



CLIENT ADVISORY

Workers' Compensation

March 10, 2010

Go Drug Free and Cash In

Georgia Offers Premium Credit for Drug Free Workplaces

Background

In 1988 the Federal government enacted The Drug-Free Workplace Act which requires some Federal contractors and all Federal grantees to provide drug-free workplaces. In subsequent years, many individual states adopted similar Drug-Free Workplace policies.

In 1993 Georgia enacted its own drug-free workplace policies, one of which requires insurance companies to provide a 7.5 percent workers' compensation premium credit to employers with state-certified drug-free workplaces. This discount is available to both fully insured and self-insured workers' compensation programs. Two State websites (www.sbwc.georgia.gov and www.sbwcdfwp.org) provide an overview of the certification process and applicable statutes. Despite this significant discount and the relative ease of obtaining certification, only 4 percent of Georgia's employers have applied for this credit.

ACTION:

Creating a Drug Free Workplace will reduce Workers Compensation insurance by 7.5%.

Georgia's drug-free workplace certification program, "*Drugs Don't Work*" (DDW), was created by The Georgia Chamber of Commerce and is implemented through local chambers of commerce that partner with the Georgia Chamber and The Council on Alcohol & Drugs (CAD). By pooling resources, these organizations help local businesses achieve state certification as efficiently and cost-effectively as possible.

Qualifying for Certification

Qualifying for certification as a Drug-Free Workplace is a relatively simple process. Employers must implement the five action items below then submit an application to the Georgia State Board of Workers' Compensation. Once certified, employers send certificates to their insurance companies to receive the workers' compensation premium discount.

The five required action items are:

- 1) Create a substance abuse policy;
- 2) Conduct pre-employment and post accident drug testing;
- 3) Conduct two hours of employee education the first year and one hour annually thereafter;
- 4) Conduct two hours of supervisor training the first year and one hour annually thereafter, and
- 5) Offer an Employee Assistance Program (EAP) or post a treatment and counseling center referral list.

FACT:

77% of illegal drug users are employed in full and part-time jobs.

Less than 4% of Georgia employers test employees for drug use.

Two valuable resources for completing the certification process are the Savannah Chamber of Commerce and The Council on Alcohol & Drugs (<http://www.livedrugfree.org>). The latter's website provides a wealth of detailed information and links to key resources. A related site, www.ddwga.org, provides an interactive explanation of the certification program, including downloadable forms, applications and checklists. Another excellent online resource is www.drugfreeworkplaceprogram.com. While this website is not Georgia-specific, it provides useful information and perspectives on creating drug testing programs.

Costs

The cost to implement a Drug Free Workplace program is nominal in light of the guaranteed savings. Some sources indicate implementation costs equal 10% of the workers' compensation discount; assuming that is a reasonable estimate, this equates to a 1000% return on investment.

From our experience, implementation costs vary by employer and industry due to three key variables:

- 1) Employee turnover;
- 2) Number of employees injured during the year, and
- 3) Frequency of random drug screenings.

Random and blanket screenings are voluntary, but highly encouraged as an effective risk management strategy. Even in cases where these variables are unusually high, the implementation costs are virtually always less than the discount received.

Specific costs include a \$35 annual application fee and drug testing expenses of \$25 - \$35 per employee. Voluntary membership in CAD is \$150 per year, the cost of which is offset by the inclusion of state-required education materials and discounted drug testing supplies.

Drug Testing

Georgia approved in 2006 the use of onsite rapid result saliva tests for drug screening purposes and many other states are expected to follow Georgia's lead on this testing method. Within ten minutes of administering a saliva test, employers know if the individual has recently used marijuana, cocaine, opiates, amphetamine, methamphetamine and phencyclidine.

ACTION:

Absenteeism, increased healthcare costs and decreased productivity due to drug and alcohol abuse costs employers \$1,000 per employee per year. Random drug testing is legal and recommended.

The advantages to onsite testing include immediate results, no time away from work and lower test expenses. The disadvantage is that detection window of saliva tests is much shorter than standard test methods.

Saliva tests can cost 38% to 55% less than standard lab fees and can be purchased directly from The Council on Alcohol & Drugs or other sources.

One caveat: if you conduct drug testing via in-house sources or by third-parties, you must be alert to potential liability issues that may arise from inadvertent HIPPA and ADA violations. Employers are responsible for maintaining the confidentiality of drug test results; all medical records, including drug screening results, must be maintained in separate and confidential files.

Conclusion

Few things in life are a sure bet. By making your business a Drug Free Workplace, you'll create a safer work environment, reduce on-the-job injuries, improve productivity and pay less for your workers' compensation insurance. You can't get a better deal than that.

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