Substance Abuse Costs for Employers
How EAP Can Help

LifeSolutions
Offering Solutions to Balance Your Life, Work, and Wellness

1.800.647.3327 • www.lifesolutionsforyou.com
Services provided by LifeSolutions, an affiliate of UPMC WorkPartners
Substance Abuse Costs for Employers

- Introduction
- At Risk Alcohol Use
- Untreated Alcohol Abuse Costs
- Substance Abuse Cost
- Role of LifeSolutions
- Questions and Answers
Problem and Myth

The Problem:
- Drug / Alcohol involved:
  - 47% - Serious workplace accidents
  - 40% - Fatal workplace accidents
  - 38%-50% - all workers’ comp claims

The Myth:
- People with alcohol or other drugs are “bums”, “losers”, “unemployed”, …, …, …, and are not in my shop
The Reality

◆ 90% of alcohol abusers are employed

◆ 74% of drug abusers are employed

◆ 15%-17% (avg.) employees in U.S. companies are substance abusers
Substance Abuse Costs for Employers

- Absenteeism and Lower Productivity
  function at 66.6%
  employed family members also less productive

- Injuries and Violence
  40% of industrial fatalities
  47% of industrial injuries

- Increased Healthcare Costs
  Costs are double that of peers
  Use 4 times as many hospital days as non-drinker

- Workplace Morale
Substance Abuse Costs for Employers

Substance Abusers –

- Increasing negative effects on self

- Have negative effect on four others

- 60% to 68% of workforce experiencing these negative effects
Workplace Costs - Substance Abuse

NIAAA Formula

\[
\text{Cost} = \text{# of employees} \times \text{average cost estimated @ $7,000/yr./employee} \times \% \text{ of employees who abuse substances}
\]
Overview

Costs (continued)

15% X 500 employees X $7,000 = - $525,000.00

A Company you know?
Alcohol Metabolism

- One ounce per hour
- Drink = 1 1/2 ounces
- Allow 1 1/2 hours per drink
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At Risk Alcohol Use

Volume
2.7 drinks, female 2-4, male 3-5
Increased risk for liver disease -
female 5-13 /week, male 14-27/week

Pattern
Heavy Episodic Drinking HED (binge)
female 4+, male 5+, per occasion
Increased risk of heart attack
Untreated Alcohol Costs = $185 billion/year

- fifteen percent = cost of medical consequences and alcohol treatment;
- more than 70 percent due to reduced, lost and forgone earnings
- remainder is the cost of lost workforce productivity, accidents, violence, and premature death.
Untreated Alcohol Abuse costs

A tool to estimate:  
www.alcoholcostcalculator.org

Pick an industry, census, state
Substance Abuse Costs for Employers

Substance Abuse Cost

$276,000,000,000 annually

- Replacing an employee costs from 25% to 200% of annual compensation

- Savings from investing in substance abuser treatment can exceed costs by 12:1 ratio
The cost of significantly improving health coverage for alcohol problems is very small.

Substance Abuse and Mental Health Services Administration (SAMHSA) suggest that upgrading employment-based health insurance coverage would increase premiums by 0.2 %

Employee Assistance Role

Federal Occupational Health Agency:
- $1.00 spent on EAP yields $1.27 in first year
- $1.00 spent on EAP rises to $7.21 by fifth year
Employee Assistance Role

Employee Assistance Professional:

- Determines action needed to correct SA problem
- Ensures employee complies
- Clears for return to duty
Employee Assistance Role

- Ensure confidentiality
- Encourage employee to continue with support services and programs
- Listen to concerns - stay within bounds
Employer Role

- Must promote and support the use of EAP services
- Train supervisors & managers to use EAP
- Incorporate substance abuse treatment in plan design
- Add substance abuse education to workplace health and wellness programs
THANK YOU

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1-800-647-3327
Sources

- Substance Abuse and Mental Health Services Administration
  - www.samhsa.gov
- National Institute on Alcohol Abuse and Alcoholism
  - www.niaaa.gov