

On The Job Safety and Injury Prevention vs The Rising Cost Of Workers' Compensation Cost

Reducing injuries and increasing job safety has not only ethical rationale but also cost saving opportunities. One of the key areas businesses should look at is the cost of workplace injuries and illnesses, which are reflected in the cost of workers' compensation insurance.

The average cost of a claim involving an employee who lost time from work was \$30,000 in 2002, according to data gathered by the National Safety Council. In the aggregate, these costs have a big impact on an employer's bottom line. A business with \$100,000 in workers' compensation losses and a 1 percent margin (such as in retail) needs to generate \$10 million in sales to pay its workers' compensation claims.

The U.S. Bureau of Labor Statistics reported that the frequency of occupational injuries and illnesses decreased by 15 percent in the last four years for which data is available. Meanwhile, the number of workers' compensation claims involving more than 30 days away from work rose by the same percentage. So the lower rate of claims is being offset by longer absences with their associated higher costs.

In addition, it has been found that the average workers' compensation medical costs per lost-time claim rose 27 percent in the last four years. The higher costs may be traced to an increased use of medical benefits. The longer employees remain out of work, the more medical services are used to treat workers' compensation injuries. Beyond the direct expenses associated with a claim, employers must absorb costs of training or hiring replacement staff. By some industry estimates, soft costs associated with workers' compensation can range from one to four times the direct costs.

These trends obviously call for action. However before changing existing workers' compensation programs or implementing new strategies. On the job safety analysis and promoting preventive practices as prepositioned medical and safety product along with the correct training will enable the organization to streamline productive operations and focus on keeping and caring for each and every employee. A company's best investment should be to the human assets they possess during a typical workday.

Employers might view their workers' compensation initiatives in terms of pre- and post-loss programs. A critical aspect of the pre-loss program is for employers to obtain senior management's support to create and reinforce a strong safety culture.

An emphasis on employee education and management accountability can lead to more effective efforts to identify and mitigate workplace exposures and hazards, thus preventing accidents and injuries before they occur. These activities can run the gamut from conducting ergonomic interventions to management providing reinforcement in support of safe work practices.