



Ergonomics

Real People

Real Problems

Real Solutions

Good Ergonomics Is Good Economics

The Basic Facts

- Musculoskeletal disorders (MSDs) cost the nation up to \$50 billion a year. Employers pay between \$15 - \$18 billion in workers' compensation costs alone. That means \$1 out of every \$3 spent on workers' compensation goes for MSD-related claims.
- Some progressive employers have ergonomics programs in place because they know that ergonomics is good business practice. But 60 percent of all general industry employees work in places that have not yet addressed ergonomic risk factors.
- About 6.1 million workplaces and over 102 million workers in general industry are covered by the new ergonomics standard.
- Many other countries already have ergonomics regulations in place including the United Kingdom, Sweden, Australia, Canada, Japan, Pakistan, Ecuador and South Africa.

Bottom-Line Benefits

- The standard will generate benefits of \$9.1 billion a year in each of the first 10 years it is in effect. (OSHA's earlier estimate of \$10 billion in savings was based on a broader program outlined in the November 1999 proposal.)
- Most of the direct benefits will result when employers fix problem jobs and reduce the number of MSDs that these jobs cause.
- Indirect but very real human benefits of the ergonomics standard will be enormous. It is impossible to put a price tag on the pain and suffering of injured workers or to calculate the economic and emotional effects on their families.
- The new ergonomics standard will improve reporting of MSDs by about 50 percent and prevent about 4.6 million of them over 10 years. That includes averting about 2.3 million currently reported MSDs and another 2.3 million not being reported at this time.
- That translates to preventing about 460,000 MSDs a year -- again, about half of them currently being reported and another half not previously reported.



- OSHA estimates that about 7 million problem jobs will be fixed the first year the standard is in effect and a fewer number each year thereafter. Over 10 years about 18 million jobs will be fixed, significantly improving the working conditions of employees and the bottom line of employers.
 - Direct cost savings for each problem job currently associated with an MSD is \$27,000; that includes recouping lost productivity, lost tax payments and the administrative costs related to workers' compensation claims. Direct savings expected from each job associated with a currently unreported MSD is \$7,000; it is assumed that currently unreported MSDs are much less severe and therefore will result in fewer savings.
- Labor savings associated with the standard will be about \$700 million per year based on improved productivity and increased automation of some jobs.

Bottom Line Costs

- Annual costs to employers of the ergonomics standard are expected to be \$4.5 billion. The 1999 proposal estimated costs would be about \$4.7 billion. Numerous changes in the final standard resulted in a wide range of economic adjustments, and the two figures cannot be directly compared.
- Improvements in the final standard, such as the addition of the screening tool and clearly defined compliance endpoints as well as the inclusion of under-reported MSDs in the benefits analysis, make the final rule more cost effective because they reduce the number of problem jobs that have to be fixed by 40 percent.
- The annual cost of fixing a problem job is estimated to be \$250, higher than previously estimated because administrative and training costs are included and better targeted jobs are being fixed.
- Four industries are expected to have especially high numbers of jobs to be fixed and individual costs of more than \$100 million per year; they are hospitals, eating and drinking places, trucking and courier services, and grocery stores.
- Costs associated with the final standard are lower because the new rule is more cost effective and better targeted to fixing problem jobs. Specific improvements include:
 - Clearly defined action trigger that better targets specific problem jobs that must be fixed and screens out jobs that require no follow-up action.
 - Elimination of the earlier requirement that all manufacturing and manual handling establishments put a basic ergonomics program in place immediately.
 - Reduction of work restriction protection (WRP) provision from six to three months.
 - A clear compliance end point.