

## PART II

### THE DEMOGRAPHICS AND DISTRIBUTION OF MENTAL ILLNESS: MOSTLY A BUSINESS, ECONOMIC AND LABOUR COST *Health Care Costs Less than Productivity Loss*

*Despite the attention we pay to the “aging society,” it is men and women in their prime working years that are most at risk for mental disorders which disable more Canadian employees than any other health problem.*

#### Highlights

##### Cost Burden

- The health care costs of mental illness are less than the cost of lost productivity and the fees and premiums of workplace health programs.
- Privately-funded prescription drug insurance coverage – a key weapon in the management of mental illnesses – exceeds public spending in this area. Anti-depressants: one of five categories most in demand.

##### Concentration of Disorders

- *The workforce:* the bulk of mental disorders – mostly depression, anxiety and substance abuse – are concentrated in the workforce – among men and women in their prime earning years. Depression disability top category.
- *Prevalence:* by far, most mental illnesses take the form of depressive and anxiety disorders, accounting for probably 90% of all actual/projected cases of mental illnesses. (See *Prevalence Summary in Info Appendix.*)
- *Demographic of vulnerability:* those Canadians most likely to suffer mental disorders in a given year are 15-24 years of age. Employers have a basic stake in these younger people.

##### Health and Productivity

- Watson Wyatt Worldwide: “This is a crucial issue for the success of organizations today and one which forward-looking leaders will recognize because it makes good business sense.”
- Medisys Health Care Group has launched a Health and Productivity Council to help its own customers better understand and respond to the issues embraced by this complex concept.

- These major trends hyphenate health and productivity:
  1. High proportion of productivity costs associated with the rising rates of mental disorders in the workforce.
  2. The concentration of these conditions in the workplace and workforce impairing output as well as both productive and consumptive capacity in the economy.
  3. The scale of mental health risks facing younger Canadians and the carry-over of specific depression and anxiety from childhood and adolescence to adulthood.
  4. Continuing shortages of “medically-necessary” physician care for mental illnesses.
  5. The growth and importance of case management in workplace disability programs but no standards of governance.
  6. Co-occurrence of mental illnesses and other chronic illnesses, compounding the disability and costs of each disorder.
  7. Onset of depression raises the risk of a sudden fatal heart attack 4x-5x among recovering heart patients.

### **Concentration in the Workforce**

*The concentration of mental disorders in the workforce impairs the concentration of the workforce on a rather large scale.*

Productivity is essential to sharpening Canada’s competitive edge. Innovation – a cognitive function – is key to this.

Therefore, the prevalence of mental disorders in the labour force constitutes a strategic cost and challenge. From this emerges a “demographic of vulnerability.”

- Mental disorders are concentrated among men and women in their prime working years and long-term employees with upwards of 10-12 years of continuous service with the same employer appear to be the biggest users of anti-depressants.
- According to Statistics Canada, young people 15-24 are most likely to experience a mental disorder and that is most likely to be depression and/or anxiety.
- Depression is the leading cause of disability in the labour force and, with heart disease, is on track to become the 21<sup>st</sup> century’s leading source of work years lost through disability and premature death.

Employers have a basic stake in this demographic of vulnerability as a source of talent for their workforce and buying power for their products and services. Both are diminished by current prevalence rates and Canada's sluggish record of treatment rates.

### **Health and Productivity**

Watson Wyatt Worldwide says: *“Health and productivity is a crucial issue for the success of organizations today and one which forward looking leaders will recognize. It makes good . . . business sense.”*

Medisys Health Care Group, one of the most prominent publicly-traded providers in the private health sector, has launched a *Health and Productivity Council* to help its own customers better understand and respond to the issues. The Roundtable is participating.

Five major trends merit the attention of these and other leaders:

1. The increasing prevalence and productivity costs of depression and anxiety in the labour force and a sharp rise of disability due to these conditions.
2. The heavy concentration of depression and anxiety among men and women in their prime working years – the “demographic of vulnerability” just noted.
3. The risks facing young Canadians in the 15-24 years range. This is the future of the country's labour pool and consuming population. Consumption represents about two-thirds of our economy.
4. Continuing shortages of medical care for mental illnesses in the primary health care system and waiting lists for psychiatric care in the community.
5. The lack of certified practices, qualifications and standards governing the prevention and management of employee disabilities in the workforce – complicated by paucity of standard and effective intervention practices.

### **The Costs of Mental Disorders**

We know mental disorders in the labour force cost Canadians billions of dollars. (See the Cost Summary) We also know they affect millions of people (See the Prevalence Summary).

But we have not done enough work in detailing exactly where those costs land inside organizations and how proactive investments by employers can reduce those costs and when.

