How to Make the *New* Business Case for Safety

Injury and illness rates—after a significant decline in the past decade—are flattening out, eliminating safety directors' most obvious argument for corporate investment in worker safety and health. As companies have fewer injuries, it is less effective to argue that money spent on injury prevention will yield much bottom-line benefit. *So what does this mean for "making the business case" for safety?* We think safety directors should shift their focus from promoting cost savings to showing that improved safety and health programs drive greater worker productivity.

In one way, this business case is easy to make. Since the economy began to stall, raising productivity has become the principal strategy companies use to improve the balance sheet. After trimming the payrolls to save money, many companies are now focusing on getting more from the employees they still have. Anything that holds the promise to squeeze more productivity from existing workers is something top execs will listen to.

The new paradigm may actually be more difficult for safety directors to accept because it requires a shift in how we attack problems. Instead of looking at specific tasks or processes that are causing injuries and making the business case for interventions, the productivity approach requires a holistic view of worker safety and health. Instead of using injuries or illness data to drive interventions, safety directors must be willing to attack less concrete problems, such as worker pain and fatigue—problems that affect worker productivity.

The evidence. Luckily, safety research has been keeping pace with the shift in business priorities. There are now plenty of data safety pros can use to show that investing in workers' safety and health can yield significant returns in the form of higher productivity and fewer health costs. We've compiled the data below to help you make the *new* business case for safety and health:

- Absenteeism is only the tip of the iceberg. Workers who call in sick account for only 30% of the productivity loss that companies incur from health issues, according to the American Productivity Audit (AdvancePCS; Irving, Tex.; 800-990-1940; www. advancepcsrx.com), part of a special issue on pain research in the *Journal of Occupational and Environmental Medicine* ("Lost Productive Work Time Costs From Health Conditions in the United States," Dec. 2003).

The audit, based on 28,000 worker interviews, provides a compelling account of how health conditions affect work performance—and the company bottom line. Overall, 71% of lost productivity time (LPT) is attributable to reduced performance at work, whereas just 23% is the result of work absences (6% is from absences for family health reasons). In essence, three-quarters of LPT is "invisible" to employers because it occurs "on the job," according to the researchers.

- The top five conditions causing loss in employee productivity are headache/pain, cold/flu, fatigue/depression, digestive problems, and arthritis. These conditions cost employers more than $180 billion annually in lost productivity. Researchers calculated the cost by multiplying lost productive time (absence hours plus hours lost from reduced performance) by the individual worker's hourly labor cost.

- More than half of workers (53%) experience one or more common, episodic, or chronic-episodic health condition, such as headache or fatigue, in any two-week period.

- Some 13% said they'd had a pain-related loss in productivity. The average amount of lost time was 4.6 hours per week. The numbers are actually even higher because the survey focused on musculoskeletal pain and headaches and did not include some common conditions such as dental or menstrual pain.

- On average, a worker in the U.S. loses 115 productive work hours yearly from health conditions.

• The annual cost to employers for all health conditions is roughly $250 billion—or $2,000 per worker per year.

• Health care is companies' number-one expense. With $1.4 trillion spent on health care in 2002, it is now the single biggest portion of the U.S. economy. Of that amount, companies and corporations picked up $444 billion of the tab, according to government figures; and health-care costs should pass the $2-trillion-per-year mark by 2007, according to industry figures.

The staggering costs have increased the level of corporate interest in wellness programs, but so far companies have shown reluctance in funding these efforts, according to David Hunnicutt, the president of Wellness Councils of America (Omaha, Neb.; 402-827-3590; www.welcoa.org). His firm estimates that 88% of U.S. businesses now offer some sort of health or fitness promotion, but that generally those programs are limited to posters or paycheck stuffers. Companies need to spend money if they expect to see a return, he noted. *Case in point:* Union Pacific Railroad made a $2.5-million investment in health and fitness promotions for employees and realized a $50-million drop in health care costs the same year.

