealing with Brokers

You may also be offered EAP contract service agreements that are “written” or sold by brokers who work for large agencies, or by self-employed agents. Often, such agencies will handle multiple benefits for a company: health, dental, and vision plans, life insurance, and more.

Such bundled agreements allow an organization to develop a relationship with a single broker or health care group that may offer efficiency through a single contact for services and easier bookkeeping for the company.

Make good business sense, right? Not necessarily.

EAP is a performance improvement and workplace support benefit. Companies that simply add an EAP as an extension of health care/mental health services **will fail** to gain the workplace value and economic benefits of EAP as a workplace productivity tool and management consultation service.

If your EAP is delivered from or within a mental healthcare package, it is critical to consider these questions:

Are you receiving the benefits of a full service EAP, or is it treated like a ‘loss-leader’ by the provider?

Is the EAP strengthening supervisor performance and helping to reduce turnover?

Is the EAP qualified and available to help resolve workplace conflicts?

Are the EAP records kept confidential and separate from health records?

Tips if you are dealing with a broker:

The broker you choose should be very knowledgeable about EAPs and experienced in dealing with firms of similar size and in the same industry as your own. Remember that the broker works for you: they should be able to help you get the best EAP and the best fit for your organization.

Key question: Even during the evaluation process, how long did it take the broker to return your calls and answer your questions?

Watch out!

While most brokers are honest and ethical, some may not present competing EAP proposals fairly. An unscrupulous broker who receives a higher fee or other considerations from certain providers may offer a cursory search that purports to compare available programs, but will likely recommend the broker’s pet provider “partners.”

As with any business purchase, if you are quoted a price that seems too good to be true, be suspicious. If you have doubts about the legitimacy of a broker or insurer, call your state insurance commission or licensing agency for verification. Good interviewing and reference checks will also help avoid making the wrong choice.

Note: Health insurance agents and brokers are paid by the insurer, based on the value of the service package you purchase. If you use a broker to provide EAP services, you may have to pay additional fees as well.

Source: *The Employee Assistance Professional’s Association website*
<http://www.eapassn.org/files/public/EAPBuyersGuide.pdf>

(EAPA) is the world’s oldest and largest membership organization for employee assistance professionals, with 5,000 members in the United States and more than 30 other countries.

As the most influential and respected organization in the industry, EAPA serves as the global voice of the employee assistance field.