

Mental health in the workplace: The coming revolution

Employees are in need and are demanding better coverage. Here's how leading companies get mental health coverage right.

by Jeffrey Pfeffer and Leanne Williams

On July 7, 2020, Lenny Mendonca, the former chief economic and business advisor to California governor Gavin Newsom, went public with why he had suddenly resigned from that position on April 10. Mendonca, a former McKinsey senior partner, revealed his struggles with debilitating depression in a deeply personal column that also probed the pervasiveness of mental health issues among the general population and the public-policy implications of untreated mental illness.

Three weeks prior to his resignation, suffering severe depression, Mendonca had checked into a hospital for an overnight stay. But, acting in his position of great responsibility, in the middle of the COVID-19 crisis, Mendonca had “told myself and my team that we all have to operate at 120 percent. . . . This meant 80-hour work weeks and barely sleeping.” Reflecting on his diagnosis and months-long process of recovery, Mendonca wrote: “What does it say about me that I have a mental health issue? It says that I am human.”

Mendonca is right: mental health issues are pervasive. According to the Substance Abuse and Mental Health Services Administration (SAMHSA), one in four Americans has a mental or substance use disorder. The National Center for Health Statistics noted a suicide-rate increase of some 35 percent between 1999 and 2018, with the rate growing approximately 2 percent a year since 2006. Suicide is now the tenth-leading cause of death in the United States. Depression increases suicide risk—about 60 percent of people who die by suicide have had a mood disorder. The Health Care Cost Institute’s 2018 report disclosed that per-person spending on mental health admissions increased 33 percent between 2014 and 2018, while outpatient spending on psychiatry

grew 43 percent. Between 2007 and 2017, the percentage of medical claims associated with behavioral health (both mental illnesses and addictions) more than doubled.

Preexisting mental health challenges have been exacerbated by the impact of the COVID-19 crisis. Based on analysis by McKinsey, COVID-19 could result in a potential 50 percent increase in the prevalence of behavioral health conditions. A new survey by the Kaiser Family Foundation reported that 45 percent of Americans felt that the COVID-19 crisis is harming their mental health; while 19 percent felt that it is having a “major impact.” In a recent poll from the Pew Research Center, 73 percent of Americans reported feeling anxious at least a few days per week since the onset of the pandemic. Between mid-February and mid-March 2020, prescriptions for antianxiety medications increased 34 percent. During the week of March 15, when stay-at-home orders became pervasive, 78 percent of all antidepressant, antianxiety, and anti-insomnia prescriptions filled were new (versus refills).

Lenny Mendonca had the resources to get as much help in whatever form he needed, and he recognized how rare his situation indeed was. Obtaining treatment for behavioral health issues remains much too difficult. A 2018 survey cosponsored by the National Council for Behavioral Health reported that 42 percent of respondents cited cost and poor insurance coverage as key barriers to accessing mental healthcare, with one in four people reporting having to choose between obtaining mental health treatment and paying for necessities. Because of cost, coverage, and the social stigma still associated with mental and substance use disorders, most people with behavioral health issues do not receive treatment. A study of more than 36,000 people found that this was true of 62 percent of people with mood disorders, 76 percent of people with anxiety disorders, and 81 percent of people with substance use disorders.

Access to mental health resources and attitudes about mental health are almost certainly poised to improve. First, young people are both more likely to have behavioral health issues—young adults between the ages of 18 and 25 had the highest prevalence of any mental illness—and more willing to talk openly about psychological well-being and to seek assistance. Second, companies are recognizing the costs associated with not addressing employees’ mental health issues. Third, the growing emphasis that companies place on controlling their self-insured healthcare costs points directly to investing in mental health interventions. That’s because mental health prospectively predicts the incidence of serious—and expensive—medical conditions such as diabetes, cancer, and coronary artery disease. What has effectively been a “don’t ask, don’t tell” approach to mental health in the workplace is becoming instead “do ask, do tell, let’s talk.” There is a coming revolution in how companies (and public-policy makers) think about, talk about, and cope with all forms of mental health issues.

In this article, we argue that mental and substance use disorders—sometimes referred to as behavioral health conditions—are real, pervasive, and expensive. They cost companies money directly for treatment expenses and indirectly, and more expensively, from increased healthcare expenditures, turnover, and diminished productivity. Employees need, and increasingly demand, resources to help them cope with mental health problems. If companies make mental health services more accessible and intervene in the workplace in ways that improve well-being, they will simultaneously

make investments that will provide real improvements in employee outcomes and consequently in company performance. Examples from companies that are taking the lead in addressing mental health illustrate what to do and how to do it.

