



Manufacturing

The impact of good mental health

A resource to quantify the cost benefit of investing in employee mental health.

Big Health



“All industries experience significant financial losses as a result of poor mental health within the workforce. This paper aims to demonstrate that investing in mental health programs is not only beneficial for employees but also the company’s bottom line.”

**Dr. Michael Darden,
health economist at
Johns Hopkins Carey Business School**

It's more costly to do nothing

Manufacturing employees face a unique combination of pressures that can contribute to high levels of stress, anxiety, and other mental health difficulties. Their success at work is often determined by efficiency and output, requiring long hours and shift-based schedules that reduce flexibility and recovery time.

Companies that employ manufacturing workers are acutely aware of this reality and are investing in mental health care. But they often lack the resources necessary to measure and quantify the financial benefits of doing so. According to survey results from over 40 large manufacturing companies, 69% of companies cannot easily access the mental health metrics that matter most to them. That barrier leads to only 26% of companies measuring the impact employee mental health has on costs such as disability claims, health care spend, and productivity.

There is a real human and financial toll associated with not understanding which solutions are actually improving employee mental health. Interventions that lead to remission of clinical mental health symptoms like poor sleep, worry, anxiety and low mood, will most effectively lower company costs.

Quantifying the financial impact of mental health benefits has long been a vexing calculus for manufacturing leaders. **Not anymore.** There is convincing evidence that it costs more not to invest in mental health benefits. This report proves it.

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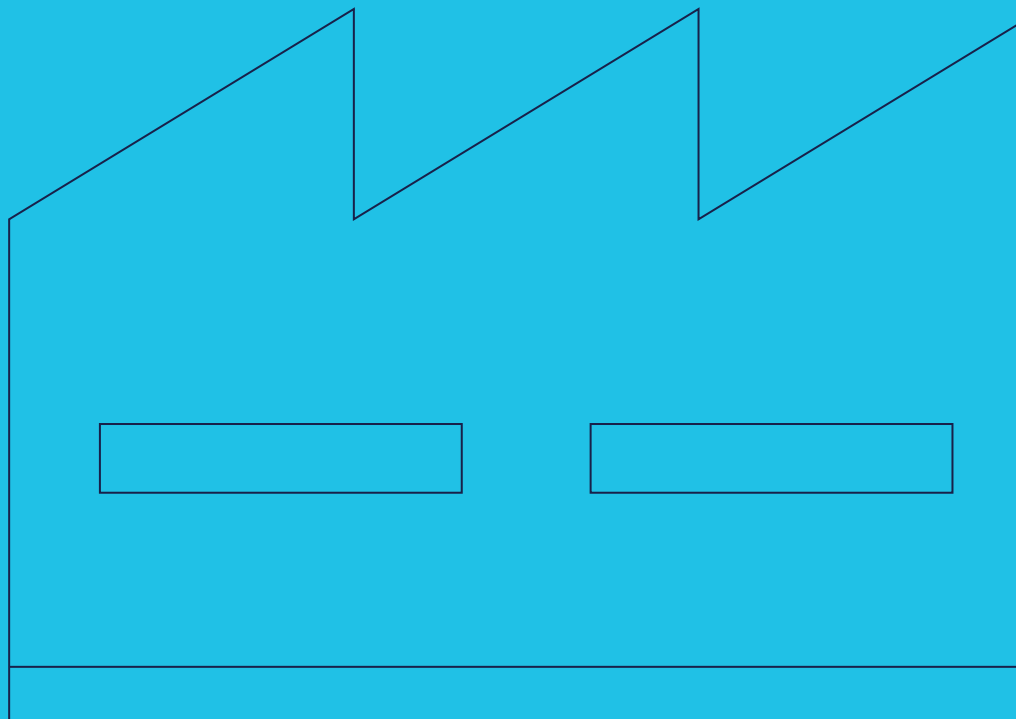
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01

The direct and indirect costs of poor mental health in manufacturing



The direct and indirect costs of poor mental health in the workplace

When employees are suffering from poor mental health, companies pay for it through numerous direct and indirect costs. Direct costs refer to the “visible costs” associated with the diagnosis and treatment of a mental health condition, such as psychotherapy or psychiatric drug costs. Indirect costs refer to the “invisible costs” associated with the downstream impact of a mental health condition on measures such as productivity, physical health care costs, and accidents.

