

CAUTION

BEWARE OF OSHA STATISTICS

By DANIEL F. ZAHLLIS

What gets measured, gets done. What gets done may defeat the purpose of what gets measured.

If OSHA recordables are the measure deemed important, organizations will manage categorization of injuries rather than behaviors that lead to them. This approach defeats injury prevention efforts by emphasizing definitions rather than behaviors, and quashes attempts to manage claims with dignity.

A growing number of articles are addressing the value of proactive workers' compensation (WC) claims management techniques. Their messages share a common thread: Treat injured employees with dignity and an organization will ultimately reduce costs. Such methods frequently call for increased initial spending (often exceed-

ing mandated treatment levels) as a means of reducing long-term costs—it costs money to save money.

Unfortunately, the authors of these techniques often fail to identify the primary obstacle faced by those choosing to implement their recommendations; this obstacle is the *measurement staple* of corporate injury prevention programs: **OSHA statistics used as the primary measure of program effectiveness.** This practice often results in the divorce of two disciplines that should be highly integrated—safety and claims management.

OSHA RATES & INCENTIVES

OSHA statistics are utilized by the agency's compliance officers to calculate injury frequency and severity occurring within industrial facilities. One priority of compliance officers is to calculate these rates using a facility's "Summary of Occupational Injuries and

Illnesses," or 200 Log (the lower the rates the better). OSHA also collects recordable data from industries and publishes averages, an exercise that produces corporate "benchmarking."

As a result, industry has adopted the following logic: If OSHA considers accidents and lost days important, then so should industry. Most businesses take these measurements to the extreme, attaching various incentives to the number of recordable injuries incurred and rewarding low rates.

By assigning incentives to these rates, management recognizes OSHA as the primary customer of injury-/cost-reduction efforts. This connection also effectively shifts the burden of control to employees—those theoretically in the best position to control their behavior, yet realistically in the worst position to dictate the speed, manner and priority of their work.

Via incentives, organizations assume that employees will incur fewer injuries in order to obtain established rewards. Without the ability to modify work methods and conditions, however, employees will incur the same number of injuries but report them later and/or less frequently. This approach focuses on the effect (fluctuating OSHA rates), dilutes focus on the root cause of these rates (unsafe behavior) and defeats the ability of claims adjusters to disregard OSHA rates in exchange for proactive claims management.

Using OSHA rates as the primary measurement system almost guarantees reduction in reporting of less severe injuries, which eliminates opportunities for early intervention. Such reductions also eliminate a tremendous body of data on work environment risks and, by default, misdirect management's injury prevention efforts.

Many organizations expend great time and effort managing injury rates by managing injury classification rather than root cause prevention. Generally, this practice—which is much easier than proactive methods—correlates directly with the level of importance that upper management places on OSHA statistics. The net result is:

- "lower" OSHA rates;
- employees returned to limited duty under most circumstances;
- medical professionals questioned by laypersons;
- attorneys eagerly providing legally mandated services to frustrated employees;
- decreased employee morale;
- increase in associated costs.

Thus, OSHA's measurement system is not, holistically, in the best interest of the nation's working class.

PROACTIVE MANAGEMENT

Experienced loss prevention professionals recognize that successful injury and cost-reduction efforts focus on the base of the injury triangle, not the apex

(Figure 1). As a rule, reporting must follow these steps:

- 1) Identify unsafe behaviors.
- 2) Report close encounters and previously unidentified unsafe conditions.
- 3) Uncover minor first-aid injuries, moderate injuries ("medical only" recordables) and lost-time accidents.

By increasing an organization's ability to capture the number of unsafe behaviors observed and minor injuries incurred, and taking immediate action toward remediation and medical intervention, severe losses and associated costs will decline. Techniques outlined by proactive claims management experts capitalize on early intervention and open communication. These methods are threatened by nonexistent or late reporting, which is an inherent consequence of assigning incentives to OSHA rates.

Placing priority on OSHA rates results in reporting of injuries that *cannot escape reporting*—downstream reports based on after-the-fact measurement (which are the most expensive to manage). In addition, fewer reports on less severe injuries will be filed—upstream reports, prior to severe injury (which are the least expensive to manage). Such focus tells employees that reporting should be suppressed until absolutely necessary. Safety professionals should consider whether their locations report triangular data periodically or rectangular data (Figure 2), and the implications of such reporting.