The economic impact of mental health issues

Even before the COVID-19 crisis, behavioral health problems such as anxiety, stress, and depression were widespread, constituting a leading cause of diminished well-being and exacting an enormous toll in the form of absenteeism, reduced productivity, and increased healthcare costs. In 2019, the World Health Organization labeled employee burnout a medical condition, noting that its cause is chronic workplace stress.

Research shows that workplace stressors such as long hours, economic insecurity, work–family conflict, and high job demands coupled with low job control are as harmful to health as secondhand smoke. Together, they cost the United States approximately \$180 billion and 120,000 unnecessary deaths annually.

A 2015 peer-reviewed study estimated the total cost of major depressive disorder in the United States to be \$210 billion, a figure that had increased 153 percent since 2000. About half of the economic impact was attributable to costs of treatment, with the rest attributable to absenteeism and presenteeism (being physically at work but not at full productivity) costs incurred in the workplace.

A 2019 Mind Share Partners report noted that almost 60 percent of the 1,500 employed respondents sampled across for-profit, nonprofit, and government sectors reported experiencing symptoms of a mental health condition in the past year, with half saying that the symptoms had persisted for more than a month. Sixty-one percent said that their productivity at work was affected by their mental health. More than a third of the group—50 percent of millennials and 75 percent of Gen Z respondents—reported that they had actually left jobs at least partly because of mental health.

Mental health is also a diversity and inclusion issue. The Mind Share Partners study found that Black and Latinx respondents reported experiencing more symptoms of mental disorders than their white counterparts, and were more likely to have left a previous job for mental health reasons.

The pandemic has only made the situation worse. A McKinsey survey of approximately 1,000 employers found that 90 percent reported that the COVID-19 crisis was affecting the behavioral health and often the productivity of their workforce. Gallup reported that almost half of US workers were concerned about one or more of four possible job setbacks—reduced hours, reduced benefits, layoffs, or wage cuts.

Depression and stress foretell other costly physical illnesses

Companies and countries are appropriately obsessed with bending the curve of healthcare costs. Starbucks paid more for health insurance than for coffee, and the three domestic automakers spent more on healthcare than on steel.

The promise of precision psychiatry

One plausible reason for both the stigma and undertreatment of behavioral health problems is the perception that conditions such as depression are less “real” than clearly physical ailments, such as a broken leg or liver disease. Many people even suspect that curing a mental illness is largely under the volitional control of those suffering from it. Moreover, the treatment of mental illness is often perceived as being imprecise and relatively ineffective. Therefore, urging companies to take mental health more seriously requires demonstrating both the physiological reality of mental disorders and the possibility of more effective treatment.

Depression is a heterogeneous disorder that manifests with a variety of symptoms including “sleep disturbance, guilt, loss of energy, impaired concentration, change in appetite . . . and suicidal ideation.”¹ This heterogeneity has made diagnoses and evaluations of treatments more difficult. However, recently there has been substantial progress in understanding the physiology of mental health issues. To take one example, major depressive disorder (MDD) in fact *does* have physiological consequences that are evident in neuroimaging studies of the brain. Neuroimaging as a diagnostic tool has the advantage of being “a safe, noninvasive procedure that is ideally suited for simultaneously identifying aberrant behavior, brain structure, and brain function.”

Leanne Williams has outlined a “neural circuit taxonomy” for both depression and anxiety. The fundamental idea is that there are different neurological manifestations—for instance, in which regions of the brain are active and are connected to one another—for different manifestations of depression. Such a taxonomy can be used to link symptoms to underlying neural disorders as revealed through neuroimaging.

Amidst the COVID-19 crisis, many people are facing the impact of sustained and uncontrollable sources of stress that affect brain physiology. Using her taxonomy, Williams and her colleagues have illustrated how stress and isolation related to COVID-19 may affect different neural archetypes for anxiety and stress.

A taxonomy of different forms of depression makes it possible to associate treatment outcomes with different manifestations of the disease. Such an approach would do for psychiatry what has occurred in other medical domains such as cancer treatment and other diseases over the past 20 years: advancing clinical practice by matching treatments more effectively to each version of the underlying disease. Better understanding the physiological etiology of mental illness can also help move practice toward prevention. Instead of waiting till the equivalent of “stage 4” of a mental illness, when a person facing a crisis due to the accumulated burden of disability feels that suicide is the only choice, we might be able to detect the problem early, at something like “stage 1” or before onset of a mental disorder, and treat preemptively.