Certainly wage replacement costs and payroll redundancies are significant. Other costs may take this form:

- Employee benefit and disability costs
- Liability exposures (tax, legal, pension, severances)
- Unfunded (unplanned) downtime and lost capacity
- Intransigent service problems
- Sluggish receivable collections
- Team management problems
- Spending inconsistencies
- High turn-over

And, more particularly:

- Absence/disability costs which exceed 3% of payroll.

How do your absence rates stack up? Employers may wish to draw a comparison with the national average.

1. Illness accounts for more than 7 of the 9 total days of absence per employee per year in Canada; mental conditions, in turn, account for about half of those illness days – 3.5 days per employee per year or total days absent from work.
2. In the full-time workforce – estimated to be 10 million Canadians – the workdays lost due to mental conditions amounts to 35 million workdays (10x 3.5). This equates to 49% of the work time lost due to illness among full-time working Canadians.

### Compounding Costs

U.S. and Canadian studies demonstrate that:

- Disability associated with liver problems, arthritis, asthma, even heart disease is less than depression alone but when depression co-occurs with these conditions, the length of disability is compounded 2x-3x.
- A person suffering two mental disorders concurrently – depression and anxiety, for example – may use the health care system 4x-5x more frequently.
- Persons dealing with an episode of depression spend 50 per cent more money for medical purposes than they did previously. The re-hospitalization costs of heart patients with depression have been recorded at 4x higher than other heart patients.

(U.S.) figures show that medical costs among employees with depression were 70% higher than employees without this condition, another sign of the multiplier effect.

This tells us that individuals living and working with undiagnosed depression may seek medical attention for physical symptoms such as unspecified pain, fatigue or headaches or develop more serious illnesses with psychosocial antecedents such as heart disease.

The cost picture expands further. Studies tell us that a family of four with one member living with a disability spends 60% less on goods and services.

This reminds us that an assessment of the non-medical costs of mental disorders is a function of lost earnings and lost purchasing power.

Further:

- Employees working under what researchers called “uncontrolled stress” had health costs 46% higher than other employees.
- On the flip side, alcoholics receiving proper treatment saw their health care costs (or their demands on the system) drop by 24% in one study.

According to Health Canada three years ago:

- Canada spends \$6 billion per year treating depression and “distress.” This is less than 6% of all public health care spending in this country. Even productivity costs were higher, \$8 billion per year.

### **Company Costs Documented**

Some major Canadian companies have documented the costs of mental disorders in their workforce:

- Dupont Canada reports that costs associated with both short and long-term disability are approximately \$1,500 per employee – about half the total.
- Dofasco concludes that short-term disability costs associated with mental disabilities – including prescription drugs and productivity losses – are \$25-\$30 million per year.
- At CIBC, mental disorders produced absences averaging 95 days compared to 40 days for other illnesses, prompting the bank to introduce a health and well-being strategy, recognizing their number one health problem was mental illness.
- Great-West Life Assurance Company estimate that 30% of disability insurance claims relate to mental illnesses and in 75 per cent of the long-term files, depression is a secondary diagnosis.

A study by Atlantic Blue Cross tells us:

- Casual absence from work represents about 2-4% of payroll but STD and LTD consume between three and six per cent. As a result, absence plus disability represents up to 10% of payroll in Canada, more than WCB costs.

The costs of mental disorders in the labour force in Canada fall mostly to employers and employees through operational, payroll, premiums and out-of-pocket expenses.

Dr. Ron Kessler of Harvard Medical School – chair of the Roundtable’s Scientific Advisory Committee – estimates that upwards of 50% - 98% of the costs of depression treatment could be offset by resulting gains in productivity.

### **Depression: Efficient Target and Higher Payback**

Poor access to care, misdiagnosis and inappropriate treatment of mental disorders not only increase the cost of health care but compound it. This is a regressive form of funding other health services.

The fact is – from a cost perspective – the treatment of depression is an attractive intervention compared to other chronic disorders.

The disorder is common, the age of onset is much earlier and involves higher medical services for seemingly unrelated symptoms. In short, the payback is greater.

It also points to a major opportunity for Canada. An investment approach improving mental health care would produce a return in the form of savings that, in turn, justify new expenditures in the public health system.

Reducing the higher incidence of mental disorders among those living with other chronic disorders such as heart disease would be one such return, the dollar savings predictably substantial.

