

# Injury and Risk Management Western Australia

## Emotional Impact, Financial Effect and Incurred Cost Reduction of Workplace Injuries

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## **THE PSYCHOLOGICAL AND EMOTIONAL IMPACT OF AN INJURY**

When a worker is injured, they tend to perceive the worst. Many believe they will never have the capacity to work again in the role they were performing. Apart from the actual pain and restriction of the disability, many go through an emotional roller coaster during the initial onset of medical treatment.

Being removed from their familiar day-to-day interaction with management and co-workers, many injured workers will have a tendency to fear the unknown.

During this period, they dread the resulting financial burden and the affect this may have on their families. Along with these emotions, many experience a loss of self esteem.

In the wider community, some may consider injured people to be criminals – fraudsters for accepting payment while staying at home. Such stereotyping creates major resentment and can in fact prolong the necessary recovery process.

Once there is a prognosis of the injury and treatment can begin, many injured workers experience negative emotional training from medical and legal professionals. Rather than exploring their patient's (or client's) potential for the future, doctors and lawyers often focus on what they will *not* be able to do until they recover.

Doctors are obliged to frankly discuss their patient's condition and to brief them on any possible disability they may face. Likewise, while many lawyers want their clients to get back to work, for plaintiff lawyers there is a possible financial benefit associated with claims resolution.

Thus the emotional drama weighs heavily on workers, coercing them into a cycle of disability.

## THE REAL FINANCIAL COSTS TO THE COMPANY

Nobody wants an injury and many employees do not want to think about the “what ifs” associated with an injured employee, let alone calmly analyse an accident in terms of dollars, costs and the financial benefits associated with an active safety prevention program.

### Total Cost of an Injury

With a work related injury, costs go beyond hospital and medical bills; costs cascade throughout the company from the work location and extend into the area of support functions.

**Immediate direct costs** begin with the loss of the worker's time resulting from the injury or illness; and medical expenses such as hospitalisation costs, x-rays, drugs and doctor's bills. The cost of transporting the injured worker to a doctor or hospital is a further example of direct costs. Even when covered by workers' compensation or disability insurance, these costs will still have a financial impact on the company through future rate increases.

**Deferred direct expenses** include the cost of rehabilitation of the injured worker and can also include expenses such as physical therapy, use of medical devices and follow up treatments. In many cases, retraining of the worker for other job functions is necessary in order for that worker to re-enter the workforce.

**Indirect expenses** are costs resulting from the accident, other than those directly attributable to the injured worker. For example, additional lost time includes that of the employees involved in helping the injured worker such as a company response team, as well as those who stop to see “*what happened*”. Considerable supervision and management time will be spent in resolving human resource actions, accident investigation and production difficulties brought about as a result of a lost time injury.

Lost production time can necessitate the need for expenditures to resume production and get equipment back on schedule. In addition, it may be necessary to train a new or transferred worker to perform the work of the injured employee during his or her absence.

In a severe injury, the emotional impact to the injured employee and co-workers is significant. In many cases, co-workers will need to have counselling, morale drops and it can take months to get production levels up to pre-injury levels.

After analysing all costs associated with an injury and considering its total financial impact, it is not unusual to realise that the actual total cost of an injury can run from **four to ten times** the immediate visible direct costs as may be stated by company's insurance company.

Considering all the direct and indirect costs, it is apparent that the total influence on the bottom line is significant.

## REDUCING YOUR INCURRED COSTS

An organisation can plan ahead and in fact reduce its costs considerably by developing a strategic approach and applying best practise to its injury management from the onset.

- \* **Avoid claims exposure from the onset.**  
From your initial interview process incorporate a session on safety, *ie* the company's expectations, importance of safe practices and the importance of their health and well-being whilst working for the organisation. A simple safety questionnaire will assist in assessing their characteristics on safety matters. Following from this, establish safety induction training programs and take the show on the road. Make sure that safety training is conducted regularly at all levels and physical locations in the organisation.
- \* **Develop an injury management company policy and administration process.**  
This will require establishing a panel of medical providers. Clearly define your Injury Management Guidelines and expectations. The strongest Return to Work Programs feature good relationships between doctors and employers. Ensure you include in your medical assessment a telephone call about the injured worker's prognosis at the time of their appointment. Approach this in a proactive way – remember, your aim is to get the worker on a RTW program so be prepared before your discussion with the doctor. Having the medical practitioner on side will speed the process. Review your medical providers; if they do not meet your expectations – replace them.
- \* **Working with claim handlers.**  
Establish good working relationships with claims officers. Compile as much information as possible from the onset. Ensure you identify problematic areas early on. This will help to develop a strategy to reduce exposure. Ideally you should be able to input sufficiently to empower your claims officer to solve problems, rather than feeling that you have to micro-manage routine tasks.
- \* **Show empathy.**  
Create a culture and mentality from the top of the organisation down that is accepting of injured employees. Identify a person in the organisation to co-ordinate medical appointments. For workers injured at remote locations, meet them at the airport. Liaise with injured workers and their families by showing concern and empathy; this will allow workers to feel they are involved in the process and never too distant from the work community. Applying such actions from the onset will allow for motivation to participate in a Return to Work Program, dramatically reducing your costs and enabling open, proactive communication.
- \* **Obtain copies of all relevant Acts and Regulations relating to injured workers.**  
Familiarise yourself with your requirements as an employer. Investigate the use of an independent consultant specialising in the area of injury management. Most employers rely on their insurers to provide guidance; however, dependent on the type of insurance policy you have in place, decisions can have a dramatic affect on future insurance premiums. Regularly review outstanding estimates affecting the bottom line.

\* **Develop a successful Return to Work Program.**

Employees absent from the work place have the following return to work rates:

- 85% within two months***
- 50% after six months absence***
- 25% after twelve months absence***
- 1% after twenty four months absence***

The 15% of employees remaining off work after a two month absence incur 75% of the total dollars spent in workers' compensation claims.

Steps to take to maximise the success of your Return to Work Programs:

- Identify who administers the RTW Programs
- Explain when and how a RTWP is used
- Prepare standard forms and claims procedures
- Prepare job descriptions
- Identify transitional work descriptions
- Communicate and educate (Frontline Managers; Supervisors)
- Involve your medical providers/ physicians
- Re-evaluate and update your programs

## **CONCLUSION**

Remember, when an injured employee is back to work with some degree of productivity, everyone benefits.

The level of success will depend on management, supervisors and all employees understanding and adhering to their roles and responsibilities.