THE CARTER CENTER

An Employer's Toolkit: Championing Employee Mental Health and Substance Use Treatment Insurance Coverage

Part 2: The Return on Your Parity Investment

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The Impact of Employee Health on Business Outcomes

Successful business leaders—from those who are guiding small businesses to the largest of companies—are investing in employee overall health and well-being. These leaders know that maintaining a healthier workforce leads to:

• Lower overall medical costs

• Increased productivity

• Decreased absenteeism

• Fewer disruptions to operations

• Lower costs related to temporary staffing and recruitment

Companies that prioritize employee health retain talent better and have a competitive advantage in the job market.[1] That is why nine out of 10 employers now prioritize attracting and retaining employees and the role of health and well-being benefits.[2]

Figure 1. Research indicates that every $1 invested in treatment for common mental health conditions yields a $4 return in improved health and productivity.

Mental Health Access is a High-Yield Investment

Mental health is a critical component of overall health. Successful employee health and well-being initiatives include targeted initiatives to support employee mental health. Mental health conditions such as depression and anxiety are increasing nationwide. Half of U.S. workers report moderate to severe levels of burnout, depression, or anxiety, and in a recent survey, 90% of employees reported at least minor levels of one mental health challenge.[3]

As mental health challenges become increasingly common, their impact on workforce stability and performance is impossible for employers to ignore. Making employee mental health a priority makes good business sense for employers (Figure 1), including:

• **Better recruitment and retention.** In a recent survey, 81% of workers said they would look in the future for workplaces that support mental health.[4]

• **Greater productivity.** Depression alone is estimated to cause 200 million lost workdays in the U.S. each year, costing employers between $17 billion and $44 billion.[5]

1 Tran, C. (2025). Workforce Investments for a Robust Health Ecosystem. nga.org/news/commentary/workforce-investments-for-a-robust-health-ecosystem/

2 National Alliance of Healthcare Purchaser Coalitions (2024). Pulse of the Purchaser 2024 Survey Results. nationalalliancehealth.org/resources/pulse-of-the-purchaser-2024-survey-results/

3 Mind Share Partners (2025). 2025 Mental Health at Work Report. mindsharepartners.org/2025-mental-health-at-work-report

4 American Psychological Association (2022). Workers appreciate and seek mental health support in the workplace. apa.org/pubs/reports/work-well-being/2022-mental-health-support

5 American Psychiatric Association Foundation Center for Workplace Mental Health (2021). Fair Insurance Coverage for Mental Health and Substance Use Disorder Care. workplacementalhealth.org/Parity

- **Cost savings over time.** Employees with depression who do not receive treatment miss an average of 31.4 days of work per year and lose another 27.9 in lost productivity. As an example, a business with 100 employees in the South would spend $158,993 in replacement costs per year for depression-related absenteeism and presenteeism (unproductivity) alone. Use this calculator to estimate the cost savings for your company of ensuring that employees experiencing depression get access to effective care: workplacementalhealth.org/Making-The-Business-Case/Depression-Calculator/.[6]

Calculate Your Mental Health ROI

The Mental Health ROI Calculator by the Meharry School of Global Health shows how workplace wellness programs that support employee mental health – through prevention, early intervention, and access to care – create savings in healthcare, absenteeism, presenteeism, and turnover costs. mentalhealthroi.org/[8]

Research shows that every $1 invested in treatment for common mental health conditions yields a $4 return in improved health and productivity. This return is realized through reduced absenteeism, improved productivity, and lower downstream medical costs.[7]

The return on investment from employer-sponsored mental health benefits depends not just on offering coverage, but also on ensuring that employees can actually use their coverage.

How Access – and Parity – Unlocks Return on Investment (ROI)

It is critical for employers to adopt a comprehensive, proactive strategy to improve employees' mental health and well-being. This strategy should include implementing policies to reduce stigma, creating a culture where people feel safe to seek care; starting peer support programs and employee resource groups for mental health; ensuring flexible leave policies; providing staff training on mental health topics; and offering employee assistance programs. Also, employers need to ensure that their employees are getting mental health treatment and support through their healthcare coverage.

To realize the greatest return on investing time, effort, and resources into an employee mental health and well-being strategy, it should focus on employee access to affordable, timely, preventative behavioral healthcare and treatment. Treatment for the most common types of mental health and substance use conditions is impactful and cost-effective. When people who are experiencing these conditions have access to the care they need, they can remain productive and resilient. But many people, including those with employer-sponsored health insurance, are not accessing needed behavioral healthcare because of the barriers they face, such as unfair out-of-pocket costs, delays, and denials.

