

MIDWESTERN INSURANCE ALLIANCE

Loss Control Newsletter

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Midwestern Insurance Alliance maintains the goal of providing our insureds with a wide range of loss control services.

Only one of which is this monthly *Loss Control Newsletter*. To become aware of the many other services offered, contact Loss Control Manager, Keith Wertz at (502) 429-9990 or send e-mail to krwertz@midwesterninsurance.com

Substance Abuse in the Workplace

The Common Assumption

While conducting loss control consultative visits with policy holders, it is routine practice to determine if the company has a substance abuse policy and program. Too often, the response is one of the following:

- We are a family-owned and operated business. Everyone is like family. We don't have any employees who do drugs.
- This is a small community, no body here does anything like that.
- I've known the people who work for us for years, they don't do drugs.
- We only hire people that we know, therefore we don't need to have a drug program.
- Everybody knows that I will not tolerate that behavior, so I don't need a program.

The influences of drugs and alcohol in our society are everywhere - to include the adult workforce. To believe otherwise is being naive. The employees in your business are tempted. Some may consume and some may abuse. This behavior can have serious consequences at work, and that is why it is a topic of discussion during loss control consultative visits. Substance abuse in the workplace affects your business. It must be addressed.

The Reality

Consider the data listed below, as reported by the U.S. Department of Labor.

- ⊗ More than six percent of the population over 12 years of age (13.9 million people) has used drugs within the past thirty days. Rates of use remain highest among persons aged 16 to 25—the age group entering the work force most rapidly.
- ⊗ Seventy-three percent of all current drug users aged 18 and older (8.3 million adults) were employed in 1997. This includes 6.7 million full-time workers and 1.6 million part-time workers.
- ⊗ More than 14 percent of Americans employed full- and part-time report heavy drinking, which is defined as five or more drinks on five or more days in the past 30 days. The heaviest drinking occurred among persons between the ages of 18 and 25 years. Of the 11.2 million heavy drinkers in 1997, 30 percent (3.3 million) also were current illicit drug users.

The economic and human costs of drug and alcohol use are astounding. Numerous studies, reports and surveys suggest that substance abuse is having a profoundly negative affect on the workplace in terms of decreased productivity and increased accidents, absenteeism, turnover, and medical costs. Following are notable

statistics that highlight the impact of substance abuse on the workplace:

- ⊗ Full-time workers age 18-49 who reported current illicit drug use were more likely than those reporting no current illicit drug use to state that they had worked for three or more employers in the past year (32.1% versus 17.9%), taken an unexcused absence from work in the past month (12.1% versus 6.1%), voluntarily left an employer in the past year (25.8% versus 13.6%), and been fired by an employer in the past year (4.6% versus 1.4%). Similar results were reported for employees who were heavy alcohol users.
- ⊗ According to results of a NIDA-sponsored survey, drug-using employees are 2.2 times more likely to request early dismissal or time off, 2.5 times more likely to have absences of eight days or more, three times more likely to be late for work, 3.6 times more likely to be involved in a workplace accident, and five times more likely to file a workers' compensation claim.
- ⊗ A survey of callers to the national cocaine helpline revealed that 75 percent reported using drugs on the job, 64 percent admitted that drugs adversely affected their job performance, 44 percent sold drugs to other employees, and 18 percent had

stolen from coworkers to support their drug habit.

- ⊗ Alcoholism causes 500 million lost workdays each year.

Successful Solutions

Despite recent news reports about the increased use of drugs, particularly among young people, evidence suggests that workplace substance abuse is a problem for which a solution exists. When the issue is addressed by establishing comprehensive programs, which often include a policy, education and training, testing, and access to treatment through EAPs or other resources, it is a "win-win" situation for both employers and employees. The following examples are illustrative:

- ⊙ According to the American Management Association's annual Survey on Workplace Drug Testing and Drug Abuse Policies, workplace drug testing has increased by more than 1,200 percent since 1987. More than 81 percent of businesses surveyed in 1996 were conducting some form of applicant or employee drug testing. Likewise, the perceived effectiveness of drug testing, as assessed by human resources managers, has increased from 50 percent in 1987 to 90 percent in 1996.
- ⊙ In 1995, the average annual cost of EAP services per eligible employee nationwide was \$26.59 for internal programs staffed by company employees and \$21.47 for external programs provided by an outside contractor, according to the Research Triangle Institute. These costs compare favorably to the expense of recruiting and training replacements for employees terminated due to substance abuse problems—about \$50,000 per employee at corporations such as IBM.
- ⊙ The Ohio Department of Alcohol and Drug Addiction Services conducted a follow-up survey of 668 substance abuse treatment residents one year after completing treatment. Findings indicated that absenteeism decreased by 89 percent, tardiness by 92 percent and on-the-job injuries by 57 percent.

Statistics such as these suggest not only that workplace substance abuse is an issue all employers need to address, but also, that it is an issue that can be successfully prevented. Taking steps to raise awareness among employees about the impact of substance use on workplace performance, and offering the appropriate resources and/or assistance to employees in need, will not only improve worker safety and health, but also increase workplace productivity and market competitiveness.

Recommendation

Of the four components in the workplace (people / equipment / materials / environment), employees are the most complicated, unpredictable, expensive and critical. The issues of life that affect them during the 16 hours of the day that they are not at work also affect them while at work. Substance abuse could be the issue, or a response to an issue. Regardless, it can and often does enter the workplace. That is when it becomes a workplace issue.

The most important thing employers can do to help control the cost of substance abuse is to establish and enforce a policy that prohibits employees from using illegal drugs and abusing legal drugs and alcohol.

Employers should train supervisors to monitor workers' job performance and to report any irregularities. However, supervisors should not be expected to diagnose possible medical conditions, such as substance abuse. Employers should also offer employees ongoing substance abuse education opportunities so that everyone in the workplace can be on the lookout for the hidden signs of substance abuse.

Hundreds of thousands of companies have implemented drug-testing programs. Since the individuals who abuse alcohol or other drugs are denied employment, are dismissed, or avoid companies which have such programs, they seek employment with companies that do not conduct drug testing. The result is that, as more and more companies adopt a drug testing policy, the companies that do not conduct testing are increasingly subject to encountering substance abusers as applicants and employees.

Employers must also realize that during the consideration and early stages of implementation of a substance abuse program, some employees will object, threaten to quit, or actually quit. A minimal amount of personnel turbulence

will occur, but those who leave are either substance abusers or are so narrow-minded that they cannot see the benefits of a substance abuse program. Either way, that temporary employee turnover will soon result in a higher-quality work force.

Summary

Workplace substance abuse programs improve the workforce by eliminating those who abuse and fail to rehabilitate and by deterring abusers from seeking employment with your organization. These programs directly affect your workers' compensation premium by securing credits, and they indirectly affect it by lessening the likelihood of injuries.

Volumes of information regarding the impact of substance abuse on the workplace and methods of protecting your business can be obtained by contacting the U.S. Department of Labor at (202) 219-6001, ext. 137 or ext. 152 or by visiting their Web site at www.dol.gov/dol/workingpartners.htm.

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