• When interviewed, chief executive officers of leading companies increasingly name employees as the primary reason behind their success, according to a new study in the *Journal of Occupational and Environmental Medicine* ("Investing in Healthy Human Capital," Dec. 2003). The researchers estimate that health problems decrease the effectiveness of the workforce by 5% to 10%. "We believe that employers who increase their investments in healthy human capital now will emerge tomorrow as the companies leading the gains in U.S. productivity," they concluded.

What to do. Specifically, companies need to answer four questions for themselves, according to the authors of "Investing in Healthy Human Capital." *They are:*

1. What is our human capital?

2. What is the value of human capital relative to other company investments, and how much of this depends on employee health?

3. How well do our various occupational health services and programs strengthen workforce health?

4. What metrics do we need to demonstrate the value of a healthy workforce and what level of investment do we need to promote such a workforce?

Answering the questions above will help provide companies with the framework for attacking LPT arising from health conditions. *The studies also suggest other actions companies need to take:*

• Treat "every day" pain as the business issue it is. The productivity audit suggests many workers aren't receiving adequate treatment for "garden variety pain," according to epidemiologist Walter Stewart of Geisinger Health Systems (Danville, Pa.), the lead researcher in the study. Companies that ignore these ailments shell out millions in unnecessary workplace costs.

• Make "pain prevention" an element of the safety and health program. The numbers we identified above suggest it is every bit as important as injury prevention. In addition to using injury data and accident investigations to guide program interventions, employers can reduce pain-related costs by investing in things such as properly positioned computer stations or instruction on how to lift heavy objects, said Allen Lebovits, a pain management specialist at New York University Medical Center. "Employers are not attuned to prevention, and they need to definitely put more money into it to avoid pain-related costs in the long run," said Lebovits in a review of the study results for the *Journal of Occupational and Environmental Medicine*.

• Conduct an employee-specific assessment survey to identify the conditions that account for the most LPT and to provide a baseline for intervention. For any single condition, 20% to 35% of employees account for 70% to 80% of LPT, making targeted health interventions a cost-effective way to improve productivity.

• Target the health conditions that offer the greatest opportunity for improvement. Let the overall burden of both direct and indirect costs drive your priorities, including an evaluation of prescription drug use, medical care encounters, and lost productive time.

• Focus on prevention in female workers. In addition to concentrating a LPT intervention on the top five causes listed above, female workers should receive special targeting. LPT for personal health reasons is 30% higher for women than for men. (For tips on addressing female safety and health issues, see the story in this issue of *SADR*, "The Gender-Neutral Approach to Safety May Be Obsolete.")

• Sponsor health programs at the worksite. This is the best way to ensure workers get the help they need in a timely manner. If there is no momentum for such an effort, seek out other tools, such as access to health Web sites or software-based health awareness tools.

• If you choose to do no other health promotion, provide smoking cessation assistance to workers. Employees who smoke at least a pack of cigarettes per day have productivity losses twice as high as those of nonsmokers, according to the productivity audit. Because of the increased productivity losses for smokers, greater investment in smoking-cessation programs is a promising approach for employers to reduce their LPT costs, the study concludes.

• Pay attention to the health issues of top employees in cushy jobs. Despite lower stress, productivity losses from health issues are higher for employees with more job control. The authors say it's because workers with more control over their jobs can more easily slow their work pace if they are feeling poorly. Workers earning over $50,000 per year accounted for 17% of LPT hours, but 34% of the resulting costs. Unlike most injury prevention interventions, LPT prevention programs need to focus on the well being of the employees most responsible for the company's bottom line—not those at highest risk.

• Make sure health plans you work with encourage employees to seek appropriate treatment. For example, the difference between proper and improper treatment for an employee who suffers migraines is life altering; and for a large company it can alter the balance sheet as well. A recent study found that a major financial services corporation with 87,821 employees loses 538 person-years annually because of migraines—at an estimated cost of $23.8 million. This same company would save $10.3 million if all such workers were treated with rizatriptan, one of the current gold standard treatments for the condition ("Productivity cost benefit to employers of treating migraine with rizatriptan: a specific worksite analysis and model," *Journal of Occupational and Environmental Medicine*, Jan. 2004).