



RISK MANAGEMENT

Five Steps to Controlling Workers' Comp Costs

Looking to gain better control over your rising workers' compensation costs for your wholesale or retail operation? If so, it's time to shift your focus from solely trying to minimize lost-workday incidence to a more holistic approach. Having a sound safety program designed to continuously improve can yield significant savings by reducing injuries and illnesses over the long run – saving workers' compensation dollars and protecting your bottom line.

The Five Steps

You can control workers' compensation costs with five steps designed to create a well-rounded safety program that produces a safer job site, achieves OSHA compliance and reduces accidents.

1. Develop safety programs required by the OSHA standards.
2. Integrate those programs into the daily operations.
3. Investigate all injuries and illnesses.
4. Provide training to develop safety competence in all employees.
5. Audit your programs and your worksite on a regular basis to stimulate continuous improvement.

1. Establish Compliance Standards

In addition to being a requirement for those in the construction industry, OSHA standards provide a good pathway to incident reductions. A good number of accidents stem from poorly developed, poorly trained or poorly implemented OSHA programs: improper lifting techniques resulting in back strains, preventable mishaps due to insufficient and messy or unsafe clearances for handling equipment in aisles, at loading docks, through doorways and around turns are just a few examples.

OSHA construction standards require written programs be developed and then communicated to workers. Experience shows that companies with thoroughly developed, OSHA-compliant programs have fewer accidents, more productive employees and lower workers' compensation costs.

2. Integrate Programs into Daily Operations

Policies alone won't get results; the program must move from paper to practice to impact your bottom line. Achieving this requires a strategic plan clearly communicated to workers, good execution and a culture that both inspires and rewards people to do their best.

As with any business initiative, the success of your safety program depends on putting supervisors in the best position to succeed. If your frontline supervisors understand the program and are motivated to make it work, the program succeeds; if not, the program is an endless drain on resources and energies. Providing supervisors with knowledge and skills through training is critical to the success of any program.

A solid OSHA program, integrated into the daily operation and led by competent supervisors, is just the beginning. Successful safety programs focus on being proactive instead of reactive. Accident investigations provide an excellent source of information on real or potential issues present in the workplace.

3. Accident Investigations

Accident investigations provide an excellent source of information on real or potential issues present on the job site. Since workers' compensation covers a worker's wages for injuries or illnesses that arise from or out of the course of employment, increasing claims drive up workers' compensation costs. To reduce costs, you must reduce accidents. And the ability to reduce accidents is significantly enhanced when they are fully investigated instead of simply being reported.

Accident reports are historical records only citing facts, while accident investigations go deeper to find the root cause and make improvements. To stop rising workers' compensation costs, you must have an effective accident investigation process that flushes out the root cause of the problem. Unless the root cause is discovered, recommendations for improvement will remain fruitless. Again, training proves beneficial because a site supervisor skilled in incident analysis is a better problem solver for all types of issues, not just safety.

All accidents should be investigated to find out what went wrong and why. Some may suggest investigating every accident is a bit over the top and only those that incur significant costs are worthy of scrutiny. But ask yourself this question: If your emphasis is only on those incidents that have to be recorded on the OSHA 300 log, why would you close your eyes to the biggest accident category: first aid-only incidents? Many firms focus solely on recordables or lost time accidents because of the significant costs

involved, but they don't realize that the small costs and high numbers of first aid-only incidents really add up.

Statistics show that for every 100 accidents, 10 will be recordable and one a lost-time incident. If you investigate only recordables or lost time accidents, 89 go unnoticed. Reducing serious accidents means you must reduce your overall rate of all accidents – including first aid-only incidents. That only happens when every incident is fully investigated to find the root cause, and corrective actions are identified and integrated into daily job tasks.

4. Training

The fourth step focuses on training, which plays a significant role in safety and in reducing workers' compensation costs. The goal of training is to develop competent people who have the knowledge, skill and understanding to perform assigned job responsibilities. Competence, more than anything else, will drive costs down. Site supervisors must have the knowledge and ability to integrate programs into each job on the job site so that employees know what is expected of them.

5. Continuous Improvement

The final step is auditing your safety program for continuous improvement. Once the programs are developed and implemented, they must be reviewed on a regular basis to make sure they are still relevant and effective. This might require a significant change in how you manage your safety program, but if your workers' compensation rates are high, it may be time to make this leap.

Safety Makes Good Sense

1. Studies indicate there is a return on investment and that firms see direct bottom-line benefits with a properly designed, implemented and integrated safety program.
2. A competency-based safety program is compliant with OSHA construction requirements and therefore reduces the threat of OSHA fines.
3. A competency-based safety program lowers accidents, and fewer accidents lower workers' compensation costs. When incidents do occur, a competency-based safety program fully evaluates the issue and finds the root cause to prevent reoccurrence and provides a job site that is free from recognized hazards.
4. A safer job site creates better morale and improves employee retention. Auditing keeps your programs fresh and effective, and drives continuous improvement.
5. A competency-based program produces people who are fully engaged in every aspect of their job.