When treatments are matched to different disease archetypes, doctors can prescribe more robust healthcare interventions. As precision psychiatry becomes a more common standard of care, mental health treatments will become even more effective, giving more confidence to those who fund treatment of employee behavioral health conditions, such as depression, that their investment will pay off for both the company and its people.

¹ Manpreet K. Singh and Ian H. Gotlib, “The neuroscience of depression: Implications for assessment and intervention,” *Behaviour Research and Therapy*, November 2014, Volume 62, pp. 60–73, journals.elsevier.com.

What is less recognized is that stress and depression increase not just the costs associated with treating behavioral health problems but also the incidence of other costly physical diseases. At least two mechanisms help explain this connection between mental and physical health.

First, psychological well-being and social determinants of health can directly affect the likelihood of an individual engaging in healthful behaviors and self-care such as eating and drinking alcohol in moderation, regular exercise, and avoiding smoking and drug use. People with mental and substance use disorders, as well as those who have experienced psychological trauma, are at higher risk for chronic diseases such as diabetes, heart disease, and musculoskeletal problems.

Second, research shows that stress and depression cause physiological changes, such as metabolic, endocrinal, and inflammatory shifts, that are markers and predictors of disease. The idea that the mind affects the body is scarcely new, but the emerging science of psychoneuroimmunology is revealing in detail the pathways that link changes in the brain to effects on the immune system (see sidebar, “The promise of precision psychiatry”). A paper linking stress, depression, the immune system, and cancer noted that “many studies” showed “that psychological stress can down-regulate various parts of the cellular immune response. Communication between the CNS [central nervous system] and the immune system occurs through chemical messengers secreted by nerve cells, endocrine organs, or immune cells, and psychological stressors can disrupt these networks.”¹

As an example of the effect of depression on other diseases, we used a large longitudinal Optum prescription data set to explore the prospective effects of depression. Receiving an antidepressant prescription was used as a marker for depression, and obtaining prescriptions for drugs used to treat diabetes, cardiovascular disease, and cancer as markers for those diseases. We found that obtaining an antidepressant increased the odds of subsequently receiving a drug for diabetes by 30 percent, cancer by 50 percent, and heart disease by almost 60 percent. People who received antidepressants were more than 300 percent more likely to later use sedatives and 400 percent more likely to obtain an amphetamine prescription.

Simply put, the path to reducing healthcare costs goes through the brain.

Employees’ rising demands for attention to mental health

Today’s workforce expects employers to take mental health issues seriously and provide appropriate support and assistance. Senior executives consistently tell us that discussions of mental health issues have become much more frequent and open in workplaces. The head of mergers and acquisitions for BP noted that in the last 18 months there had been a striking shift in the willingness of people to disclose struggles with behavioral health issues.

Ginger, a company providing an on-demand mental health platform to employers, conducted a 2019 survey using a random sample of US employees. The study found that employees were more likely to seek help with stress, anxiety, and depression now

¹Edna Maria Vissoci Reiche et al., “Stress, depression, the immune system, and cancer,” *The Lancet Oncology*, October 2004, Volume 5, Number 10, pp. 617–25, thelancet.com.

than they were five years ago. More importantly, 91 percent of employees surveyed believed that their employers should care about their emotional health, and 85 percent said that behavioral health benefits were important when evaluating a new job. In fact, the respondents said that when evaluating the benefits of a new job offer, on-demand mental health support came second after corporate wellness initiatives, ahead of financial advising, gym memberships, and free meals.

While the vast majority of employers see mental health as a priority, they struggle to meet increasing employee need and demand for behavioral health services. The Ginger survey found that one-third of respondents had to pay out of pocket for behavioral health services. Twenty percent fear that they'd harm their careers if their employers found out, 20 percent worry that they don't have time to get help, and 15 percent find that the providers listed in their company's plan were too limited, not available, or didn't actually provide services under the plan.

These concerns are not confined to the United States. A Deloitte study conducted in the United Kingdom reported, among other things, that just 22 percent of line managers had received some form of training on mental health at work, even though 49 percent said that even basic training would be useful. In the absence of such training and support, more than a third of employees did not approach *anyone* the last time they experienced poor mental health, while 86 percent noted that they would think twice before offering help to a colleague whose mental health concerned them.

