

Why HR's Work to Improve Employee Mental Health Is Failing

HR Executive | Dawn Kawamoto | February 21, 2024

Employers are noticing a troubling disconnect when it comes to employee wellbeing: Despite their increased investments in mental wellness since 2020, the mental health of the workforce continues to deteriorate.

Soon after the COVID-19 pandemic began, employers rushed in to help struggling employees by expanding their behavioral health offerings in a variety of ways. And they've kept it up. This year, a stunning 91% of employers expect to invest more in employee mental health than they did in 2023, according to a survey by the employee wellness platform Wellable. The organization polled insurance brokers with clients that employ 250 to more than 1,000 employees.

The efforts are well-founded and built on largely steadily increasing investments since 2019, when 55% of employers expected to spend more on mental health than the previous year, Wellable's data shows. However, mental health challenges among employees are persisting: Nearly two-thirds (64%) of U.S. workers struggle with their mental health, and most of those employees (91%) feel less productive at work as a result, according to a 2023 survey of 1,600 workers and HR leaders by One Medical.

Experts say that one major factor explains why more robust mental health offerings aren't improving employee mental health: cost. Because the vast majority of mental healthcare providers don't accept insurance, employees either must pay the extremely high cost of out-of-network care—an average of \$500 for an initial consultation, with follow-up sessions ranging from \$80-\$250 each—or go without care, according to a report by Thervo, a professional services company.

"Cost has always been a barrier to care for a lot of workers. Insurance essentially gives them access to care," says Paul Fronstin, director of health benefits research at the Employee Benefit Research Institute (EBRI). "[When] they need to go out-of-network for care, the cost may prevent them from seeking the care they need."

And that can deteriorate mental wellbeing, he says.

"I don't think a lot of corporations understand that there is a fair percentage of behavioral mental health counselors who don't accept insurance," adds Haeli Harris, a licensed marriage and family therapist and also director of clinical operations at employee mental health platform provider Nivati. Harris will present a session titled "Preparing managers to talk about mental health" at HRE's upcoming Evaluate People, Ignite Change (EPIC) conference in Las Vegas.

For example, less than half (43%) of psychiatrists and only 19% of mid-level practitioners like counselors or social workers participate in insurance networks, according to a 2022 report by the Center for American Progress. This is likely contributing to the fact that 39% of American adults say they can't afford—and therefore go without—care for such common conditions as depression and anxiety, according to the American Psychological Association.

Employers may think they are providing good mental health insurance to their workforce, but if an employee can't find a provider who will accept their insurance, the benefit lacks value, says Nicole Rapfogel, a policy analyst for health at the Center for American Progress.

She notes that employer-sponsored insurance covers a wide range of income levels, from executives who likely can afford out-of-network care to factory workers who probably can't. "They either figure out a way to pay for out-of-network care, or they can't get the care," she says.

Although some employees may tell their employers about the struggles they face in obtaining affordable mental healthcare, many do not, experts say. Because insurance companies often lack transparency in the way they work with employers, Rapfogel says, business leaders may not have easy access to important information—such as how mental health claims are processed and what percentage fall into out-of-network versus in-network—that could help them revamp their approach to employee wellness.

Insurance: the biggest obstacle to effective mental health benefits

Solving the problem of expensive mental healthcare is challenging for employers for several reasons, experts say—primarily because of the complex insurance landscape.

Insurance companies pay mental health providers at a far lower rate than other medical providers. Psychiatrists, for example, are paid at a rate that is 27% lower than primary care physicians—and the gap is even wider for mid-level practitioners, according to the Center for American Progress report.

"Payments provided in-network to mental health providers are very, very low, especially when compared to their private pay rates," says Rapfogel. "That's why they don't want to accept insurance. In some cases, they can't. It's not enough to keep the lights on."

Additionally, 47% of the U.S. population lives in areas where mental health professionals are in short supply, according to a report by Psychology Today. As a result, such professionals have more than enough patients who can pay out-of-network rates, meaning they don't need to accept insurance, Rapfogel notes.

Nivati's Harris says that mental health providers are also required to file a fair amount of paperwork to insurance companies and can be subject to payment delays of up to a month or more. These issues can deter providers from accepting in-network insurance reimbursements, experts say.

How to improve mental health benefits

Despite these challenges, experts say there are several ways employers can reduce out-of-network costs for employees, thereby improving access to mental healthcare.

When negotiating a contract with an insurance company, request data on the number of out-of-network mental health claims and compare that to the in-network claims made to the company. That can reveal the robustness of an insurance company's behavioral health provider network, says Rapfogel.

Harris says employers also can offer stipends or other monetary support like a lifestyle spending account that employees can apply toward out-of-network behavioral health providers. Also, Flexible Spending Accounts and Health Savings Accounts can help cover the unreimbursed out-of-network costs.

Many employers are also tapping into digital mental health platforms, which have in-house mental health clinicians, says Julie Stich, vice president of content for the International Foundation of Employee Benefit Plans. Employers contract with the digital mental health platform provider, which avoids out-of-network issues, experts say. Contracting with such platforms can also help address the "widespread problem" of "ghost networks," which Rapfogel explains exist when providers are listed in-network but tend not to accept new patients or serve common areas where employees live.

"I think it's important to look for different ways to provide that proactive care—where we're looking at, How do we help an employee learn to take care of their mental health?" Harris says. "Unfortunately, it's things that we really have never been taught."