Capital Chaplains

The Business Case for a Chaplain Assistance Program (CAP)

What kind of ROI can we expect with a Chaplain Assistance Program?

- A Chaplain Assistance Program (CAP) can achieve an estimated ROI of 20:1*
  This ROI looks at cost savings as calculated through a standard EAP (Employee Assistance Programs) projected to the usage rate of an average CAP compared to the cost of the benefit.

  The cost savings include lower medical costs, reduced turnover and absenteeism, and higher employee productivity. Additional benefits not measured in this data include an increase in employee morale, employee engagement and an overall foundational structure through sound and hope-based guidance.

- When only considering reduced turnover, A CAP can achieve an ROI of 3.75:1**

  Research shows the average cost of turnover is between 1.5 to 2 times the cost of an employee's salary plus benefits. If an average employee is making $30,000/year; that could equate to $45,000 to $60,000 per lost employee.

  If a company of 800 has an employee turnover rate of 6%, it could cost them a minimum of $2,160,000 annually. Estimating that the use of a CAP can decrease employee turnover from 6% to 4% in this example, it could save an organization $720,000 annually.

  Considering the investment of a CAP, this could give the organization a minimum ROI of 3.75:1. While every company is different and needs to independently access the reasoning behind employee turnover, it is very important to consider unique ways you can create a more loyal, hardworking and happy employee.

Additional and supportive statistics:

The information above is based upon data gathered on standard employee assistance programs.

- According to a study by the National Mental Health Association, "presenteeism" — showing up for work but being less productive –for a business, this might mean giving up 5 percent to 12 percent of its workforce's productivity each day.

- Depression and anxiety are among the top five reasons for absenteeism and presenteeism, according to research published in the April 2009 edition of the Journal of Occupational and Environmental Medicine. This applies to management as well as line workers, and represents a significant drain on a company's productivity.
- Stressors such as family issues and financial, credit, and legal problems can detract from employees' valuable time, attention, and energy even when they're at work.
- While supervisors may be able to spot troubled employees, it's unlikely that they or a human resources staffer would be able to advise accordingly.
- While many health plans do cover counseling, a depressed person often struggles with even the simplest of tasks, and they may have difficulty identifying the problem, let along finding a provider. In addition, copayments or limited visits can hinder employee access.
- There can be many non-medical reasons for presenteeism and absenteeism, as well, such as family-related or financial issues — issues that a health plan won't address.

Cost–benefit analyses compare the money spent on providing the services with the financial value of the changes produced by the services. Ways to measure benefits include increased productivity, decreased absenteeism, employee turnover and decreased health claims.

Studies:

Numerous studies have supported the business case for the purchase of EAPs and other workplace services. Specifically, the EAP at Federal Occupational Health (FOH), a service within the U.S. Department of Health and Human Service's Program Support Center, documented the EAP benefit–cost ratio and the positive outcomes of EAP services for the individuals using them.

- FOH evaluated the health status of 16,055 EAP clients before and after they used the FOH EAP:
    - Improvement rates from 33 percent to 71 percent were found in the following areas: health, work attendance, productivity at work, day-to-day functioning, and social activities.
- In a follow-up study, during the 3-year period from July 1, 1999, through June 30, 2002, FOH gathered outcomes data from almost 60,000 clients. EAP intervention led to client improvement in emotional and physical health, functioning, and productivity. Unplanned job absence and tardiness decreased by 67 percent after EAP intervention.
- A prospective cost–benefit estimate of FOH EAP services showed that for every $1 spent on the EAP, the expected savings for the 1st year would be $1.27, rising to $7.21 by the 5th year.
- Chevron realized savings of $14 for every $1 spent on its EAPs. The savings were based on employee retention, improved job performance, absenteeism, tardiness, safety, quality and quantity of work. Furthermore, Chevron found that there were 37% - 46% fewer terminations, with savings of $50,000 per case for avoided turnovers.
- McDonnell Douglas saved $5.1 million by instituting an EAP, according to a 4-year study-a return of $4 for every $1 invested, owing to reduced absenteeism, turnover, and medical claims.

- The City of Los Angeles Department of Water and Power found that alcohol-abusing employees formally referred to their EAP by supervisors demonstrated a 33 percent decrease in sickness absenteeism, with savings estimated at $349,763 over a 3-year period.

- Virginia Power realized a 23 percent drop in medical claims over a 4-year period for individuals who accessed the EAP, compared with those who accessed behavioral health benefits on their own.

Side notes:

- EAP worksite training can also provide measurable benefits. For example, Rutgers University, in a report on the business case for emotional intelligence, cited the results of supervisory training in emotional competencies at a manufacturing plant. Lost-time accidents were reduced by 50 percent, formal grievances dropped from 15 to 3 per year, and the plant exceeded productivity goals by $250,000.

- Some experts determine Employee Turnover costs by calculating indirect turnover costs; one must examine indirect costs of employee separations (e.g., time spent on processing terminations, conducting exit interviews and extending failed counteroffers) and the indirect costs of new hires (e.g., time spent on interviewing and negotiating with candidates, time spent orienting and providing internal training for new hires).

Conclusion:

Based on the above findings, we have come to the conclusion that a CAP has the potential of achieving an ROI of 20:1.

**This ROI figure was calculated by using the low average of 3 ROI statistics of EAP programs over a 1-5 year period (14:1, 7:1, 4:1 ROI = 8.33:1) as provided by FOH and projected toward the usage rate of an average CAP (.14/.65= 4.64). Looking strictly at this calculation, we could consider projecting to a rounded ROI of 39:1. While the assumption could be made for this ROI estimate, based on the relatively new nature of a CAP, we are choosing to be very conservative in our calculations by cutting this projection in half. As with any projection, this is not a guarantee, although is simply used for additional data to help make an educated decision.*

***This figure was taken when calculating 6% of 800 employees x an average cost of a turnover of $45,000 and comparing the difference between 4% vs. 6%. The cost of a CAP is calculated based upon the investment of $20 per employee per month x 12 month (or $192,000).*

Informational resource: http://www.workplace.samhsa.gov/wpworkit/eap.html#r24