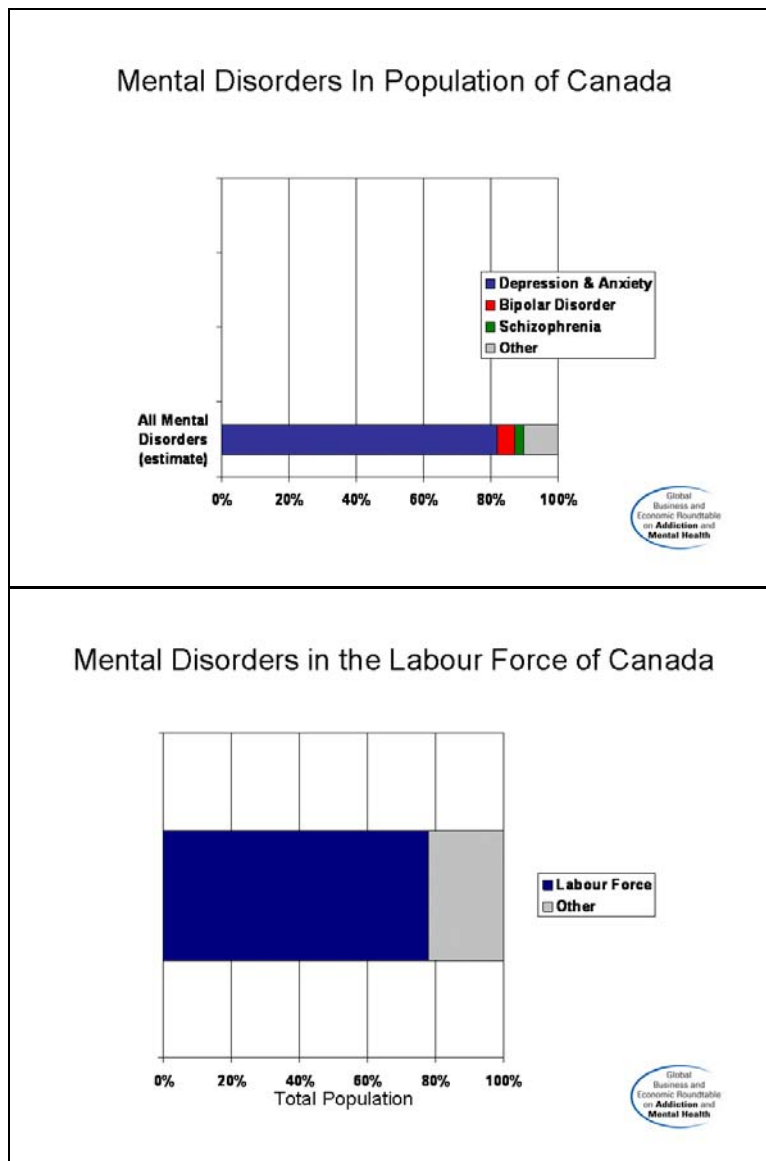
This is theory. And it needs work. But the prospects of savings in the health care system combined with reduced disability and less production impairment in the workplace will produce significant cost benefits for Canada. That’s what’s important to understand.

### **The Distribution and Stigma of Mental Illness in Canada**

We can no longer tip-toe around mental health in the workplace, act hesitantly and wait for new studies or best practices – although we need both. We must do now what we know now.

For example, we know depression, anxiety disorders and substance abuse constitute the most common serious disorders and are concentrated in the labour force.

The Roundtable's illustration follows:



### The Stigma of Mental Illness

**John Hunkin, President and CEO, CIBC**  
**November 12, 2003**

*“The stress of modern life is catching up with us. The fall-out, in terms of individual suffering, is immense and the cost to society at large has yet to be counted.*”

*Mental illness and mental health are critical important economic and social issues. But most people keep their problems to themselves, not wishing to risk negative reactions from colleagues and employers.*

*But their suffering soon manifests in other ways, and all too often gives rise to addiction, depression, even suicide. Therefore, the bigger challenge we face is the culture of silence that surrounds depression and other mental disorders.*

*As CEOs, I believe we need to create an environment where people don't feel they need to hide their illness, corporate cultures where people dealing with stress and mental illness will be accepted, respected as participating team members.*

*It's time we tackle this issue head-on."*

Suicide – mostly due to depression – kills more Canadians and Americans each year than murders. Stigma contributes to the desperation of mental illness. It is a matrix of sources and effects.

<b>MATRIX</b>	
<b>The Stigma of Mental Illness</b>	
<u><b>Inward Perceptions</b></u> <i>(Seeing ourselves)</i>	<u><b>Outward Perceptions</b></u> <i>(Others seeing us)</i>
Personal shame Fear of discovery Useless Isolated	Damaged goods at work Loss of respect and abilities Can't contribute Unapproachable
<u><b>Media Portrayal</b></u> Violent Strange Weak Failed	
<i>Reviewed for the Roundtable by Dr. Heather Stuart            Department of Community Health and Epidemiology            Queen's University</i>	

The myths of mental ill health persist alleging such conditions are an expression of moral weakness or character. Which is nonsense. Education is the mightiest weapon we have in fighting this imagery.

The Roundtable's mission is to wield that weapon and to open a new front in the old war against mental illness – that new front being the workplace and commercial marketplace.