Heinrich's Third Axiom of Industrial Safety states that, in the average case, a person who suffers a disabling injury caused by an unsafe act, has had some 300 narrow escapes from serious injury as a result of committing that very same act. Likewise, a person is exposed to mechanical hazards hundreds of times before s/he suffers injury. Belief in this philosophy necessitates reporting consistent with the triangular format.

The irony associated with focusing on OSHA rates is that *high OSHA rates*

can, and sometimes should, be considered positive. When do high rates equate to positive feedback? 1) The practice of sacrificing low OSHA rates in the interest of managing injuries with employees' best interest in mind. 2) Injury prevention programs in their infancy and established programs moving away from focus on the 200 Log. Such programs can ill afford the risk of decreased reporting just as they are "getting their hands around the risks" (increasing the database).

Management should encourage reporting at all stages of severity, with emphasis on *unsafe behavior*. Management must express its lack of concern over OSHA rates and establish its preoccupation with increasing upstream data available for analysis. Simply stated, the goal should be to increase reporting at all costs—literally. Facilities with young injury-prevention efforts should make clear their goal to have an increase in OSHA recordable rates. Once this practice is well-established and reinforced through management action, the art of problem solving and remediation enters in, and OSHA rates will genuinely decline.

A primary goal of claims management is to reduce inherent conflict and eliminate unnecessary third parties, such as medical/legal professionals. Those familiar with WC systems (California's in particular) are well aware of the disparity in costs between litigated and non-litigated claims. Abusive injury compensation systems also fuel dysfunctional relationships between in-

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FIGURE 1

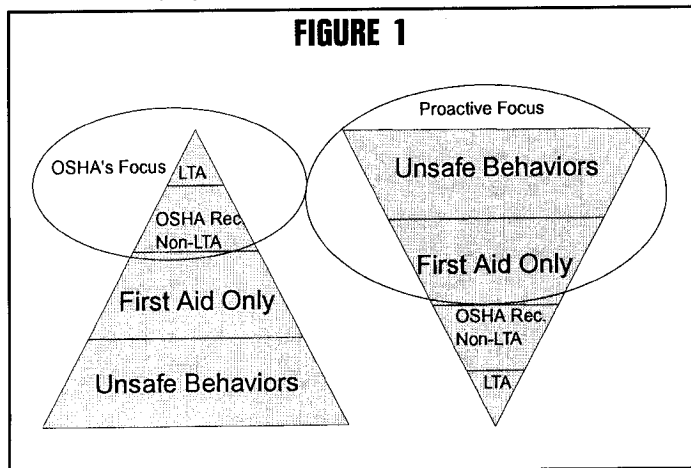


FIGURE 2

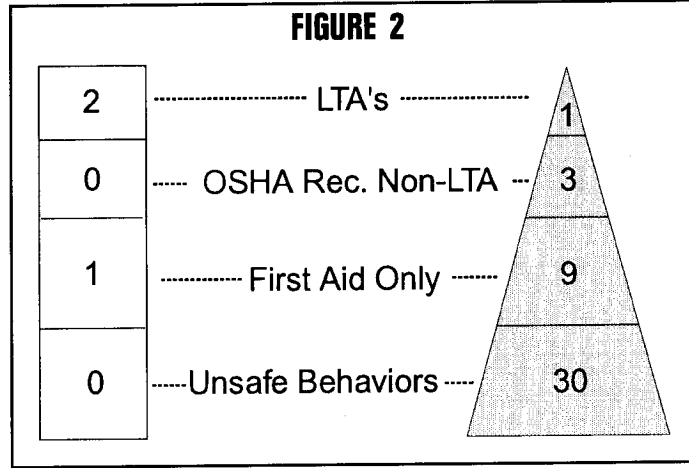


TABLE 1

Plant	Plant 1	Plant 2
'94 1st Qtr. # of Claims	20	8
'95 1st Qtr. # of Claims	16	27
'94 1st Qtr. Cost	\$23,944	\$487
'95 1st Qtr. Cost	\$47,979	\$6,251
'94 Avg. Cost/Claim	\$1,197	\$61
'95 Avg. Cost/Claim	\$2,998	\$232

BEYOND THE 200 LOG

Table 1 reflects a quarter-to-quarter comparison of two sister manufacturing plants with similar layouts and resources. Presented are the number of claims reported and incurred costs.

