The Cost of Safety and Employee Wellness
Agenda

Direct versus Indirect Safety Expenses

Calculating Incident Costs

Budgeting for Safety

Average Cost of Safety

Employee Wellness Programs
Why the Concern?

- Workers’ Comp Costs
- Medical Costs
- Absenteeism
- Presenteeism
- Employee Turnover
- Loss of Productivity
- Quality
- Schedule Delays
- Training
- Legal Fees
- Employee Morale
- Lost Contracts
Executive Motivators

1. Workers’ compensation costs 59%
2. Right thing to do 51%
3. Increases profitability 33%
4. It’s the law 31%
5. Too many accidents 29%
6. Employee morale 26%
7. Productivity 23%
8. OSHA fines 20%
Billion Dollar Question

Does safety improve a company’s bottom line?
Direct Safety Costs

Workers’ Comp Costs

Medical Costs

Indemnity Payments

Salaries
Indirect Safety Costs

- Absenteeism
- Presenteeism
- Employee Turnover
- Productivity Concerns
- Community Perception

- Quality
- Schedule Delays
- Employee Morale
- Lost Contracts
Question

Is safety a fixed budget?
3 Easy Steps for Calculating the Impact of a Loss
Step 1: Calculating Direct Costs

Medical costs + Indemnity Payments = Direct Cost
Step 2: Calculating Indirect Costs

Direct Cost

\[ \times \]

Cost Multiplier

= Indirect Cost
Cost Multipliers

If your direct cost is:

Use this cost multiplier:

$0 – $2,999

4.5

$3,000 - $4,999

1.6

$5,000 - $9,999

1.2

10,000 or more

1.1
Step 3: Calculating Total Cost

Direct Cost + Indirect Cost = Total Cost
https://www.osha.gov/dcsp/smallbusiness/safetypays/estimator.html

**OSHA's Safety Pays Program**

Estimated Costs of Occupational Injuries and Illnesses and Estimated Impact on a Company's Profitability Worksheet

Employers can use the “Safety Pays” to assess the impact of occupational injuries and illnesses on their profitability. This program uses a company's profit margin, the average costs of an injury or illness, and an indirect cost multiplier to project the amount of sales a company would need to generate to cover those costs. The program is intended as a tool to raise awareness of how occupational injuries and illnesses can impact a company's profitability, not to provide a detailed analysis of a particular company's occupational injury and illness costs. Your local OSHA On-site Consultation Office can help small businesses identify workplace hazards and develop and implement an effective injury and illness prevention program.

### Direct Costs

1. Select an injury type from the drop-down menu OR enter the total workers' compensation costs.
2. Enter the profit margin (leave blank to use default of 3%).
3. Enter the number of injuries (leave blank to use default of one).
4. Select “Add/Calculate” to compute the total direct and indirect costs.
5. Repeat the step to add additional injuries to the list.

**Injury Type**

| or |
| Workmen’s Compensation Costs (annual sum of costs) |

**Enter Profit Margin (%)** (leave blank to use default of 3%)

**Enter Number of Injuries** (leave blank to use default of one)

[Add/Calculate] [Clear]

### Estimated Total Cost

The extent to which the employer pays the direct costs depends on the nature of the employer's workers' compensation insurance policy. The employer always pays the indirect costs.

<table>
<thead>
<tr>
<th>Injury Type</th>
<th>Instances</th>
<th>Direct Cost</th>
<th>Indirect Cost</th>
<th>Total Cost</th>
<th>Additional Sale (Indirect)</th>
<th>Additional Sale (Total)</th>
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### Totals

**Estimated Direct Costs:**

**Estimated Indirect Costs:**
The extent to which the employer pays the direct costs depends on the nature of the employer’s workers’ compensation insurance policy. The employer always pays the indirect costs.

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<tbody>
<tr>
<td>Laceration</td>
<td>1</td>
<td>$19,059</td>
<td>$20,964</td>
<td>$40,023</td>
<td>$698,830</td>
<td>$1,334,100</td>
</tr>
</tbody>
</table>

**Totals**

- **Estimated Direct Costs:** $19,059
- **Estimated Indirect Costs:** $20,964
- **Combined Total (Direct and Indirect Costs):** $40,023
- **Sales To Cover Indirect Costs:** $698,830
- **Sales To Cover Total Costs:** $1,334,100
## Estimated Total Cost

The extent to which the employer pays the direct costs depends on the nature of the employer’s workers’ compensation insurance policy. The employer always pays the indirect costs.

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<td>$40,023</td>
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</tr>
<tr>
<td>Infection</td>
<td>1</td>
<td>$22,915</td>
<td>$25,206</td>
<td>$48,121</td>
<td>$840,216</td>
<td>$1,604,033</td>
</tr>
</tbody>
</table>

## Totals

- **Estimated Direct Costs:** $41,974
- **Estimated Indirect Costs:** $46,170
- **Combined Total (Direct and Indirect Costs):** $88,144
- **Sales To Cover Indirect Costs:** $1,539,046
- **Sales To Cover Total Costs:** $2,038,133
## Estimated Total Cost

The extent to which the employer pays the direct costs depends on the nature of the employer’s workers’ compensation insurance policy. The employer always pays the indirect costs.

