



# RISK MANAGEMENT CORNER

## Can a Drug- and Alcohol-Free Workplace Program Affect Your Work Comp Premium?

In the world of workers compensation, *managed care* is a vastly misunderstood buzz word. In its simplest form, *managed care* describes a variety of techniques that, when properly applied, will help you efficiently use your workers compensation dollars.

### Testing = Savings

A highly effective managed care strategy: the drug-free workplace. This concept has gained significant traction in recent years. Drug-free workplaces typically use pre-employment, random, or post-incident drug testing. A properly utilized program can be successful for both monitoring and preventing drug and alcohol abuse in the workplace. A drug-free workplace program can offer benefits over and above its initial intent, such as the potential for direct and indirect savings.

**Direct savings** come in the form of premium credits. Many states offer work comp discounts for a certified drug-free workplace program. Insurance carriers in other states may have discretionary underwriting credits available to recognize the value of these programs. Either way, this can be a great way to reduce workers compensation premium.

**Indirect savings** come from simply reducing the negative consequences of drugs and alcohol in the workplace. It certainly makes sense that employees who are under the influence of drugs or alcohol are more likely to experience a workplace injury. But, do you know to what extent? The United States Department of Labor studies show that substance abusers are almost four times more likely to be involved in a workplace accident, and five times more likely to file a workers compensation claim.<sup>1</sup>

### Would You Want to Work with a Drug Abuser?

Utilizing the three drug tests previously noted can have an impact reaching far beyond the direct premium savings.

**Pre-employment** – provides a means to screen candidates and help with informed hiring decisions.

**Random** – sends a strong message to employees that you are committed to a drug- and alcohol-free workplace, and may identify employees who are substance abusers.

**Post-incident** – can be a critical piece of your work comp injury claims management. The mere presence of this type of test should result in fewer claims. In many states, a non-negative, post-incident drug test can result in denial of the work comp claim. Even when the claim isn't denied, the knowledge gained will result in a different claim management process. Claimants with a predisposition toward drug use (as indicated by that drug test) require a different claim management process to ensure recovery and prompt return to work.

### The End Result

You're not testing to "catch" anyone; in fact, it could be argued that the best testing program is one that catches no one. Effectively controlling your workers compensation exposure with a drug and alcohol program can create a distinct competitive advantage, not to mention the overall positive effect on your business.

<sup>1</sup>U.S. Department of Labor; elaws® Drug-Free Workplace Advisor; *How does substance abuse impact the workplace?* Accessed September 18, 2015. <http://webapps.dol.gov/elaws/asp/drugfree/benefits.htm>

This article is intended to provide general information and recommendations regarding risk prevention only. There is no guarantee that following these guidelines will result in reduced losses or eliminate any risks. This information may be subject to regulations and restrictions in your state and should not be considered legal advice. Qualified counsel should be sought regarding questions specific to your circumstances and applicable state laws. All rights reserved.