Plant 1 employs a traditional focus on OSHA rates. In Plant Two, employees attended an eight-hour training course (before the quarter commenced) that outlined management's desire to increase reporting of accidents and unsafe behaviors—even if the practice increased OSHA rates. In fact, Plant 2's management expressed a desire to increase the total OSHA recordable rate and did not communicate OSHA rates to the workforce throughout the quarter (which had been customary); rates were communicated to Plant 1's employees. To balance the act, Plant 2 also declared war on abuse of its proactive system. During training, management stressed that fraud would not be tolerated and elicited employee cooperation in revealing system abusers.

As the data reflect, Plant 1's claim frequency decreased, while claims costs increased substantially. Plant 2's claim frequency increased substantially, while costs increased moderately (as one would expect with an increase in reporting and a reduction of incurred but not reported claims). A simple comparison of average cost/claim tells an interesting story. (Incidentally, Plant 2 is located in California, which has the highest average cost/WC in the U.S. *Bulletin No. 94-1*; Plant 1 is not.)

Plant 2 aggressively manages its claims early (it obtains preliminary data

and provides appropriate care); exceeds mandated treatment levels; does not enforce mandated controls (i.e., initial medical control, changes of physicians, etc.); and *will not settle* disputed claims. The plant invests in eliminating conflict and abuse, a practice that increases initial claim costs and significantly reduces long-term costs.

What the table does not show is Plant 2's substantial database of reported minor injuries, which can be utilized for Pareto analysis and root cause determination. The plant's management and employees also enjoy an improved relationship; they have joined forces to challenge system abuse (claims are currently pending with the local district attorney).

The irony: Plant 1 is considered a "performer" under the company's measurement system, while Plant 2 is being asked to explain its "poor" performance. Also ironic is the fact that Plant 2 outperformed 18 sister facilities during an independent audit, yet continues to be identified as a "below standard" facility.

What is driving the company's performance measurement? Total OSHA recordable rate.

What are the risks? Severe injury and increased costs, and the defeat of an innovative, integrated loss control perspective.

Compliance officers would likely consider Plant 2's program a failure—until they look beyond the 200 Log. ■

REFERENCES

Bulletin No. 94-1. California Workers' Compensation Institute: San Francisco.

Daniel F. Zahlis is a divisional risk manager for a California-based fruit processing company. He has filled local and regional risk management roles within the hazardous waste disposal and food processing industries. A member of ASSE's Central Valley Chapter, Zahlis holds a B.S. in Health Science, Occupational Safety and Health from California State University, Fresno.

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jured employees and their employers. To effectively manage costs in an "industry unfriendly" compensation system, businesses must create an atmosphere of "us" (employer and employee) against "them" (the system).

How does this relate to OSHA statistics and how do such statistics threaten proactive claims management? Claims adjusters and employers need the freedom to treat people with dignity—at the expense of OSHA frequency and severity rates. Yet, how common are the following phrases?

"Jane, go ahead and stay home another day so we're sure you're ready to come back; your benefits will be covered because you've satisfied the waiting period."

"Doctor, I understand that Susie can return to work without restrictions, but it seems that she's still nervous about returning. What do you think about allowing Susie to take off one more day, then work back up to full duty at her own pace, through modified duties?"

"Doctor, if you are more comfortable having John stay home rather than work in a modified-duty position for the next few days, please do. Our primary concern is John's recovery."

"Doctor, if you feel that the prescription medication will be more effective, don't concern yourself with our rates."

"Jane, if you don't agree with the medical/legal report, let's sit down with the doctor and make sure she understands your concerns."

These phrases make many people nervous; to voice these ideas would reap havoc on many organizations' OSHA rates. Such reactions are well-founded in organizations that strive to "report" lower rates. When fostering good will with injured employees and increasing upstream reporting is the goal, however, such statements become employer/employee team-building and litigation-defeating mechanisms.

Everyone must recognize that fraud and abuse threaten proactive claims management. The key is to apply additional weight to both sides of the scales of justice (proactive claims management and abuse) by dedicating an equal level of relentless effort to eliminating abuse. The most effective means: Invite employees to become part of the solution through education and exposure to successful anti-abuse efforts.