



# Show Me the Money!

November 2009

## Upcoming Events

### 4th Annual Seminar

Thursday, March 4, 2010

#### Worker's Comp: Navigating the Potholes and Eliminating the Roadblocks

Mark your calendar now!

Look for invitations soon!

CEUs pending for:

HR, CCM, CRC, OHN, Dept  
of Insurance

### Lunch & Learn

January 20, 2010

Dr. Mark Wood

*New Treatment Options for  
Shoulder Instability*

*Job Ready office*

*12:00pm-1:00pm*

*RSVP to:*

*Michelle.morgan@jobreadyservices.net*

*919-256-1400 x 223*

## JOB READY SERVICES

2300 Westinghouse Blvd  
Suite 107  
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[www.jobreadyservices.net](http://www.jobreadyservices.net)

The average worker's comp claim in NC is \$42,000, according to the Worker's Comp Research Institute. The NC Industrial Commission reported approximately 64,000 claims were filed last year—2 billion dollars in worker's comp costs! In a bad economy, can NC employers really afford the cost of injuries, not to mention the human cost to those that are injured?

Let's do some math: An employee with a pre-existing back problem is hired. Since the employee does heavy lifting on this job, he soon injures his back. According to OSHA Safety Pays, the direct cost of that back injury to the employer is: **\$27,363.00** (IF his back is just strained). However, there are indirect costs associated with every injury. The OSHA website explains it this way:

*"The magnitude of indirect costs is inversely related to the seriousness of the injury. The less serious the injury the higher the ratio of indirect costs to direct costs (four or five times higher). For more serious injuries, indirect costs will average one or two times the direct costs of the injury. While they account for the majority of the true costs of an accident, **indirect costs are usually uninsured and therefore, unrecoverable.** An abbreviated listing of INDIRECT COST drivers includes:*

- ◆ *Any wages paid to injured workers for absences not covered by workers' compensation;*
- ◆ *The wage costs related to time lost though work stoppage;*
- ◆ *Administrative time spent by supervisors following accidents;*
- ◆ *Employee training and replacement costs;*
- ◆ *Lost productivity related to new employee learning curves and accommodation of injured employees; and*
- ◆ *Replacement costs of damaged material, machinery and property."*

In other words, the **employer ALWAYS pays the indirect costs.** So, to summarize:

1 Back strain—Direct Cost =	\$27,363
Indirect Cost =	\$30,099
<b>TOTAL COST =</b>	<b>\$57,462</b>

OSHA goes on to explain that it takes an additional amount of sales to "make up" for that claim cost. For the employer, this one claim will take an additional **\$1,915,400** (with a 3% profit margin) in sales to pay for this claim! (This is a CONSERVATIVE estimate!)

So, let's review—ONE minor back injury = **\$1,915,400 in additional sales to make up for the claim!** Still think you can't afford to do a test to negate the hiring of that back injury? (OSHA.gov)

Proactive is one of those buzz words that seems to have lost its meaning in the business world. Not being prepared for the worst is not only costly but downright irresponsible for businesses who want to be competitive in today's economy.

Take a look at your OSHA logs—where are you seeing most of your injuries? Even if you haven't had any injuries recently, as you can see, it only takes ONE to affect your bottom line! Functional testing of your employees not only saves you money, but it protects your employees from injury and even a lifetime of disability. Be proactive—take action and be responsible for not only saving money, but saving your employees and possibly saving your business! For more information: <http://www.jobreadyservices.net/benefits.html>.