“Mental health conditions cost US employers an estimated **\$225.8 billion each year.”**

Direct costs of poor mental health

Cost of care

The cost incurred to diagnose and treat mental health conditions. For example, direct medical expenditure for anxiety disorders alone has been estimated at \$38 billion annually.

Disability claims

Research shows that mental health conditions account for 30-40% of all disability claims, and 70% of workplace disability costs. For example, individuals suffering from generalized anxiety disorder (GAD) experience 21.4 days of disability compared to 7.8 days for those without GAD.

Indirect costs of poor mental health

Absenteeism

Loss of productivity due to work absences. Individuals suffering from insomnia, anxiety, or depression miss work more often. In fact, stress, anxiety and depression account for 13.8 million lost workdays.

Presenteeism

Impaired work productivity. Poor mental health is a main contributor to this cost burden. According to a manufacturing industry survey, 89% of companies believe employee mental health adversely affects productivity at their organization.

Health care costs

Research shows that insomnia, for example, is linked with increased inpatient care, including a higher number of days hospitalized and increased emergency visits. This increase in health care utilization is often the result of co-occurring health problems exacerbated by mental health difficulties.

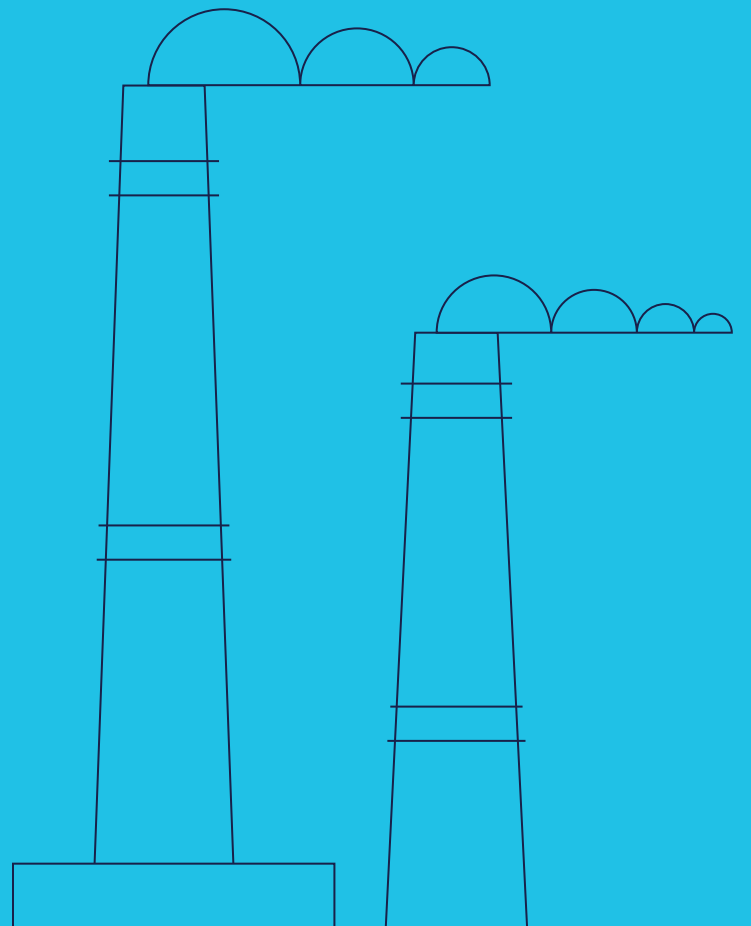
Workplace accidents

On-the-job injuries and accidents are more likely to occur when employees experience mental health difficulties like insomnia, anxiety, or depression. In fact, the average cost of an insomnia-related accident is \$10,534 higher than other workplace accidents (\$32,062 vs \$21,914).