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<tbody>
<tr>
<td>Electric Shock</td>
<td>1</td>
<td>$86,528</td>
<td>$95,180</td>
<td>$181,708</td>
<td>$3,172,693</td>
<td>$6,056,933</td>
</tr>
</tbody>
</table>

## Totals

- **Estimated Direct Costs:** $86,528
- **Estimated Indirect Costs:** $95,180
- **Combined Total (Direct and Indirect Costs):** $181,708
- **Sales To Cover Indirect Costs:** $3,172,693
- **Sales To Cover Total Costs:** $6,056,933
## Estimated Total Cost

The extent to which the employer pays the direct costs depends on the nature of the employer’s workers’ compensation insurance policy. The employer always pays the indirect costs.

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<td>$86,528</td>
<td>$95,180</td>
<td>$181,708</td>
<td></td>
<td>$6,056,933</td>
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<tr>
<td>Burn</td>
<td>1</td>
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<td>$78,516</td>
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<td>$2,617,200</td>
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<tr>
<td>Infection</td>
<td>1</td>
<td>$22,915</td>
<td>$25,206</td>
<td>$48,121</td>
<td></td>
<td>$1,604,033</td>
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<tr>
<td>Amputation</td>
<td>1</td>
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<td>$73,454</td>
<td>$140,231</td>
<td></td>
<td>$4,674,366</td>
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</tbody>
</table>

### Totals

- **Estimated Direct Costs:** $213,609
- **Estimated Indirect Costs:** $234,967
- **Combined Total (Direct and Indirect Costs):** $448,576
- **Sales To Cover Indirect Costs:** $7,832,329
- **Sales To Cover Total Costs:** $14,952,532
Did you Know?

• Claims reported more than 3 days after injury can add:
  ♦ 16% to Medical Costs
  ♦ 38% to Indemnity Costs

• Claims reported more than 12 days after injury can increase the likelihood of Attorney Representation by:
  ♦ 67% for Medical Claims
  ♦ 69% for Indemnity Claims
## Sales required to pay for an accident

<table>
<thead>
<tr>
<th>Profit Margin</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
<th>4%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1000</td>
<td>100,000</td>
<td>50,000</td>
<td>33,000</td>
<td>25,000</td>
<td>20,000</td>
</tr>
<tr>
<td>$5,000</td>
<td>500,000</td>
<td>250,000</td>
<td>167,000</td>
<td>125,000</td>
<td>100,000</td>
</tr>
<tr>
<td>$10,000</td>
<td>1,000,000</td>
<td>500,000</td>
<td>333,000</td>
<td>250,000</td>
<td>200,000</td>
</tr>
<tr>
<td>$25,000</td>
<td>2,500,000</td>
<td>1,250,000</td>
<td>833,000</td>
<td>625,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>
Safety Budgeting

• Planning and Preparing
• Strategic Plan for Safety
• Industrial Hygiene Sampling Strategy
• Internal and External Audits
• MOC
<table>
<thead>
<tr>
<th>1019</th>
<th>Safety Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1200</td>
<td>Professional Dues</td>
</tr>
<tr>
<td>1201</td>
<td>Continuing Education</td>
</tr>
<tr>
<td>1202</td>
<td>Training - External</td>
</tr>
<tr>
<td>1510</td>
<td>Cellular Expenses</td>
</tr>
<tr>
<td>1542</td>
<td>Minor Safety Equipment</td>
</tr>
<tr>
<td>1543</td>
<td>Training - Employee Wages</td>
</tr>
<tr>
<td>1544</td>
<td>Safety Footwear</td>
</tr>
<tr>
<td>1545</td>
<td>Personal Protective Equipment</td>
</tr>
<tr>
<td>1546</td>
<td>Safety Uniform</td>
</tr>
<tr>
<td>1547</td>
<td>Training - Internal</td>
</tr>
<tr>
<td>1548</td>
<td>Contract Services</td>
</tr>
<tr>
<td>1549</td>
<td>Medical / Hygiene</td>
</tr>
<tr>
<td>1553</td>
<td>Office Supplies</td>
</tr>
<tr>
<td>1628</td>
<td>Mileage</td>
</tr>
<tr>
<td>1632</td>
<td>Subsistence</td>
</tr>
</tbody>
</table>
Selling Loss Prevention – Step 1
Calculating Profit Margin

Total Profit

/ 

Total Sales

= Profit Margin
Organizational Safety Budget

What’s the magic number?
Selling Loss Prevention - Step 2: Calculating the Impact

Total Cost of the Incident / Profit Margin = Additional Sales Needed to Pay for the Incident
Employee Wellness Programs
Employee Wellness Programs

• A comprehensive health program designed to maintain a high level of well being through proper diets, light exercises, stress management and illness prevention.*

* According to Business Dictionary
Employee Wellness Programs

• Establish the significance of the wellness program

• Educate management on the benefits of productivity and the costs of its loss due to illnesses