Behavioral health parity means that mental health and substance use condition benefits must be covered on par with physical health benefits, including cost-sharing, prior authorization, and network access. Federal and state laws and regulations require parity in most health plans, and employers, as plan sponsors, have a fiduciary responsibility to ensure compliance. In addition to this responsibility, business leaders are leveraging the principle of parity to fully realize the return on investment in employee health insurance benefits. When health plans are compliant with parity laws, employees can better access the care they need to continue being high-achieving and productive.

When employers purchase insurance benefits, they are counting on their employees being able to get the behavioral healthcare they need covered by their plan. But research shows that many people with employer-sponsored health insurance experience barriers to coverage that make them less likely to access care. For example, employees often are forced to use out-of-network providers and face the financial burden of higher co-pays and deductibles when they

6 American Psychiatric Association Foundation Center for Workplace Mental Health (2021). The Depression Calculator for Employers. workplacementalhealth.org/Making-The-Business-Case/Depression-Calculator/

7 World Health Organization (2016). Investing in treatment for depression and anxiety leads to fourfold return. who.int/news/item/13-04-2016-investing-in-treatment-for-depression-and-anxiety-leads-to-fourfold-return

8 Meharry School of Global Health (2026). Mental Health ROI Calculator. mentalhealthroi.org/

seek behavioral health treatment. In one study, 39% of patients in employer-sponsored health plans used at least one out-of-network mental health or substance use provider for outpatient care, compared with 15% for physical health providers. Also, 80% of patients in employer-sponsored health plans who received outpatient care from at least one out-of-network mental health or substance use provider said they went to out-of-network providers "all of the time," compared with just 6% of patients who said the same for physical healthcare.[10]

> **Access: A Priority Among Business Leaders**
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> **Among employers, 79% said that access was one of their top three mental health priorities for 2025. To address issues of access and cost, employers continue to pursue strategies such as eliminating out-of-network barriers.**[9]

This reliance on out-of-network care drives higher costs for both employees and employers while delaying effective treatment. When employees are not able to access timely, in-network mental healthcare, total care costs grow over time due to unmanaged conditions, emergency room visits, leaves of absence, disability claims, and lost productivity. Mental distress also affects day-to-day workplace performance, contributing to impaired focus and decision-making, increased errors and incidents, as well as "presenteeism"—when employees continue working while unwell, which can impact productivity even more than absenteeism.[11]

In addition, mental health conditions frequently occur alongside common chronic medical illnesses like diabetes, asthma, and heart conditions. For example, poor mental health is a significant risk factor for cardiovascular disease, the leading cause of death in the U.S., and mental health challenges can negatively affect the ongoing management of diabetes.[12] As a result, effective mental health treatment often is a critical lever for improving overall health outcomes and reducing physical healthcare costs over time.

How to Ensure Parity Compliance

Implementing a well-designed strategy to ensure parity in employer health plans involves identifying challenges employees face in getting access to needed mental health treatment, choosing the best health plans to support employee needs, analyzing health plan data regularly, and holding insurance companies accountable.[13]

Employers should ensure that their health plan provider or third-party administrator is complying with state and federal parity requirements. Prioritizing parity requires employers to demand enhanced transparency and access to data from insurance companies and to take proactive steps to hold them accountable for employee access to timely and affordable care.

Relevant data to analyze for parity gaps include both quantitative financial and treatment limitations (co-pays/co-insurance, visit limits) and nonquantitative treatment limitations (preauthorization requirements, network sufficiency). These data points help employers identify where parity gaps are driving higher costs and delayed care. Examples include:

- Denial rates for behavioral health services versus medical/surgical services.
- In-network reimbursement rates for behavioral health providers versus medical/surgical services.
- The use of out-of-network providers for behavioral healthcare versus medical/surgical care.

High denial rates lead to delayed care and higher downstream health plan costs, and out-of-network visits lead to higher out-of-pocket costs and financial stress for employees.

