

# Views

Handle Your Business With **KARE**

A Fully Insured Workers' Compensation Program  
Endorsed by the Kentucky Chamber of Commerce  
and Underwritten by the ACE-USA Group

The Newsletter for KARE Policyholders and Agents  
Winter Edition 2002

OSHA has made changes to its Injury and Illness Recordkeeping & Reporting requirements and has replaced the existing forms. They have attempted to make the rule easier to understand and the forms easier to use. Unless exempt, employers must begin using the updated forms by May 1, 2002.

## Exemptions

Employers with 10 or fewer employees at all times during the previous calendar year and employers whose business is classified in a specific low hazard, retail, service, finance, insurance, or real estate industry are not required to maintain illness and injury records. See [www.osha.gov.oshstats/sicer.html](http://www.osha.gov.oshstats/sicer.html) for the updated list of Standard Industrial Classification (SIC) codes that are exempt from the new requirements. (**Note:** No business is fully exempt. All must report fatalities and catastrophes involving three or more employees, and all are subject to survey by OSHA or the Bureau of Labor Statistics.)

- New definitions of medical treatment, first aid, and restricted or "Light Duty" work are provided.
- A new requirement that all needlestick and sharps injuries involving contamination by another person's blood or infectious material has been added.
- A new requirement that all Musculoskeletal Disorders (MSDs) be recorded when they result in days away from work, restricted work, job transfer or medical treatment beyond first aid has been added.

## Forms

OSHA has issued the following new forms. The forms may be downloaded from the OSHA web site at [www.osha-slc.gov/recordkeeping/RKforms.html](http://www.osha-slc.gov/recordkeeping/RKforms.html) or requested by calling the OSHA publications office at 202/693-1888.

- **Form 300 Log** - This form, which replaces the Form 200 Log, is for recording work-related injuries and illnesses and tracking days away from work, restricted work, etc. (Note: While this form is intended to replace the old 200 log, do not discard the old ones—all OSHA 200 logs must be kept for 5 years.)
- **Form 301** - This new injury and illness incident reporting form is for recording more in-depth information about how the injury or illness occurred.

- **Form 300A** - This summary form is for showing yearly totals for each category of work-related injuries and illnesses. The form includes instructions for calculating incidence rates.

If you require further information, the OSHA web site ([www.osha-slc.gov/recordkeeping/index.html](http://www.osha-slc.gov/recordkeeping/index.html)) is a comprehensive resource—or you may contact:

**Kentucky Occupational Safety & Health Program**  
Web Site: [www.kylabor.net/kyosh/index.htm](http://www.kylabor.net/kyosh/index.htm)  
Telephone: 502/564-3070

**Ohio (OSHA Region 5 Office)**  
Telephone: 312/353-2220

**Indiana Department of Labor**  
Telephone: 317/232-3325

**Tennessee Department of Labor**  
Telephone: 615/741-2793 ■

## The New OSHA 300 Rule ~ Illness/Injury Recordkeeping & Reporting ~

### Penalties

According to the OSHA enforcement guidance released on November 21, 2001, the penalty for non-compliance with the new OSHA 300 rule is \$1,000 for each year an employer fails to properly maintain the OSHA 300 Log. A separate penalty of \$1,000 may also be issued for each OSHA 301 reporting form not filled out by the employer (up to a maximum of \$7,000).

### Changes

- The definition of work relationship is clarified, limiting the recording of pre-existing cases and adding new exceptions for some categories of injury and illness. Some new exceptions include injuries or illnesses from blood donations, eating and drinking, exercise programs, common colds and flu cases.
- Criteria for determining when mental illnesses are considered work-related have been added.

by Larry Maze,  
KARE Safety  
Engineer

The Loss Prevention System (LPS) includes tried and proven cost reduction methods used by industrial companies over the past 28 years. Currently, there are 60,000 employees and contractors in 50 countries using LPS. It has saved companies millions of dollars in workers' compensation costs,

## How Can LPS Lower the Cost of Workers' Compensation?

by James D. Bennett, Ph.D.  
President,  
Loss Prevention  
Systems

equipment and property damage, product quality incidents, regulatory assessments and operational inefficiencies—both large and small companies, in such diverse industries as manufacturing, construction, mining, petroleum, chemicals, etc.

