

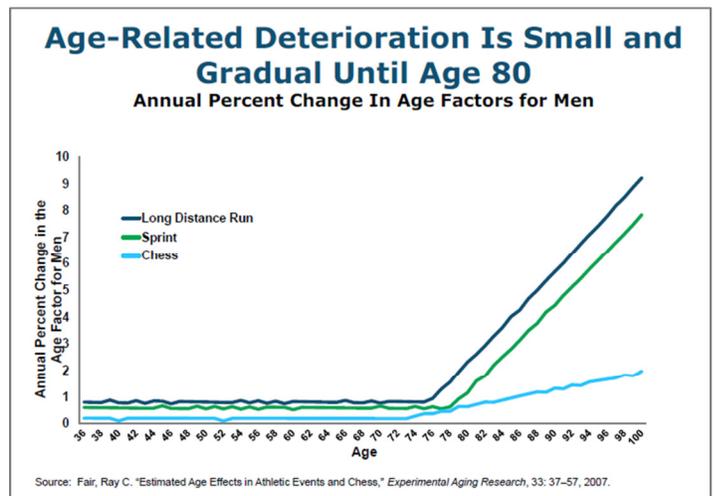


35 is the New 60: Surprising Facts About Aging Workers

My recent meetings with employers have frequently led to discussions about the aging workforce. Our clinics provide pre-employment physicals and pre-employment strength and agility screening, and many employers use these tools. However, most aren't confident that pre-screening employees today can gain them any work comp leverage 15 years from now. They fear an aging workforce will disproportionately skew their claims activity, mod rates, and insurance premiums.

We Have More Potential Than We Might Think

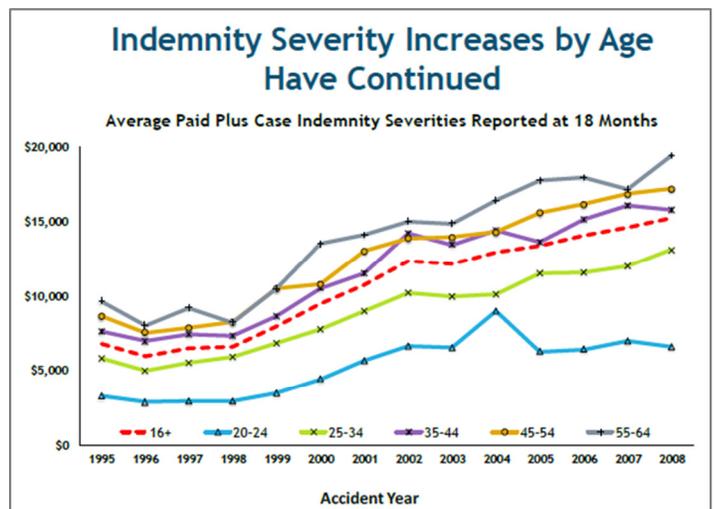
It makes sense to assume that older workers will be more prone to injury – as we age, we inevitably lose some functionality. However, we don't necessarily lose as much as once thought. Today's medical research can prove that in general, active workers who remain active and take care of themselves can achieve very similar strength and flexibility measurements as baselines recorded 10, 15, and even 20 years earlier. The human body can be conditioned and maintained in such a way that much of the physical ability loss due to aging can be effectively eliminated. Don't believe me? Check out the graph at the right (click the image for a larger version).



We Cost More Than We Might Realize

However, just because older workers aren't necessarily more prone to injury, they still make a dent in the work comp fund when they do get hurt. Older workers, on average, experience injuries of far greater severity than their younger colleagues. Also, when indemnity is a factor, older workers inevitably cost much more (higher wages and higher severity lead to higher payouts).

So, although employers may be wrong to assume older workers are accidents waiting to happen, employers are certainly justified to be fearful about the amount of money an older worker's injury might cost. Click the image at right for a larger version that illustrates indemnity increases by age group, which have been increasing for all age groups nearly every year since 1998.



I Guess I'm An Old Man

Now for the kicker (in case you didn't notice the big red line running through the last graph):

The increase in injury severity and work comp claim expense between younger workers and older workers becomes statistically relevant at age 35.

That's right: Workers 35 and older exhibit a marked difference in severity and cost per injury when compared to workers 34 and younger. This threshold is consistent across occupations, demographics, and geography. Essentially, to be accurate when making assumptions about the aging workforce, employers must consider the group of 35 to 70 year olds as the definition of "older workers". That's a pretty large span of years, and likely not the grouping most employers have considered when they speak to me about their fears of the impact of an aging workforce.

Now, as a 35-year-old, I'm not comfortable comparing my functional ability and risk of injury to that of my 68 year old father (I can whip him in a bag race). But in the work comp insurance world, we are essentially equals. And employers who fail to realize this run the risk of improperly stereotyping workers who are 50 or older and mistakenly assuming that us 35 year-olds aren't as risky as the others in the group of "older workers". That's a dangerous assumption to make.

The National Council on Compensation Insurance (NCCI) has published a few very detailed studies about these aging workforce statistics that are definitely worth reviewing (click the Source links below for two of the full articles). They might open your eyes to a new perspective of the aging workforce and the impact it might have on your company. And if nothing else, it will prove that anyone older than 35 will have a relatively equal risk of costing you some big dollars if they're injured. Protecting them equally is the next challenge.

Sources:

NCCI, "Workers Compensation and the Aging Workforce"
https://www.ncci.com/documents/2011_Aging_Workforce_Research_Brief.pdf

NCCI, "Is 35 the New 'Older' Worker?"
https://www.ncci.com/documents/Research_Brief_Aging_Workforce-2012.pdf