



Hitting Bottom and the Bottom Line

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by

SHERYL RICH-KERN

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Joe Smith (a pseudonym) never had a problem with alcohol until he was 45 years old. A child of alcoholics, he avoided liquor, understanding all too well how a casual martini could lead to an addiction.

And no one—not his colleagues, his family or friends—would suspect that Smith, a husband, a father of three, and a respected executive in NH overseeing a hundred employees in the financial services industry, would in mid-life come to rely on an insidious crutch to beat daily stress. But when Smith began attending regional meetings in New York, he drank socially. “Then, it turned into a problem over time,” he recalls. “The last five years at the company, I was drinking a lot. Toward the end, every day, all day.”

In 2006, he underwent open-heart surgery, but even an operation to save his life didn’t serve as a wake-up call to halt his addiction. But in time, he says, “It got to the point where I felt I needed to change, so I quit the job.”

Smith was out of work for a year before finding another position. But once again, his drinking led him to resign. In 2008, he entered the outpatient rehabilitation program at Concord Hospital and began attending Alcoholics Anonymous meetings. It would be another year before Smith would work again as a self-employed financial services professional. "I haven't had a drink in four years," he says.

His story sheds light on a little-known fact: The Granite State has some of the highest rates of drug and alcohol dependence in the country, according to the federal Substance Abuse and Mental Health Services Administration. That has huge implications for businesses given that employees who abuse drugs and alcohol cost their employer \$6,600 per year due to high absenteeism, poor job performance, accidents, workers comp and frequently changing jobs, according to research from the U.S. Navy and the National Institute on Drug Abuse.

Getting Wasted/Wasting Money

Employees with drinking problems work less, produce less and earn less, resulting in worker productivity loss in NH alone of \$756.5 million. That accounts for two-thirds of the overall \$1.15 billion burden drinking problems create in the Granite State, according to research by Economist Brian Gottlob of PolEcon Research in Dover.



Gottlob studied the effect problem drinking has on the NH economy, which includes binge, underage or heavy drinking and drinking by pregnant women. New Futures, a NH-based substance abuse prevention advocacy agency, commissioned the report. "I don't think the business community has a sense of the overall impact," says Gottlob. "The difficulty of this is alcohol is the most socially acceptable activity that is also potentially an addictive behavior."

While most of Corporate America no longer resembles the work world of the TV hit *Mad Men*, where people drink openly in the office, alcohol abuse still hits workplaces hard. National studies have long documented the costs of excessive alcohol consumption when it comes to health care, public safety and other government services. A report produced by the U.S. Centers for Disease Control and Prevention in 2012 (based on 2006 data) calculated the expense at \$223.5 billion, of which 72 percent correlated to diminished workplace productivity.

Gottlob says he applied the characteristics of NH's industries and demographics to these large national surveys to measure economic impact for

the Granite State. Because of insufficient surveys of women who drink excessively, the report only studied men ages 18 to 64. After crunching the numbers, Gottlob says he was “surprised at the overall magnitude.” Alcohol dependency reduced the labor force in 2011 by 1.2 percent, costing the economy millions in lost earnings.

There are still many who are working while under the influence, slackening their pace, or cutting down the hours they need to get their jobs done. In fact, there are more than 54,000 workers with alcohol dependency or abuse problems, according to the PolEcon report, and they cost NH businesses \$27 million due to absenteeism.

Employees who binge drink or are addicted to alcohol collectively downsize their earnings by \$325.6 million annually, with a median earning reduction of \$4,878. And if alcohol-dependent workers earn less, Gottlob argues that the “businesses who employ them are less productive and earn less as a result.”

When tens of thousands of individuals are operating lower than their peak levels, and earning less, “it’s a waste of human capital,” says Gottlob, especially in an era of slow population growth.

Testing for Substance Abuse

The PolEcon report states manufacturing is second only to retail in NH for loss of industry output from alcohol-attributable absenteeism. And all too often, people who drink too much also abuse prescription or illegal drugs.

Eptam Plastics in Northfield runs a three-shift operation in a 60,000-square-foot factory floor to machine plastic components for the aerospace, defense, medical and semiconductor industries. The company has 120 employees. When new employees come on board, they have a 90-day probationary period to prove they have the skills to do the job. For 10 years Eptam has done preemployment testing, but it added random drug testing for current employees in 2009. “It’s high precision work that other people can’t do or don’t want to do,” says President Jeff Hollinger. “We need people paying attention.” When employees don’t work out, the company loses its investment in time and training. “Once people make it through 90 days, our turnover rate is in the low single digits. Is [random drug testing] the only reason, no; is it one of the reasons, yes,” he says.



Kerry Dubois, the company's human resources manager, says the company had the random drug testing on its radar for years before that. The final push came when federal contracts stipulated that Eptam Plastics must test current employees for drugs and alcohol. Dubois says she gave the employees a one-year notice before drafting a new policy, which included a partnership with an employee assistance program (EAP)—MKS Performance Solutions, which has offices in Concord and Exeter.