### LPS Defined

LPS is a business philosophy for running a profitable business, as well as a management system designed to reduce losses, or unplanned costs, associated with personal injuries, equipment and property damage, product quality incidents, regulatory assessments and operational inefficiencies. Each of these events has an adverse cost associated with it. LPS can systematically reduce or eliminate the dollars expended for each of these incidents.

### Business Philosophy/Management System

This business philosophy has four principles that are essential to the success of LPS. Adherence to these principles is an absolute prerequisite for lowering workers' compensation costs.

■ **Principle 1: Develop and communicate the LPS plan.** The plan must describe where the company is headed in its overall business scheme, explain how LPS fits into the business plan, and specifically outline what the company intends to do to improve safety and loss prevention performance. The plan must also include expectations of loss prevention performance with goals and objectives established down through the lowest levels of the organization.

■ **Principle 2: Establish ownership and participation at all levels of the company.** The company's approach to LPS implementation should be that the overall direction will be provided from the top down, while determination of such specifics as how to best use the LPS tools will be from the bottom up. All levels of the company must be actively involved, with each person having the opportunity to develop ownership and an identity with the daily LPS tools and activities.

■ **Principle 3: Emphasize proactive not reactive efforts.** Although LPS includes investigations of losses that have already occurred, the majority of time spent on LPS activities is proactive. In other words, most of the LPS activities focus on identification and elimination of hazards and risks before an injury takes place, not after the fact.

■ **Principle 4: Integrate loss prevention activities with daily business.** All LPS activities should be designed and developed to be integrated into the normal, recurring business activities of the company. Some LPS activities occur daily, while others take place weekly or monthly. Nonetheless, performing safe performance self-assessments, conducting loss prevention observations and investigating incident circumstances must be done as part of the job, just as fabricating steel and assembling components are part of a manufacturing process.

### Systematic

LPS follows a standard set of operating guidelines day in and day out. Here are just a few of these guidelines as they apply to the previously mentioned LPS tools or activities.

■ **LPS requires use of two risk assessment and management tools—Safe Performance Self-Assessment (SPSA) and Job Safety Analysis (JSA).** Employees perform SPSAs at the beginning of the shift, before changing tasks during the shift and immediately following a near-loss or incident. The SPSA involves no paperwork and only takes a minute to perform. A JSA is both a technique and a tool. As a technique, a JSA reviews a work process, identifies potential hazards and recommends procedures to perform the job safely. This technique produces a JSA tool that briefly outlines the proper way to perform a job. JSAs are used as a proactive hazard identification and risk assessment tool, in preparation and reference for loss prevention observations, in task and refresher training, and also as a monitoring and control tool for construction and maintenance activities.

■ **LPS requires the conduct of loss prevention observations (LPOs) on a planned and regular basis.** An LPO is a systematic, standardized tool for observing a work process and determining if the job is being done according to specified standards. The immediate objective of an LPO is to identify and eliminate undesirable behaviors and conditions. The longer range objective is to help maximize the effectiveness of each work process by preventing losses and the respective costs associated with injuries, equipment and property damage, product quality

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## Worth Noting



The KY Chamber of Commerce produces the following workshops, seminars and publications, unless otherwise noted. All workshop/seminar fees include instruction, reference materials, lunch and refreshments. To register for a workshop/seminar or to purchase a publication, contact Phyllis Wells at 502/695-4700 or [pwells@kychamber.com](mailto:pwells@kychamber.com).

### Recordkeeping

February 28, Louisville | March 7, Lexington  
March 8, Hebron

This one-day seminar will provide a comprehensive overview of OSHA's recent ruling on Occupational Injury and Illness Recording and Reporting Requirements. Instructors will explain the new recordkeeping rules and criteria and will review and provide instruction for using the new OSHA 300 forms. Cost: \$299 for KY Chamber members and \$399 for non-members.

### OSHA 10-Hour Course

March 26-27, Lexington

This two-day workshop will provide participants with an intensive review of current OSHA topics. Upon completion of the program, participants will receive a Federal OSHA 10-Hour Card to demonstrate your company's efforts toward voluntary compliance with OSHA standards and will be useful during an OSHA inspection. Cost: \$495 for KY Chamber members and \$595 for non-members.

