ErgoScience



4 High-Impact Strategies for Lowering Workers' Compensation Costs - Fast

Hidden gaps in your injury prevention strategy can increase injuries and workers' compensation cost. Discover where your biggest risks may be.

Talk to an ErgoScience Expert

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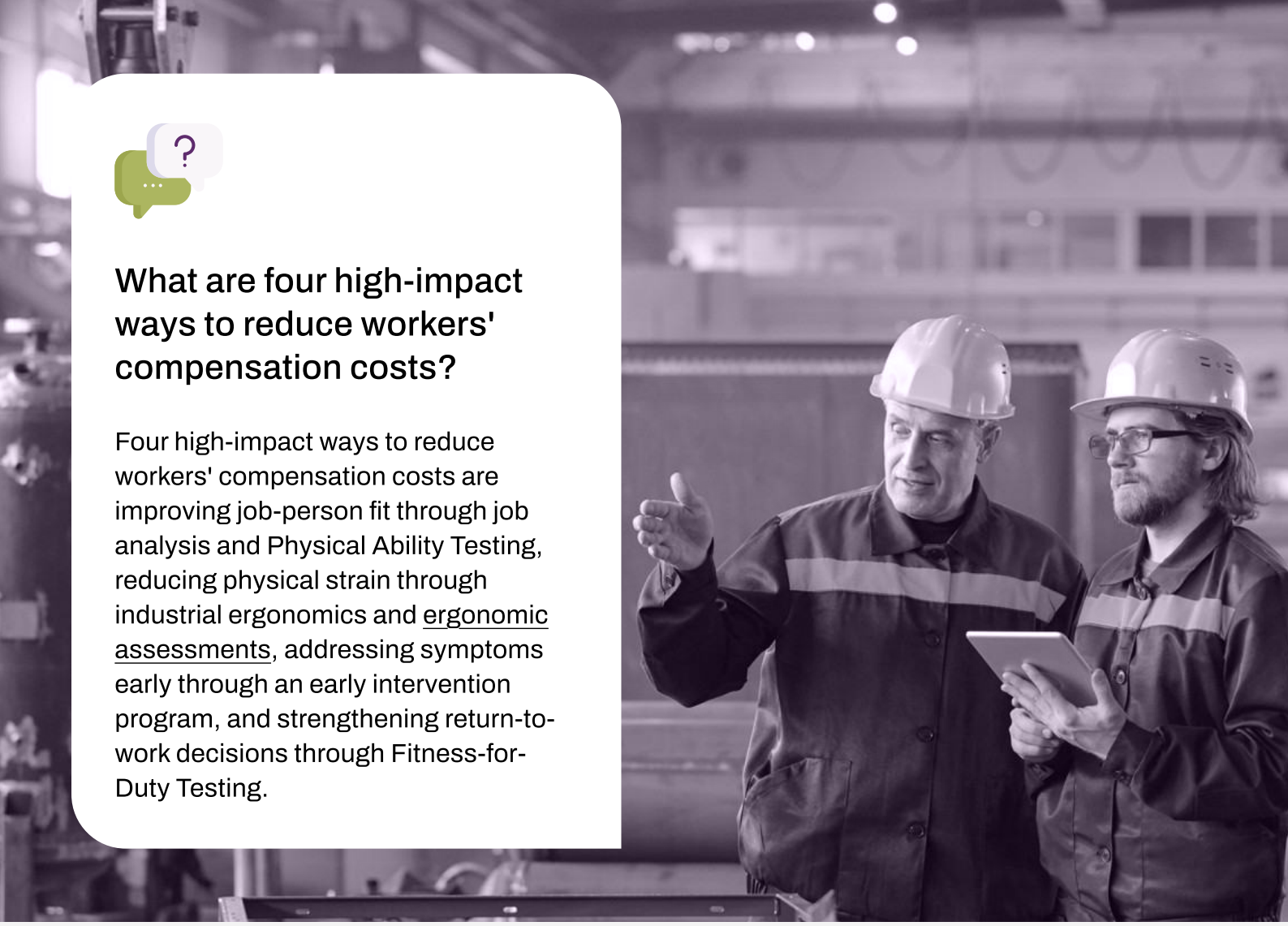
1. Executive Summary

Why can workers' compensation costs remain high despite safety programs?

Workers' compensation costs can remain high when safety programs focus primarily on responding to injuries rather than addressing the job demands, ergonomic exposures, and recovery factors that contribute to injury frequency, severity, lost time, and reinjury.

What are the biggest drivers of workers' compensation costs?

The biggest drivers can include workplace injury frequency, claim severity, medical and indemnity costs, lost work time, and reinjury. Addressing preventable injury risks, physical job demands, early symptoms, and recovery can help organizations reduce both direct and indirect injury-related costs.



What are four high-impact ways to reduce workers' compensation costs?

Four high-impact ways to reduce workers' compensation costs are improving job-person fit through job analysis and Physical Ability Testing, reducing physical strain through industrial ergonomics and ergonomic assessments, addressing symptoms early through an early intervention program, and strengthening return-to-work decisions through Fitness-for-Duty Testing.