“A company can save \$2-4 for every \$1 invested in evidence-based mental health programs.”

02

The cost burdens of poor mental health for manufacturing workers



The cost burdens of poor mental health for manufacturing workers

Claims data suggest that **8.6% of all manufacturing workers** suffer from anxiety or insomnia.

According to research by Mental Health America, manufacturing – along with retail and food and beverage – were ranked as the worst industries for workplace mental health. Furthermore, manufacturing employees reported the highest rates of workplace stress: 58% stated that work stress “always or often” impacted their personal relationships. This elevated stress may be leading to unhealthy coping behaviors. Fifty-four percent of manufacturing workers know a co-worker impacted by a substance use disorder or addiction.



It is clear that this predominantly male, aging workforce has a high number of exhausted individuals suffering from mental health difficulties, making them more susceptible to accidents, burnout, and chronic health conditions.

After evaluating the total annual health care spend for manufacturing workers, we found that employees suffering from insomnia or anxiety are costing companies over **2.6 times** as much as their healthy counterparts on average; a staggering difference of **\$8,105 per employee.**¹

1. Claims data provided from 25 self-insured employers consisting of pharmacy and medical claims associated with insomnia and anxiety.

Mental health cost burdens in manufacturing

Because the financial cost of poor mental health can show up in an array of places — and benefits teams are unlikely to measure them all — we have created a hierarchical snapshot of where poor mental health is *likely* to drive costs for manufacturing employees.

1. Productivity

In manufacturing output is often more measurable. That means improvements in employee mental health can be associated with presenteeism to demonstrate value. For example, wheels attached in a factory, airplane wings built, and gallons of petroleum processed are measurable productivity outputs.

According to survey results from a group of large manufacturing companies, over half (59%) believe this is the biggest cost burden of poor mental health at their organization.

2. Accidents and errors

Because work is more often conducted in higher-risk environments, there is an increased chance of costly accidents. In fact, 23% of the total cost of workplace accidents are due to insomnia.

While only 9% of manufacturing companies surveyed believe this is the biggest cost burden of poor mental health, one event can have a huge impact. “As a few dramatic highly publicized events have demonstrated (for example, the Germanwings Airline and Exxon Valdez accidents), a single on-the-job injury or accident can be extremely costly on many levels.”





The evidence: manufacturing workers

Key question

3. Turnover and burnout

Research suggests that the turnover rate within manufacturing is 33% higher than the national average of 3.6% turnover per year. This high turnover rate can lead to additional workplace stress for remaining employees, decreased productivity, and degraded company morale.

4. Health care costs

Manufacturing workers often utilize health care less frequently than other worker types, meaning changes in mental health are less likely to show up in health care claims. However, a few inpatient or ER visits resulting from an untreated mental health condition can drive a significant cost burden for employers.

5. Disability claims

In occupations which require employees to be replaced for operations to continue, companies pay additional costs on top of disability claims.

A study conducted in 2018 examined the effects of insomnia on the productivity of industrial workers employed by a global manufacturing company with **24,000** employees. Using cross-sectional and pre-post intervention analyses, researchers assessed **2,789** employees across three work locations: office, plant, and retail and service.

What is the prevalence of poor sleep among nearly 3,000 manufacturing workers, and how does poor sleep affect work productivity?

Key findings

Poor sleep among employees was associated with lower productivity – most notably for plant workers.