Current mental health benefits fall short

According to the 2008 Mental Health Parity and Addiction Equity Act, mental health benefits in health plans in the United States should be comparable to physical health benefits. They are not. A 2017 report by Milliman noted that an office visit with a therapist was about *five times* as likely to be out of network—and therefore more expensive—than an office visit with a primary-care practitioner. The CEO of a company providing mental health benefits to companies noted that in some instances insurance-mandated networks of mental health providers are filled with professionals who are not accepting new clients and do not respond to inquiries. Network adequacy and accessibility of behavioral health services pose serious problems for health insurers, employers, and workers nationwide. Given the economic toll of mental and substance use disorders, employers should be highly motivated to invest in behavioral health else risk increased healthcare costs and employee attrition.

Another constraint on accessing mental healthcare is that for many years mental health providers have been undercompensated for their work, leading, not surprisingly, to a great shortage. One study showed that 60 percent of US counties did not have *one* psychiatrist. One SAMHSA report noted that 55.2 percent of adults with mental illness received *no* treatment in the previous year.

It will take years to overcome the underinvestment in mental health. But if employers begin now, they can earn the appreciation and loyalty of their employees.

Six ways to ensure that mental health benefits serve a company and its people

Good mental health benefits pay off. An April 2018 article in the peer-reviewed *Journal of Occupational and Environmental Medicine* found that about 86 percent of employees reported improved work performance and lower rates of absenteeism after receiving treatment for depression.² A *Harvard Business Review* article noted that “\$4 is returned to the economy for every \$1 spent caring for people with mental health issues.”³

Some leading companies understand this payoff and are taking action. A McKinsey study of about 1,000 employers noted that about 60 percent said they were starting, continuing, or expanding their behavioral health services. Drawing from their examples, we’ve created a list of key actions that every organization can and should take to improve employees’ mental health and benefit from the ensuing economic gains.

Measure behavioral health

Measurement of employee stress and mental well-being is on the rise, but still lacking. A prepandemic (2019) survey of more than 600 firms by benefits consultant Willis Towers Watson reported that the proportion of employers measuring the stress level of their employees was projected to increase from 16 percent to 53 percent by 2021. That increase would still leave a significant fraction of employers with no data on the empirical dimensions of employee behavioral health challenges.

Furthermore, employer surveys and measures of behavioral health often use ad hoc, idiosyncratic questions. To detect current mental health problems, we recommend a 12-item general-health questionnaire first developed in 1970. The instrument has been translated into 38 languages and extensively validated worldwide, including in Spain, Germany, and Australia. Consistently using validated, reliable measures permits better comparisons across study settings and over time, and gives companies the best chance to measure progress and benchmark their mental health status against other populations.

Make behavioral health a transparent priority

It’s incumbent on company leaders to drive awareness and action on mental health. By talking about mental health openly and backing up that talk with significant action, leaders can destigmatize mental illness and signal that people can and should access the support the company provides. EY (formerly Ernst and Young) launched a WeCare program to educate its people about mental health, urge them to seek any necessary assistance, and support others who might struggle with mental illness. At SAP, Vivek Bapat, who drives purpose initiatives, which include mental health, commented: “We’ve created a virtual team of representatives across the entire business. We have representation from our product area, customer engagement, HR—including the diversity and inclusion officer—and from our chief medical officer.” This group meets regularly to discuss the company’s mental health initiatives. “It’s a diversity and inclusion conversation,” added Bapat. “It’s a product conversation, it’s a customer conversation, it’s an employee-engagement conversation, it’s a leadership conversation, it’s a brand conversation. It’s all of those conversations. Together.”

² Ron Z. Goetzel PhD et al., “Mental health in the workplace: A call to action proceedings from the Mental Health in the Workplace—Public Health Summit,” *Journal of Occupational and Environmental Medicine*, April 2018, Volume 60, Number 4, pp. 322–30, journals.iww.com/joem.

³ Morra Aarons-Mele, “We need to talk more about mental health at work,” *Harvard Business Review*, November 1, 2018, hbr.org.

A company's actions will be significant only if senior management and even the board of directors ensure continuity of effort and follow-through. Sometimes, mental health becomes a priority at the company's highest levels because of personal experience. The head of one intellectual-property practice for a leading international law firm became interested in mental health because of the struggles of his brother. Brian Heyworth, the global head of institutional business at HSBC Global Asset Management, joined HSBC in 2006. Heyworth struggled with anxiety and depression when he was in his 20s and 30s, and in 2006, shortly before joining HSBC, he had "a full-scale psychiatric breakdown, which led to spending two months in a hospital in the United Kingdom called the Priory." He currently serves as chair of the City Mental Health Alliance in London, a group of some two dozen financial-services companies, banks, law firms, accountancies, and insurance companies that explores how to improve the environment for mental health.