### OSHA 30-Hour Course

March 26-29, Lexington

This four-day workshop will provide in-depth instruction on OSHA codes and standards. OSHA-trained outreach instructors will present practical and proven information that can be implemented immediately. Upon completion of the program, participants will receive a Federal OSHA 30-Hour Card to demonstrate your company's efforts toward voluntary compliance and will be useful during an OSHA inspection. Cost: \$895 for KY Chamber members and \$1,095 for non-members.

### Kentucky Employer's Guide to Preventing OSHA Fines & Citations

This user-friendly guide contains all the information you need to prepare for an OSHA inspection. The guide also identifies the top 20 OSHA citations issued in Kentucky and shows you how to avoid them. (2000; 128 pages.) Cost: \$63 for KY Chamber members and \$84 retail, plus tax and shipping.

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## Will OSHA Inspect Your Business?

The likelihood that OSHA will inspect your business is probably greater than you might think. Therefore, it's important to make sure your business complies with all applicable OSHA rules, your records are in order and you are otherwise prepared in the case of an inspection.

The following are some eye-opening statistics on state and federal OSHA inspections:

**90,860** - The combined total of state and federal OSHA inspections conducted in fiscal year 2000.

**\$155,098,748** - The combined total of state and federal OSHA penalties levied against businesses in fiscal year 2000.

**1,275** - The number of OSHA inspectors working in the 26 states that run their own OSHA programs.

**1,170** - The number of federal OSHA inspectors working in fiscal year 2001.

The industries most likely to be inspected are construction and manufacturing, and the most prevalent reason for inspections at both the federal and state levels is the targeting of "high hazard" operations. ■



incidents, regulatory assessments and operational inefficiencies. Loss prevention observations are conducted routinely as a normal part of the job. It is important to conduct LPOs randomly throughout the shift, across all shifts, and in all operational areas.

■ **LPS requires that Field Assessments be conducted periodically.** The purpose of the assessments is to determine how effectively LPS tools are being used by supervisors and employees. This determination can only be made by spending time in the workplace, asking questions and observing personnel in the performance of their work. These Field Assessments are also necessary to ensure the LPS plan is being followed and quality standards are being maintained. With regularly planned assessments, deviations from the LPS or other problems can be resolved rather quickly. Graphic results of these audits represent one type of feedback that is provided to all employees on a regular basis.

## How Can LPS Lower the Cost of Workers' Compensation? *(continued...)*

For an organization to eliminate undesirable work practices and workplace hazards leading to losses, there are two fundamental principles that must be followed. First, provide positive reinforcement for correct work behaviors and practices consistent with the organization's work standards. Second, identify and eliminate deviations from these work standards. Industrial research has shown these principles applied together are far more effective than either one alone.

■ **LPS requires investigations of all personal injuries, regardless of the level of severity.** The purpose of investigations is to examine information from each injury as it occurs and then implement solutions that should eliminate or reduce the likelihood the injury will recur. All degrees of injury severity are examined because research has proven that the causes of minor injuries are nearly identical to the causes of more serious injuries. Therefore, if we can determine the cause of a medical-treatment case, we'll probably eliminate a more serious injury that eventually would have occurred.

■ **LPS requires full communication of severe and potentially severe injury cases, as well as results in the use and quality of LPS tools.** These communications, called LPS Alerts and Bulletins, include the dissemination and discussion of (1) the root causes of recent injuries, (2) solutions to prevent recurrence, and (3) results of previously implemented investigation solutions. These communications occur in several different formats, including safety discussions at the beginning of each shift following a loss and written materials in company newsletters, company bulletin board notices, etc.

■ **LPS requires that persons at all levels of the organization be accountable for loss prevention performance, based on incident experience, as well as work quality measures.** Accountability should not be interpreted as a negative event. Under LPS, accountability refers to recognition for excellent loss prevention performance, in addition to coaching and counseling for unsatisfactory performance. The intent is to change behavior in a positive way, not punish people.

### Custom Made

Although every LPS operates under the same fundamental principles and within a general framework, each LPS is custom made to match the unique needs of that organization. This tailoring to an operation must be done to ensure the LPS reflects the specific circumstances, characteristics, resources and potential hazards of a particular workplace

For further information about LPS, contact Mark McCord at [mmccord@kareinsurance.com](mailto:mmccord@kareinsurance.com). ■

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## Views

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