28% average self-reported productivity loss due to poor sleep among plant workers

11% increase in productivity for employees that enrolled in Sleepio

To translate those percentages into dollar figures we can look to [a study](#) that sampled over 7,000 US employees and mapped the relationship of insomnia to direct workplace productivity and associated costs:

\$2,280 individual level cost from poor sleep related presenteeism

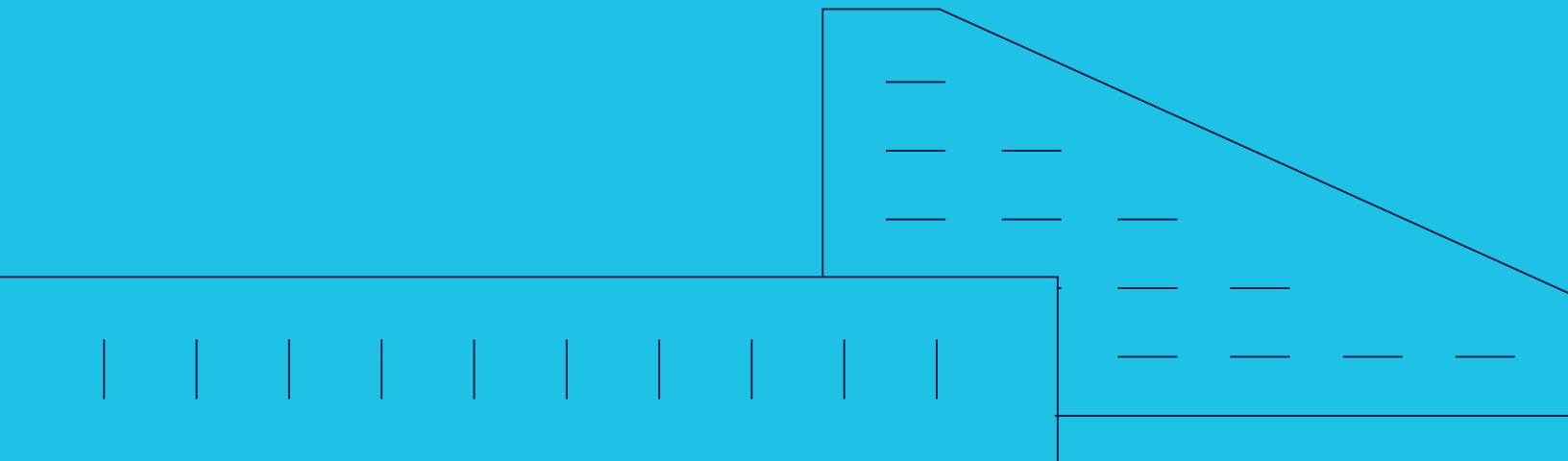
11 days number of workdays lost to poor sleep related presenteeism



Disclaimer: In the US, Sleepio and Daylight have not been cleared by the FDA for use in diagnosis or treatment of a disease or condition, such as insomnia disorder, generalized anxiety disorder or major depression disorder.

03

Tearing down barriers: How to help manufacturing workers access care



Tearing down barriers: How to help manufacturing workers access care

The previous case study demonstrates that investing in effective mental health care improves employee productivity, which in turn, helps company performance. But before a company can realize the cost benefits of improved mental health, employees must first engage with and adhere to evidence-based care. Companies can help their employees do so by tearing down the most prevalent barriers to care: socioeconomic disparity, employee schedules, societal stigma, the bias for self-care, and limited access to providers. We highlight three barriers and provide ways companies can help their employees overcome them.

1. Socioeconomic disparity

Some manufacturing workers may not be able to afford traditional face-to-face therapies.

A 2018 survey co-sponsored by the National Council for Behavioral Health reported that 42% of people cite cost and poor insurance coverage as key barriers to accessing mental health care.

Potential solution

Companies can lessen this financial barrier and help employees across income levels access care by increasing the number of covered EAP therapy sessions, offering free counseling (such as what Amazon did), bringing mental health services onsite, or offering an effective digital alternative at no cost to the employee.

2. Employee roles and schedules

Traditional, face-to-face talk therapies require scheduling that doesn't universally align with workplace or personal availability.

Potential solution

Companies should consider offering fully digital, self-paced tools that employees can access from anywhere, at any time – for example, Sleepio and Daylight. In addition, companies can update policies to give employees more flexibility to receive care during working hours. For example, companies can provide personal time (separate from vacation time and sick time) that employees can use to receive mental health care.

