

TerranearPMC Safety Share

Week of March 30, 2015 – The High Cost of Workplace Accidents

Earlier this year, the United States Occupational Safety and Health Administration (OSHA), published a study on the high cost of failing to protect workers. OSHA's findings did not focus on immediate devastation of an injured worker with respect to hospitalization, treatment and rehabilitation, but rather on how workplace accidents heavily contribute to the economic disparity between people who are financially sound and those that continue to struggle to make ends meet. OSHA is not a political organization in the sense that it favors a conservative or liberal economic philosophy, but rather looks at the high costs that a worker's family must endure when a workplace incident occurs; despite such program as workers' compensation. Through their current study, OSHA has observed how a strong workplace safety and health program can alleviate the economic trauma due to workplace accidents that so many Americans now face.

Forty-four years after Congress passed the Occupational Safety and Health Act of 1970, which required employers to provide workplaces "free from recognized hazards that are causing or likely to cause death or serious physical harm" to their workers, according to OSHA, the toll of workplace injuries, illnesses and fatalities in the US remains unacceptably high. The Bureau of Labor Statistics (BLS) reports that approximately 4,500 workers are killed on the job each year. BLS estimates that employers record nearly three million serious occupational injuries and illnesses annually on legally mandated logs.

While economic and non-economic losses due to work injuries are apparent, some of these losses are difficult to measure. In addition, such costs have greater impact on lower-wage workers than their wealthier counterparts. For example, following a worker injury, family caregivers must often reduce their own hours of work and wages to care for a disabled partner or family member. For working families already struggling to meet basic necessities and set aside some savings, a work injury to a primary wage earner can be especially devastating. There are also less tangible effects that are important but nearly impossible to calculate economically. Workplace injuries can diminish self-esteem and self-confidence, increase stress between spouses, children and other family members, and strain relations with friends, colleagues and supervisors. These indirect costs can translate into tangible economic costs, including lower wages.

Recordable workplace injuries and illnesses range in severity from wounds, amputations, back injuries and other serious condition requiring care beyond first aid (injuries receiving only first aid are not recordable) to fatal injuries. About half of recorded injuries require at least a day away from work, a job transfer or a work restriction for recovery.

Work injuries and illnesses exact a tremendous toll on society despite the decades-old legal requirement that employers provide workplaces free of serious hazards, as every year, more than three million workers are seriously injured, and thousands more are killed on the job. The financial and social impacts of these injuries and illnesses are huge, with workers and their families and taxpayer-supported programs paying most of the costs.

For many injured workers and their families, a workplace injury creates a trap which leaves them less able to save for the future or to make the investments in skills and education that provide the



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opportunity for advancement. These injuries and illnesses contribute to the pressing issue of income inequality: they force working families out of the middle class and into poverty, and keep the families of lower-wage workers from entering the middle class. Therefore, work injuries can hamper the ability of many working families to realize the American Dream.

Changes in state-based workers' compensation insurance programs have made it increasingly difficult for injured workers to receive the full benefits (including adequate wage-replacement payments and coverage for medical expenses) to which they are entitled. Employers now provide only a small percentage (about 20%) of the overall financial cost of workplace injuries and illnesses through workers' compensation. This cost-shift has forced injured workers, their families and taxpayers to subsidize the vast majority of the lost income and medical care costs generated by these conditions.

The workers' compensation systems created in each state were originally intended to have employer-provided insurance reimburse workers for lost wages while providing first-dollar medical coverage and rehabilitation for work-related injuries. Under this "no-fault" system, workers have lost the right to sue their employer, but, in theory, have gained relatively certain access to benefits following their injury.

In reality, the costs of workplace injury and illness are borne primarily by injured workers, their families, and taxpayer-supported safety-net programs. State legislatures and courts have made it increasingly difficult for injured workers to receive the payments for lost wages and medical expenses that they deserve. As a result of this cost-shifting, workers' compensation payments cover only a small fraction (about 21 percent) of lost wages and medical costs of work injuries and illnesses; workers, their families and their private health insurance pay for nearly 63 percent of these costs, with taxpayers shouldering the remaining 16 percent.

Important changes in the structure of the employment relationships in U.S. workplaces are also exacerbating the incidence and consequences of work injuries. The pervasive misclassification of wage employees as independent contractors and the widespread use of temporary workers have increased the risk of injury and the number of workers facing financial hardships imposed by workplace injuries. The change in employment relationships also reduces the incentives for companies to assume responsibility for providing safe working conditions, which may result in increased overall risk of workplace injury.

The most effective solution to the problem posed by OSHA is to prevent workplace injuries and illnesses from occurring. This would spare workers and their families from needless hardship and suffering, as well as the loss of income and benefits associated with these conditions. At the same time, it is vitally important that state-based workers' compensation programs take steps to eliminate roadblocks that prevent workers with compensable injuries or illnesses from receiving the full compensation to which they are entitled.

The failure of many employers to prevent millions of work injuries and illnesses each year, along with the failure of the broken workers' compensation system to ensure that workers do not bear the costs of their injuries and illnesses, are truly adding inequality to injury.

It does not matter how slowly you go as long as you do not stop.

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