Eptam randomly tests employees for drugs, and also gives them a standard Breathalyzer test to ensure they're not under the influence of alcohol at work. If employees fail and want to remain on the job, they need to connect with MKS to receive confidential counseling. "We didn't want this to be a program where they were just terminated from employment and then left on their own to try and figure things out," says Dubois.

Eptam Plastics joins a growing number of companies that, despite complaints from civil rights groups, are asking employees to take a drug test—in some cases as a prerequisite for hiring. Hollinger says four employees who tested positive used the company's help to get drug free while two chose not to and left the company. One of those who stayed is Tim Gilson, a 50-year-old machinist who says he started smoking pot at age 13.

Gilson acknowledges he worked on machinery while he was high, but insists he did a good job nonetheless. "I've always been a good problem solver," he says. "But I wasn't the most approachable person." Gilson was suspended for two weeks, and received counseling referrals through the EAP. When he returned to work drug-free, he was surprised at the positive reception. "Even the president came out and said we're behind you 100 percent," he says.

At only \$30 for a basic drug test, Chris Placy, co-owner of MD Testing in Newmarket, says that the screenings save money by reducing lost productivity. According to the National Institute on Drug Abuse, employees who abuse drugs are five times more likely to file a worker's compensation claim and three times more likely to be late for work. Which explains, why, as Placy says, that 95 percent of Fortune 500 companies test for drugs. "If you're not doing drug testing, you will get a higher percentage of abusers in your workplace," he says.

Management Awareness

Drug tests identify who may need help, but often it's the supervisors who detect when alcohol or drug abuse is the source of low productivity. Yet most supervisors don't know how to raise suspicions without alienating good working

relationships. And if the cause is alcohol, drug tests do little to reveal drinking problems.

Many employers will bring in trainers from drug testing companies or EAP firms to instruct managers on how to recognize issues and how to start a conversation. One of the worst things a manager can do, says MKS Senior Partner Stephanie Marshall, is cut the employees some slack if they're hung over.



Marshall recommends a different approach. For example, when managers start to see frequent disappearances, unexplained absences, or sloppy mistakes, they may want to give employees feedback about their poor job performance and encourage them to get help through an EAP resource. “But you don’t diagnose them,” says Marshall. “You refer them to us. You don’t try to deal with it [the hangover, the alcohol abuse] in the workplace.”

Changing Attitudes and Policies

Even if employers are more aware, it can be hard to secure help for someone with a serious drug problem, says Marshall, because not as many treatment centers are available as in the past. This is because many centers closed their doors due to inadequate reimbursement rates. In addition, says Marshall, some health insurance companies restrict coverage by dollars or length of time, as they might with any benefits relating to chronic illnesses.

And then again, not all employees have health insurance, particularly those in low-paying or part-time jobs, further diminishing their access to treatment programs. As the PolEcon report shows, Texas is the only state in the country where those needing substance abuse treatment (primarily for alcohol) are less likely to receive it than in NH. “Our state has the capacity to treat between 4 to 6 percent of those who need some form of clinical intervention,” says Tim Rourke, director of program and substance use disorders grantmaking at the NH Charitable Foundation, a Concord-based nonprofit.

While the landscape for addiction treatment is grim, it could turn a corner after January 2014, when the Affordable Care Act (ACA) kicks in and requires health insurance companies to treat substance abuse as a chronic illness.

But while the ACA allows more people to receive help, it won't necessarily lower the rates of addiction, says Rourke.

Rourke emphasizes that New Hampshire needs more prevention services, whether through schools, community coalitions or workplace wellness programs. "Very often, business is a place where that can happen," says Rourke, especially when communicating to parents of kids and teens. But businesses can't create good substance abuse prevention strategies without a partner; they need to strengthen their messaging with the support of publicly funded outreach programs.

In 2000, state legislators established the Alcohol Fund to reserve a small percentage of profits from alcohol sales for prevention and treatment services. However, Rourke says, the majority is spent on treatment for the uninsured, and little on prevention. And it has never been fully funded.

Using the original formula, the Alcohol Fund would have reached \$17 million by the 2014-15 biennium. In contrast, the current Legislature set aside \$3 million for treatment, with another \$500,000 for prevention services. To put these dollars in perspective, Rourke says "an effectively financed prevention system alone is around \$11 million."

Direct state sales of alcohol provide the Granite State with the largest source of non-tax revenue in the state, at approximately \$140 million per year. That's why, Rourke argues, liquor revenues should also play a role in preventing as well as restoring the damage alcohol incurs on society, health care and the criminal justice system.

Rourke adds that while individuals who abuse alcohol and drugs see a direct hit to their long-term earnings, the companies who hire them risk lost productivity as well.

"Alcohol treatment and prevention is likely to have a greater long-term economic impact than nearly all other strategies to improve the performance of the New Hampshire economy," Gottlob concludes in his PolEcon report.

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