3. Societal stigma

Many manufacturing workers do not access mental health care because they do not want to risk being viewed as “weak” or “incompetent.”

Potential solution

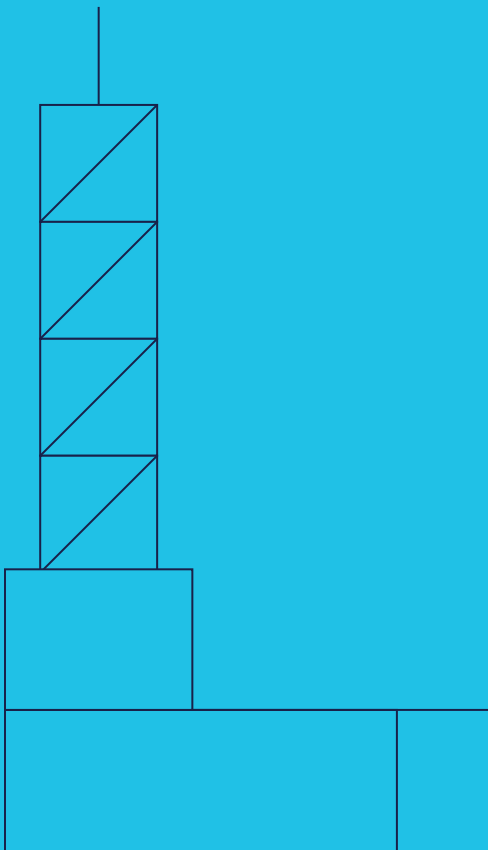
Invest in manager or peer training to help employees build the skills necessary to sensitively and appropriately talk about mental health in the workplace. Because manufacturing employees do not always have access to corporate email, managers serve as an important source of information. Mental health training will not only help employees access care but demonstrates to employees that the company cares about their well-being. Only 29% of manufacturing employees believe that the mental well-being of employees is a big priority for their employer and that the business genuinely cares about the issue.

“While companies may not immediately see a return, based on our research, they are likely to see a positive return over time as the program matures. This makes sense considering that improvements to individuals’ mental health can take time, and there may be a lag before investments translate into improvements to productivity.”

Deloitte, 2019

04

Patience is key:
Seeing the cost benefit
of improved mental
health takes time



Patience is key: Seeing the cost benefit of improved mental health takes time

On average, it can take 12–24 months for companies to see the financial impact of mental health initiatives on broad outcomes such as productivity or health care costs. That’s because actually improving employee mental health is the foundation upon which realizing cost savings is possible. And doing so is only achievable by implementing safe, effective, and evidence-based mental health solutions. While 12–24 months may seem like a long time, in comparison to other wellness programs, it’s fairly immediate. For example, the impact of employee cholesterol programs can take decades to realize.

Plus, there is recent evidence that mental health interventions can be cost effective in as little as six months. A health economics study comparing various sleep interventions across 100,000 people, found that Sleepio – a self-help tool featuring cognitive and behavioral techniques – had a positive net monetary benefit of **\$681.06 per individual** over a **six-month period**.

As the evidence presented in this paper makes clear, manufacturing companies that opt to develop and implement high-quality, research-backed, accessible mental health benefits will improve employee well-being and see a financial return in increased employee satisfaction, higher worker productivity, lower health care costs, and better overall company performance.

“When people do not have access to mental health services, their employers can expect to spend as much as 300% more on health care. It’s actually more expensive for companies to do nothing than it is to invest in good mental health.”

**Dr. Jenna Carl,
Vice President of Clinical Development
and Medical Affairs at Big Health**

About Big Health

Big Health's mission is to help millions back to good mental health with evidence-based digital therapeutics for the most prevalent mental health issues. Big Health is charting the future of digital medicine by providing an inclusive, scalable, and affordable approach based on industry-leading peer-reviewed research and randomized control trials. By seamlessly integrating across the care pathway, from member engagement to billing via pharmacy benefit managers, Big Health simplifies adoption for both payers and patients, improving access to mental health care.

Big Health

For more information, please visit
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