



Workplace Injury Prevention

Indirect Costs Often Bigger Than Direct Costs

WorkWell injury prevention programs help reduce the direct costs of injury management — such as medical treatment, workers compensation payments and legal services. What may surprise you is the impact on your indirect costs. And these can be substantial, including such **steep out-of-pocket expenses** as:

- Increased insurance premiums
- Repairing damaged equipment
- OSHA fines and/or audits
- Implementation of corrective measures
- Payments to adjusters and attorneys
- Accident investigations
- Hiring contract labor
- Training temporary workers

AVERAGE COST OF SPRAINS:

Direct Costs \$30,798
Indirect Costs \$33,877
Total Cost \$64,675

Source: [OSHA.gov](https://www.osha-slc.gov)

There are also indirect costs stemming from **time lost in the workplace**:

- Decreased productivity of employees working while sick or through accommodation of injured employees
- Decrease in production results in lower profits
- Lost productivity due to work rescheduling and new employee learning curves
- Scheduling delays due to a lack of workers
- Absenteeism from workers recuperating and taking time off
- Dealing with lower employee morale
- Rebuilding a marred community reputation
- Administrative time spent by supervisors, safety personnel and clerical workers after an injury



How expensive can these indirect costs be? **Greater than the direct costs.** Depending on who you consult, the difference can be staggering:

- OSHA calculates indirect costs as **slightly over 1x direct costs**
- An American Society of Safety Professionals survey of financial decision makers identified the average estimated **multiplier to be 2.12x**
- The average for heavy industries falls between a 3x and **4x multiplier**

This is why WorkWell recommends you evaluate your indirect costs at three separate levels – using multipliers of 1x, 2x or 3x and choosing the number that applies best to your organization.

Early Intervention Helps Avoid These Costs

Having a WorkWell injury prevention program in place can help keep injuries from occurring in the first place, and help reduce the care needed when they do happen. These 4 examples can have a positive effect on holding down indirect costs:

1. POET helps lower turnover rate and the indirect costs of hiring new employees.
2. Onsite Services leads to less employee time away from work and higher productivity measures.
3. Early attention to aches and pains before they turn into bona fide injuries builds trust with workers and can make necessary medical management less costly.
4. Boosting employee morale through meaningful attention to injuries can decrease absenteeism and significantly lower the hidden indirect costs of presenteeism.

AVERAGE COST OF STRAINS:

Direct Costs \$32,959
Indirect Costs \$36,254
Total Cost \$69,213

Source: [OSHA.gov](https://www.osha-slc.gov)

WorkWell can help conduct an ROI analysis of your indirect costs, quantifying this often overlooked but critically important number.

[Contact us](#) today!