THE BUSINESS CASE

Mental health & Value On Investment
How to support your workforce and deliver what matters
Introduction

Recent industry research estimates nearly 60% of working adults have experienced significant mental health challenges.¹ Unfortunately, help can be a long time coming for most. With a growing shortage of licensed clinicians and average wait times of over two months to receive an initial mental health assessment,² it’s unsurprising that an estimated 56% of people with a diagnosable mental health condition don’t receive the treatment they need.³

59% of working adults have experienced a mental health challenge

68% of employees say they don’t use benefits to their full value because they’re too time-consuming, confusing, or cumbersome

Source: McKinsey

Source: Deloitte

To make matters worse, existing pathways to care can be complex, and frustrating to navigate for many, particularly the up to 75% of your workforce who don’t need or want to pursue clinical treatment.⁴ And while organizations have increased their investments in mental health plans and point solutions, 68% of workers say they don’t use benefits to their full value because they’re too time-consuming, confusing, or cumbersome.⁵

Given the importance of mental health to individual and organizational wellbeing and the difficulties many employees face in receiving care, it’s more important than ever for employers to offer accessible, inclusive mental health support. Most employees—81%—expect this sort of help from their employers,⁶ and mental health is among the top-ranked priorities among Gen Z and millennial workers.⁷

Unfortunately for employers, more than half of employees do not feel sufficiently supported.⁸ For the health of their businesses and their employees, organizations need to ensure their benefits, programs, and policies not only reflect their commitment to employees’ mental health and wellbeing but actually perform well.

But how can employers know that their approach to mental health is adding value? How can business leaders make the case for investing in mental health? What are useful measures of success for workplace mental health? What are the key indicators of employee mental health that your organization should be measuring?

¹ McKinsey
² Medscape
³ Mental Health America
⁴ Medscape
⁵ Medscape
⁶ Forbes
⁷ Forbes
⁸ Medscape
Mental health initiatives and measuring success

At this point, we’re all familiar with the old cliché—*what gets measured gets managed*. But what happens when certain measurements are more practical than others? When rolling out mental health initiatives (whether these are additional services such as app-based employee wellbeing or manager training to help your leaders better support their teams’ mental health), the efficacy of different measures will depend on circumstances and timing.

ROI AND VOI: UNDERSTANDING THE DIFFERENCE

ROI

When it comes to investing, ROI or *return on investment* is considered the gold standard. This quantitative, numbers-based measurement clearly indicates how much money a company saves—or even better, gains—due to an initiative. Unfortunately, ROI can be complicated to measure in the short term. This is especially true when linking soft skills—such as teaching managers to create a safe space for mental health talk—back to reducing business expenditures from private medical expenses, labor turnover, absenteeism, and burnout.

But calculating ROI on mental wellness initiatives isn’t impossible. It just requires a more significant amount of data over a longer time period. Typically, companies will also need to roll out an initiative to a larger number of employees to accurately measure and gauge results.

![PERCENTAGE OF RETURN ON INVESTMENT IN TREATING ANXIETY AND DEPRESSION](image)

*Economic benefits include health care cost savings by preventing acute episodes of care and improved management of other health conditions. Health benefits add the value of return to workforce and fewer life years spent in diminished health.*

Data from industry experts such as Deloitte does support a positive bottom line or ROI for mental health initiatives generally. According to the World Health Organization, every $1 invested in employee mental health leads to a $4 return in better health and productivity.\textsuperscript{9} In fact, a 2019 study found that the value of scaling up treatment over time would yield an ROI of 4.4 in terms of economic and value of health.\textsuperscript{10}

**VOI**

However, VOI or value on investment tends to measure ‘intangible assets that contribute heavily to organizational performance.’\textsuperscript{11} Typically a more inclusive, open measure than ROI, VOI can help businesses measure a program’s success in much shorter order and with a smaller employee population, based on qualitative business attributes such as:

- Morale
- Recruiting
- Retention
- Employee engagement
- Presenteeism
- Positivity

To obtain some of these measurements, you may need to conduct special surveys (unless you happen to be rolling out a new platform that will track these markers of VOI for you). But you should be able to track improvements with survey replies or anonymized user insights (in the case of a platform or digital tool) within a few months. Whereas to effectively track a definitive ROI, you’ll need a year or longer.

While VOI won’t get you a specific dollars in, dollars out outcome like ROI, it should produce valuable data around how an action or solution adds value at your organization. For example, x mental health initiative caused an increase in mental health conversations of y% and improved overall employee engagement and wellbeing by z amount. Ease of use and inclusivity are probably why around half of employers\textsuperscript{9} are using at least one VOI measure to track their success in terms of employee engagement, turnover, absenteeism, productivity, and recruitment and referral rates.
What’s right for my organization?