The U.S. workers' compensation system is broadly improving, with claim frequency continuing its long-term decline. Yet that progress does not mean workers' compensation cost has stopped being a serious business concern.

NCCI's latest data shows that while lost-time claim frequency fell 2% in 2025, both medical and indemnity claim severity increased 4%.

That distinction is crucial for employers. A lower number of claims does not necessarily translate into lower financial exposure when individual claims become more severe, keep employees away from work longer, or involve reinjury and prolonged recovery. For organizations still facing elevated injury costs, the question is not simply how to manage claims after they occur, but where preventable risk can be addressed earlier.

This guide examines four connected opportunities: improving job-person fit through job analysis and Physical Ability Testing, reducing physical exposure through industrial ergonomics and ergonomic assessment, addressing early symptoms before they escalate through early intervention, and strengthening post-injury recovery through return-to-work and Fitness-for-Duty Testing.

You'll learn how these interventions work together to identify risk earlier, address the physical demands contributing to injury, support safer recovery, and build a more proactive approach to managing workers' compensation costs.

How Workers' Compensation Costs Impact Your Bottom Line

Did you know that more than 86% of all workplace injury costs come from just 10 causes, totaling $58.78 billion in medical and lost-wage payments each year?

The financial impact of workplace injuries often extends well beyond the claim itself. A single injury can place pressure on staffing, productivity, overtime, and operational continuity, while recurring injuries can signal deeper problems in how work is designed, performed, or supported.



For employers, the consequences can show up in several parts of the business:

Claims can create costs beyond the workers' compensation claim

Medical and indemnity payments are only part of the financial impact. Organizations may also absorb overtime, temporary staffing, productivity losses, administrative time, and other costs associated with employee absence and recovery.





Workforce capacity can suffer when recovery takes longer

An injured employee's absence can place additional demands on remaining employees and managers. When recovery is prolonged, staffing gaps can become operational constraints, particularly in physically demanding roles where replacing experienced workers is difficult.

Recurring injuries can expose underlying workplace problems

When similar injuries continue to occur within the same job, task, or location, the issue may extend beyond individual employee behavior. Recurring patterns can indicate that physical demands, equipment, workflow, or workplace design require closer evaluation.





Inconsistent practices can increase organizational exposure

For multi-site employers, inconsistent job evaluations, ergonomic assessments, and return-to-work decisions can lead to uneven outcomes across locations. Standardized processes create a consistent approach, making it easier to identify risks, close gaps, and apply the right interventions across the entire workforce.

When these effects accumulate, workers' compensation becomes more than a claims-management issue. It becomes an operational issue that can influence workforce capacity, productivity, and the organization's ability to manage workplace risk consistently.

Where Are Your Workers' Compensation Costs Coming From?

The right intervention depends on where injury-related costs are concentrated. High injury rates among new hires may point to job-person fit, while recurring injuries around specific tasks may indicate ergonomic exposure. Increasing reports of early discomfort may signal gaps in early intervention, while long claim durations or frequent reinjury may point to gaps in functional evaluation or return-to-work practices.

Look for these patterns first:

What you're seeing	What to investigate
High injury rates among new hires	Match between new-hire abilities and job requirements
Repeated injuries in the same job or task	Ergonomic risk and job design
High injury concentration at specific locations	Site-level risk and prevention consistency
Increasing reports of early discomfort	Early intervention processes and recurring symptom patterns
Long claim durations	Return-to-work practices and functional readiness
Frequent reinjury	Fitness-for-Duty Testing and work conditioning
Increased overtime to cover injured employees	Comprehensive MSD prevention program
High turnover in physically demanding roles	Job-person fit
Different injury outcomes across locations	Standardization of prevention practices

How 4 High-Impact Changes Can Reduce Workers' Compensation Costs

Reducing workers' compensation costs isn't the result of a single safety initiative or injury prevention program. Organizations that consistently lower injury rates take a comprehensive approach by improving how they hire, how they design work, how they respond to early symptoms, and how they support employees returning after an injury.

These operational improvements are most effective when they work together. Improving hiring practices, workplace ergonomics, early intervention, and employee recovery creates a connected strategy that reduces workforce risk while supporting productivity and operational continuity.

The four high-impact changes include:

- Improve Job-Person Fit With Job Analysis and Physical Ability Testing
- Reduce Workplace Injury Risk Through Industrial Ergonomics
- Address Symptoms Early With an Early Intervention Program
- Strengthen Return-to-Work With Fitness-for-Duty Testing



The following sections explain how each change contributes to lower injury rates and reduced workers' compensation costs.



CHANGE 1

Improve Job-Person Fit with Job Analysis and Physical Ability Testing

Hiring decisions influence workplace safety long before an employee performs their first task. When organizations understand the physical demands of each role and ensure employees are capable of meeting those demands safely, they reduce preventable injuries, improve retention and build a more reliable workforce.