Company values can also play a part in prioritizing mental health. John Flint, the former CEO of HSBC, felt called to provide a duty of care for HSBC's 240,000 employees and their families. He also believed that improving employee health and well-being was the most important enabler of executing the company's commercial strategy.

Jonathan McBride, the former head of diversity and inclusion for BlackRock, noted that the company became interested in mental health as part of its effort to advocate for social issues and to create a culture that nurtured diversity. McBride noted three pathways that can encourage a greater focus on mental health. One was to educate people via data-backed awareness campaigns about the empirical realities of mental illnesses. Second, he said, "You ennoble the topic. You talk about *overcoming* [behavioral health challenges]." The third pathway is a "Be Kind" campaign, where you interrupt the rush to judgment by helping people understand that "it's entirely possible that people around me are going through something you can't possibly understand."

Hold leaders accountable for making progress on employee mental health

Things that are measured and receive management attention lead to accountability, and mental health is no different. Michael Fenlon, the chief people officer at PwC, told us that the company "asked all of our teams to create well-being plans using the framework of mental, emotional, physical, and spiritual well-being, where spiritual refers to having a sense of purpose. We provided tools and examples and asked everyone on the team to have both a personal goal and a team goal. I think we got about 5,200 team plans. We asked teams to visit progress against those plans on a regular basis. And we asked all of our leaders to lead from the front, to share goals they're working on, and to serve as role models. Our CEO, for instance, talks openly about vacations and how he plans vacations throughout the year." The combination of visible plans with accountability for progress ensures that mental health receives the attention it deserves on the company agenda.

Explore a range of new services, including online interventions

A Society for Human Resource Management article noted that a rising number of employers are providing a variety of subsidized or fully covered digital mental health solutions.⁴ Just as telemedicine visits with doctors for conventional physical ailments are growing, so are various online applications to help deal with behavioral health issues. Many companies now offer Calm and Headspace, apps that help with meditation and sleep. Companies such as Talkspace, BetterHelp, and Ginger work with companies to

⁴ Stephen Miller, "Employers enhance emotional and mental health benefits for 2020," Society for Human Resource Management, October 28, 2019, [shrm.org](https://www.shrm.org).

ensure that employees have easy access to trained therapists. There are even start-ups, such as Toronto-based Animo, that try to apply natural language processing to social-media posts and emails to discern the psychological health of a population, track the effectiveness of interventions, and predict trends in mental well-being.

Given the pace of innovation in the mental health space, companies would be well advised to learn about this ecosystem as part of their efforts to give the best mental healthcare to their employees.

Work closely with your health-benefits administrator to ensure adequate behavioral health coverage

In the United States, most people receive their health insurance through their employer. Most of those employers use health-benefits administrators—health insurance companies—to run their plan, including contracting for access to behavioral health providers. That's why it's critical for business leaders to collaborate with their plan administrators to review their company health plans regularly and thoroughly, carefully examining how the plans operate and what they provide. Business leaders can make clear to health-plan administrators that investing in mental health is key to their companies' organizational success. They can ensure availability of behavioral health services by assessing barriers to access, the breadth of provider networks, reimbursement rates for providers, utilization-management practices, and out-of-pocket costs confronted by employees. Organizations that prioritize access to mental health services and workplace supports have the potential to realize significant return on their investment.

Consider on-site mental health services

More large employers are providing onsite medical care. Providing care onsite cuts out employee travel time and can save costs. Company-paid doctors are often less expensive than fee-for-service arrangements or care provided in settings with large facility charges.

Now there is a growing movement to make behavioral health services available at the workplace as well. According to the Business Group on Health, one-third of employers with more than 5,000 employees said they would offer behavioral health counseling on-site in 2020, a big increase from the one-fifth that did so in 2018. Presumably, this trend—together with increased access to virtual care—will continue when employees return to traditional office settings post-COVID-19.

The spread of the novel coronavirus has accelerated many shifts that had started in the months and years before the pandemic. Better mental health coverage for employees is one of those. The pandemic has made painfully clear that our collective emotional health is in jeopardy, and many employers are scrambling to meet burgeoning demands. Combine this with the openness of young people toward mental health discussions, and that good mental health coverage for employees translates into success for companies, and you've got the foundation of a revolution. The six steps we've laid out in the article can give companies a head start on this inevitable, welcome, and profound change. Q

Jeffrey Pfeffer is the Thomas D. Dee II Professor of Organizational Behavior at the Graduate School of Business, Stanford University. **Leanne Williams** is a professor in psychiatry and behavioral sciences at Stanford University and the founding director of the Stanford Center for Precision Mental Health and Wellness.