ROI could be the right measurement for your organization if:

☐ You have the budget, the bandwidth, and the runway to collect data over time and iterate slowly
☐ You have a team in place to collect lots of data and conduct analysis or are willing to contract outside help
☐ You’re most interested in measuring how supporting mental health reduces downstream costs over time

VOI might be a better fit for your organization’s needs if:

☐ You want to link your wellness initiative to core values like engagement and morale
☐ Your top priority is ensuring your employees get the right care, in the right way, at the right time
☐ You want actionable insights, i.e., information about what’s working (or not) ASAP

For most organizations, especially when rolling out new initiatives, VOI is the best place to start, offering maximum insights for minimum lift. To get a more exhaustive, long-term picture, some companies may still choose to calculate ROI at a later stage, after an approach has been in place for a sufficient amount of time.

If you checked multiple items in both checklists, chances are your organization would be best off using some combination of VOI and ROI to evaluate the value add and effectiveness of your approach to supporting employee mental health.
Tracking the results of your company’s mental health initiatives

Flexible working models, free fruit and healthy snacks, ergonomic seating, rooftop yoga—whatever initiatives your wellbeing strategies may include, without understanding what to monitor, you’re not likely to see (or be able to measure) results.

Here are some tips for understanding the effectiveness of mental health investments in your workplace:

1. LOOK BEYOND THE NUMBERS

It’s important to focus on measurements, not targets, to tell you how well you are performing so that you can continue to take informed actions and progress towards your goal of improving business outcomes. Quantitative or numbers-based data such as ROI can give you more easily measured insights. But to get the whole picture, you’ll also need qualitative or idea and concept-based data obtained from open-ended questions to your workforce.10

2. PUT GOALS AND OBJECTIVES FIRST

Metrics are essential...but they’re meaningless without clear goals and objectives that link to your company’s value and purpose. Any measurement strategies you adopt need to tie back to the wellbeing culture you’re trying to build and related business objectives you expect to impact.11 Otherwise, you may end up measuring something that isn’t meaningful and doesn’t effectively contribute to your end goal.

3. REMEMBER EMPLOYEE WELLBEING AND BUSINESS PERFORMANCE CAN’T BE SEPARATED

Categories and sections are popular with good reason—this sort of division feels clean and practical. Unfortunately, years of industry research indicate that there’s no separating employee mental health and wellbeing from your business’ performance.12 Mental wellbeing impacts all aspects of employees’ lives, from their physical health to their productivity and engagement at work.13 Just as company culture and performance are a significant factor in your people’s health and wellbeing (mental and physical), your employees’ health and wellbeing impacts your organization’s resilience and success.

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10. Reward & Employee Benefits Association (REBA)
11. Forbes
12. Deloitte
13. World Health Organization
Some additional metrics you might find helpful in evaluating your mental health initiatives and tracking progress over time:

1. ENROLLMENT & PARTICIPATION NUMBERS

While uptake is only one possible measurement to consider, enrollment and usage data is included with many service-based and digital-first initiatives (EAPs, mental health apps, etc.) and is an excellent place to start.

2. ENJOYMENT & SATISFACTION RATINGS

Most companies measure employee satisfaction using eNPS (employee net promoter score) and employee satisfaction surveys. For best results, you’ll need to do this throughout the year, as well as before and after implementing any new benefits or services. Depending on your service providers, you may also have access to anonymized data about employees’ satisfaction with individual tools or resources.

3. STAFF TURNOVER AND ABSENTEEISM

If your company already keeps track of internal rates of labor turnover and absenteeism (and most companies do), you may be able to link the rollout and implementation of mental health services or resources to a downtick in absences and churn. To strengthen this link, you might consider adding mental health-related questions to your regular employee engagement surveys, as well as exit interviews.

A few final insights and your next steps

Organizations like yours are working hard to support mental health and wellbeing in their workplaces. Unfortunately for employers, more than half of employees still do not feel sufficiently supported. This is unsurprising when we reflect on the significant barriers employees must overcome to access care, especially if they don’t have a formal diagnosis and may not prefer to pursue clinical treatment.

We know that 68% of employees say they don’t use benefits to their full value because they’re too time-consuming, confusing, or cumbersome. This means that to improve the value on investment for mental health, employers must ensure services and resources offered are inclusive of varying baseline levels of mental health, easy to navigate, and encompass a wide range of experiences and needs.
About Koa Health

Mental health for every employee

Koa Health provides an integrated approach to care that enables insurers and employers to deliver mental health for everyone, whether they prefer digital-first care or would benefit from clinical services delivered by a human. Available to more than 3 million users worldwide, Koa Health addresses the full continuum of mental health needs – from prevention to treatment.

Backed by leading investors such as Morningside, Ancora Finance Group, Wellington Partners Life Sciences, and MTIP, Koa Health leverages deep clinical expertise, research, and technology to offer effective and accessible care that adapts to users’ unique circumstances, leading to lasting behavior change and positive health outcomes across the full continuum of mental health.

To find out more, visit [www.koahealth.com](http://www.koahealth.com) or contact us at info@koahealth.com