

PEERCARE SUPPORTED BY RANDOM TESTING PREVENTS COSTLY INJURIES

This fact sheet describes the significant impact and return on investment of substance abuse prevention and early intervention efforts at a 26,000 employee transportation company operating in 47 states.

Do Drug and Alcohol Use Affect Workplaces?

Working under the influence of drugs or alcohol seriously threatens the health and safety of employees and coworkers. It poses an equally serious risk to employer profitability. It can cause costly injuries, discipline problems, morale problems, and employee turnover.

What Are the Program's Components?

PeerCare is a union-management partnership that uses employee occupational peer groups to change a work climate that tolerates or enables working under the influence of drugs or alcohol. In exchange for employee efforts, management moves from a punitive approach to supportive and restorative aid for substance abusers. Corporate volunteers are trained (1) to educate the workforce about working drug-and-alcohol-free, and (2) to identify workers who are drinking or using drugs, remove them from the worksite, and motivate them to seek appropriate diagnostic and treatment services. Services available include an employee assistance program and managed behavioral healthcare services. Federal mandates imposed after PeerCare started subject all employees to for-cause drug/alcohol testing and the 20% of workers in safety-sensitive positions to random testing.

Important Program Dates

- PeerCare was added to selected union contracts incrementally, with most unions adopting it between early 1987 and 1990.
- More than 20% of employees attended 2-day off-site training, primarily in 1988-91.
- Random drug testing supplemented pre-existing for-cause testing in January 1990.
- Random alcohol testing began in August 1994, with PeerCare alcohol activities correspondingly enhanced, including distribution of BAC self-test kits and BAC calculators.
- Random testing applies to safety-sensitive employees, about 20% of the workforce.
- In 2000, 40% of employees trained continued to volunteer on teams; 10% were in management and thus ineligible to be team members; 30% were inactive; and 20% had left the company.

For a more detailed program description, see the Fact Sheet titled PeerCare Workplace Substance Abuse Prevention & Early Intervention Program: An Effective Union-Management Partnership.

What Results Did the Program Achieve?

Injury Reduction: The combination of PeerCare and drug testing prevented an estimated 835 injuries in 1999, about a one-third reduction from 1986 injury rates. Alcohol testing and related PeerCare alcohol enhancements prevented another 445 injuries. These estimated reductions in injury rates are net of the average reduction in the industry's injury rates due to mandated testing.

Costs Avoided: The study measured the impacts of occupational injury avoidance on company fringe benefit costs. The costs included company medical payments, wage replacement, and litigation costs to resolve compensation disputes. The savings from reduced injury-related drug and alcohol testing were included as well.

The company avoided an estimated \$33 million in injury costs in 1999 due to PeerCare and drug testing. Alcohol testing and related PeerCare alcohol enhancements avoided an additional \$17 million, bringing total costs avoided to \$50 million (\$1925 per employee).

Injuries cause other costs that we did not measure. The additional costs avoided include property damage; incident investigation; workplace disruption following crashes and other injury incidents; third party liability in transportation crashes; and hiring and training associated with replacing workers killed, permanently disabled or dismissed due to substance abuse. Not measuring these impacts means the return on investment in the program is underestimated.

Other Outcomes: Also, at least 30 disciplinary actions were avoided annually. This number probably is an underestimate since we lacked data on disciplinary rates before PeerCare started. The program was active in some regions and unions during the years covered by the earliest available discipline data. In these same years, for-cause separations were not reduced.

How Much Does the Program Cost to Operate?

- Including overhead, the company spent \$900,000 (\$35 per employee) on PeerCare in 1999.
- Drug and alcohol testing cost the company another \$900,000 (\$35 per employee) in 1999.
- Adding alcohol testing to the existing drug testing program raised testing costs by \$270,000 per year.

What Is the Return on Investment?

- PeerCare, drug testing, and alcohol testing together avoided \$28 in company costs per dollar invested.
- PeerCare and drug testing alone avoided \$22 in company costs per dollar invested.
- An enhanced alcohol focus including alcohol testing yielded an incremental return on investment of 63 to 1.

Could Other Companies Achieve Similar Results?

- Peer-based prevention programs have the potential to efficiently reduce employee injuries and workplace substance abuse by changing corporate cultures that enable workplace alcohol and drug use. They are untried in other workplace cultures.
- Their success also may depend on the threat posed by worker drug and alcohol testing.
- Injuries in transportation cost 3 to 4 times the average non-transport injury. Hence implementation of PeerCare coupled with random and for-cause drug and alcohol testing outside the interstate transportation industry might yield a benefit-cost ratio of 5.2 to 6.7. Without alcohol testing, the benefit-cost ratio might range from 4.1 to 5.1.

Peer-based prevention requires sustained and substantial corporate financial investment, as well as a strong union commitment.

What Was the Source of the Effectiveness Estimates?

Miller TR, Zaloshnja E, Spicer RS. (2006) Effectiveness and Benefit-Cost of Peer-Based Workplace Substance Abuse Prevention Coupled with Random Testing. Accident Analysis and Prevention, in press.

Data Preparation. Data were obtained on all occupational injuries in 1986-99. An industry-specific model developed for Federal regulators was used to estimate the employer medical and wage replacement costs that would result from each injury. The model estimates are based on victim age, gender, body part injured, and nature of injury (e.g., fracture). Future-year costs of each injury were converted to present value with a 3% discount rate. Company insurance claims data including loss reserves for open claims were used to scale the cost estimates so that total computed injury costs match actual company costs. Thus, all broken legs have the same modeled cost, regardless of when they occur, but the modeled costs sum to actual company costs.

Analysis. Regression analyses analyzed the influence of PeerCare training and random testing on: (1) monthly injury rates for 1986-99, controlling for the broader injury rate trend in the company's industry, and (2) the present value of company injury costs by month injured (e.g., present and anticipated future costs that resulted when employees were injured in January 1988). PeerCare complements the drug testing program, implemented around the same time. We were unable to separate the impact of these two interventions cleanly and therefore treated them as a single intervention measured by the PeerCare variables.

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