9 Business Group on Health. 2025 Employer Health Care Strategy Survey. August 2024. Available at: businessgrouphealth.org/resources/2025-Employer-Health-Care-Strategy-Survey-Intro

10 National Association for Behavioral Healthcare (2023). Bowman Family Foundation Report: Equitable Access to Mental Health and Substance Use Care. nabh.org/bowman-family-study-on-access-to-behavioral-healthcare/

11 National Safety Council. Mental Health: The Hidden Risk in the Workplace. (n.d.). nsc.org/workplace/safety-topics/employee-mental-health

12 Dawes, D.; Bhatt, J.; Dunlap, N.; Amador, C.; Gebreyes, K.; Rush, B.; Westfall, J.; Fendrich, M.; Davis, A.; Fakeye, M.K.; Philip, C.; Wade, N.; Hernandez, D.; and Dhar, A. (2024). The Projected Costs and Economic Impact of Mental Health Inequities in the United States. meharryglobal.org/wp-content/uploads/2024/05/DI_CHS_Cost-of-MH-inequities.pdf

13 National Alliance of Healthcare Purchaser Coalitions (2024). Mental Health Initiative Guidebook. Employer Mental Health Strategies: An Essential Investment. nationalalliancehealth.org/resources/employer-mental-health-strategies-an-essential-investment/

Potential Gap in Providers

In a recent survey, 99% of employers agreed that effective and timely access to in-network behavioral health providers is important, but only 34% agreed that their health plan's behavioral health directories accurately reflect the providers available to plan participants.[14]

Parity Success Stories

Many real-world examples show the effectiveness of prioritizing mental health support and communication while also raising awareness of available benefits. For a few examples, see this 2025 report from One Mind at Work[18]**: onemind.org/publications/mental-health-at-work-index-reports/new-data-reveal-the-critical-importance-of-mental-health-leadership-at-all-levels/**

A majority of employers state that their health plan vendor or third-party administrator providing appropriate reports to support plan sponsor compliance with mental health parity is "very important" to them.[15] Taking ownership of health plan relationships is key to lowering costs, and more than seven in 10 employers either have established vendor accountability as a key strategy or are considering doing so. About 80% of employers are ensuring that mental health services comply with mental health parity requirements.[16]

In addition to working to ensure parity in health plans, it is important to regularly provide information about available mental health-related employee benefits so that people are more likely to access them. When employers ensure that health plans provide affordable access to behavioral healthcare – and make communication of plan benefits a priority – they empower employees to address issues and remain productive and effective team members.[17]

By ensuring parity in their health plans, employers know they can maintain a healthier workforce and culture while also seeing lower overall costs, higher retention rates, and lower absenteeism. These incentives, in addition to the need to meet fiduciary responsibilities, are the impetus for many companies to implement innovative practices to support employee health. In designing benefits to attract and retain talent, these companies are prioritizing parity as an essential business strategy.

Take Your First Steps Now

Employers know that ensuring parity compliance is a smart strategy to meet their obligations, align with responsible business practices, and create cost savings. Here are a few critical first steps:

- **Learn more** about the important role employers play in ensuring parity in employee health plans, and read tips for engaging with health insurance companies, in Part I of this toolkit. (Visit the Georgia Parity Collaborative website: georgiamentalhealth.com.)
- **Use the action plan** in Part 1 of this toolkit to gather a team of all the right leaders – from CEO to employee leaders – to organize your activities and goals and set a target timeline.
- **Prioritize ongoing communication** about behavioral health support in your workplace and continue to raise awareness of available benefits.
- **Share this toolkit** with your peers in business leadership, spreading the message that parity is one of the most effective ways they can protect their investment in employee health while meeting their fiduciary responsibilities.

Thank you for being a champion for parity!

14 National Alliance of Healthcare Purchaser Coalitions (2023). Mental Healthcare Access and Quality Critical but Lacking per National Alliance and HR Policy Association Employer Survey. nationalalliancehealth.org/news/voice-purchaser-survey/

15 National Alliance of Healthcare Purchaser Coalitions (2023). Mental Healthcare Access and Quality Critical but Lacking per National Alliance and HR Policy Association Employer Survey. nationalalliancehealth.org/news/voice-purchaser-survey/

16 National Alliance of Healthcare Purchaser Coalitions. (2025). Pulse of the Purchaser 2025 Survey Results. nationalalliancehealth.org/resources/pulse-of-the-purchaser-2025-survey-results/

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18 One Mind at Work. (2025). New Data Reveals the Critical Importance of Mental Health Leadership at All Levels – Mental Health at Work Index: 2025 Annual Report. onemind.org/publications/mental-health-at-work-index-reports/new-data-reveal-the-critical-importance-of-mental-health-leadership-at-all-levels/

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