• Establish steps necessary to implement and maintain a successful wellness program
Employee Wellness Programs

- Establish a method of testing the success of the wellness program

- Assess which wellness programs are best for various work environments
Employee Wellness Programs

- Increase in stress levels
- Increase of workplace diversity
- Expanding work hours
- High health care costs
- Illness prevention
Employee Wellness Programs

• The need for a healthier lifestyle

• Aging Workforce

• Disease and obesity
  - Poor diet and physical inactivity are the second leading cause of death behind smoking
Employee Wellness Programs

Unhealthy Lifestyle Costs

• Can consume upwards of half the company profit
• Cost employees and employers in lost productivity
• Disease, disability and death
Employee Wellness Programs

- Smoking
- Lack of exercise
- Unhealthy eating habits
- Overweight/obesity
- Alcohol and substance abuse
- Stress
Employee Wellness Programs

- Many individuals in the workforce spend more time at work than home – leaving an opportunity to promote healthy habits and to lower business costs

- Reduced workers’ compensation costs

- Increased productivity

- Reduced absenteeism

- Reduced presenteeism
Employee Wellness Programs

- Lower turnover
  - reduced costs recruiting and training new employees

- Reduction in the number of injuries

- Weight reduction

- Enhanced physical fitness
Employee Wellness Programs

• Improved employee awareness
• Increased loyalty
• Improved company morale
Employee Wellness Programs

1) Organize a planning committee
   - wellness champion
   - peers within your department
   - Human Resources
   - management
   - anyone else in your organization that supports a wellness program
Employee Wellness Programs

2) Utilize a wellness survey

- Assess common issues such as stress, obesity and smoking,
- An assessment survey is often available at no extra cost from your insurance company, or from an outside vendor at low cost
- Be sure that you are following Health Insurance Portability and Accountability Act (HIPPA) and Genetic Information Nondiscrimination Act (GINA) regulations while conducting an assessment survey
Employee Wellness Programs

3) Develop goals, expectations, objectives and incentives based on the wellness needs from your survey

4) Obtain outside help
   ✓ contact organizations about sponsorships programs and national corporate wellness plans
   ✓ contact gyms – corporate membership rates, cash, time off or premium discounts
   ✓ network with other businesses that have established wellness programs
Employee Wellness Programs

5) Develop a wellness proposal and budget
   ✓ stats from the wellness survey
   ✓ goals, mission statement, objectives and incentives
   ✓ outside vendors/businesses – discounts

6) Market
   ✓ handout information weekly or monthly to keep employees updated
   ✓ set dates for health assessments regularly
   ✓ stay in contact with outside vendors, sponsors, etc.
What is MoveWell®?

- A method of solving people’s pain problems based on the MoveWell 5 Key Facts
- A structured evaluation/screening approach
- A movement-based program
- Professionally delivered by Certified Movement Training Specialists
MoveWell® Physicality Assessment

- On location consultation of specific job activity requirements
- Assessment of injury patterns and rates
- Recommendations on custom movement based solutions
MoveWell® @ UW 3-Month Program

Month 1
5 Key Facts
5-min screenings
15-minute 1:1
MW Stations
MWM Emails

Month 2
BackTalk
15-minute 1:1
MW Stations
MWM Emails

Month 3
Run Pain-Free
5-min screenings
MW Stations
MWM Emails
MoveWell® @ UW Results

18 screened
12 people re-screened
10 demonstrated improvement in mobility (9% - 56%)

83% IMPROVED
17% OVER 50% Mobility Improvement
MoveWell® @ UW Results
Wiped Out Pain

• 1 person wiped out all of their pain (headache, neck, mid back, low back, shoulder and hip)
• 3 people wiped out low back pain
• 2 people wiped out knee pain
• 2 people wiped out shoulder pain

73%
REPORTED DECREASE IN PAIN
And the **results** are in...
Q1. How often do you experience musculoskeletal pain?

![Bar chart showing the frequency of musculoskeletal pain before and after the MoveWell® Pilot Program.](chart.png)
Q2. Please rate the following in order of helpfulness, 5 being most helpful:

- PFRW
- 5-Min Screen
- 15-Min
- Posters/Emails
- Other
Q3: How often would you like the MoveWell® 15-Minute 1-1 consultations to be provided?

- Quarterly: 40%
- Monthly: 47%
- Twice Monthly: 13%
Q4: I believe the MoveWell® Pilot Program helped me:

- Reduce Stress: 5
- Improve Morale: 6
- Improve Homelife: 6
- Reduce Meds: 2
- Reduce Pain: 13
- Improve Daily Energy: 8
- Improve Health: 9
- Create Training Plan: 4

Number of People
Q5: Which of the following have you started since the beginning of the MoveWell® program?

- Quit Tobacco: 1
- Sleep better: 6
- Go for walks: 5
- Eat better: 1
- Join gym: 1

Number of People
Q6: Overall, how would you rate the MoveWell® program?

- Excellent: 11
- Good: 4
Questions?