Define Physical Job Requirements

Document the essential physical demands of each position, including lifting requirements, force exertion, repetitive motions, postures, environmental conditions, and movement patterns. A comprehensive job analysis establishes clear expectations for both employers and employees.

Validate Employee Capability

Evaluate whether candidates can safely perform the essential functions of the role through Physical Ability Testing that reflects actual job demands. Matching employee capabilities with workplace requirements helps improve hiring decisions while reducing early injury risk.

Monitor Hiring Effectiveness.

Track injury trends, new-hire performance, and turnover data to determine whether hiring practices are supporting long-term workforce safety. Regular reviews help refine hiring criteria as job demands and business operations evolve.

What to Measure

- New-hire injury rate
- New-hire Injury Costs
- Lost and restricted duty days
- Early turnover rate
- Injury concentration by job



CHANGE 2

Reduce Workplace Injury Risk Through Industrial Ergonomics

Even when employees are physically capable of performing their jobs, poorly designed work environments can create unnecessary strain that accumulates over time. Applying industrial ergonomics helps organizations identify risk factors, reduce repetitive stress, and create workspaces that support employee well-being while improving production consistency.

Conduct Ergonomic Assessments

Evaluate workstations, equipment, tools, and job tasks to identify ergonomic risk factors that contribute to musculoskeletal disorders and other preventable injuries. Prioritize the jobs and tasks with the greatest exposure. Ergonomic programs can reduce workplace injuries by up to 60% in physically demanding roles.

Improve Workplace Design

Modify workstations, tools, equipment, and workflows to minimize awkward postures, excessive force, repetitive motions, and unnecessary physical strain. Small improvements can significantly reduce physical demands and workers compensation costs by up to 68%, demonstrating the value of proactive ergonomic improvements.

Reinforce Safe Work Practices

Provide employees with practical training on body mechanics, lifting techniques, workstation adjustments, and safe movement strategies to reinforce ergonomic improvements and encourage consistent work habits.

What to Measure

- MSD frequency
- Injury concentration by task
- Lost and restricted workdays
- High-risk task exposure
- Ergonomic risk reduction



CHANGE 3

Address Symptoms Early With an Early Intervention Program

Many musculoskeletal injuries develop gradually, beginning with fatigue, stiffness, soreness, or mild discomfort rather than a single sudden incident. An OSHA-compliant early intervention program helps employers address these early symptoms before they progress into recordable injuries, lost workdays, or more serious conditions.

Identify Symptoms Early

Create an accessible process for employees to report early signs of discomfort, such as soreness, stiffness, or strain. Trained professionals can evaluate these symptoms and determine the appropriate first-aid intervention or whether referral for further medical evaluation is needed.

Provide Timely, Appropriate Intervention

Address minor symptoms with OSHA-compliant musculoskeletal first-aid interventions and practical guidance before they escalate. Early support can help employees manage discomfort while continuing to work, reducing the likelihood that minor issues progress into recordable injuries.

Follow Up and Address the Source

Monitor employees after intervention and identify whether job modifications, ergonomic adjustments, or other accommodations are needed to prevent symptoms from recurring. Connecting early intervention with job demands and ergonomic improvements helps address both the symptom and contributing workplace factors.

What to Measure

- Early symptom reports
- Time from symptom report to intervention
- Escalation to recordable injury
- MSD frequency
- Referral rates



CHANGE 4

Strengthen Return-to-Work With Fitness-for-Duty Testing

After an injury or illness, returning an employee to work safely requires more than medical clearance. Fitness-for-Duty Testing objectively evaluates whether an employee has the physical capabilities needed to perform the specific demands of their job, helping employers reduce reinjury risk and support a safe, sustainable return to work.

Confirm Functional Readiness

Evaluate whether an employee can safely perform the essential physical demands of their job through a job-specific Fitness-for-Duty or Return-to-Work assessment. Testing should reflect the actual requirements of the role rather than relying solely on a general medical release.

Align Return-to-Work Decisions With Job Demands

Compare the employee's current physical capabilities with the documented demands of the job to identify any gaps in strength, endurance, mobility, or other functional abilities. This provides objective information to support appropriate full-duty, modified-duty, or other return-to-work decisions.

Support a Safe Transition to Full Duty

When an employee is not yet ready to meet the physical demands of the job, use work conditioning, modified duties, or a structured progression to help rebuild the capabilities needed for full-duty work. This approach supports recovery while helping minimize reinjury and prolonged time away from work.

What to Measure

- Time to modified duty
- Time to full duty
- Reinjury rate
- Lost and restricted workdays
- Employees successfully returning to full duty
- Sustained work capacity



The ErgoScience Workforce Injury Prevention Framework: BOSS

Stage	Operational Change	Primary Focus	Business Outcome
Build	Match employees to the physical demands of the job	Job analysis & physical ability testing	Better hiring decisions, fewer early injuries
Optimize	Reduce physical strain before injuries occur	Industrial ergonomics, ergonomic assessment, ergonomic improvements	Lower MSD risk and stronger operational consistency
Support	Encourage early reporting and addressing of discomfort	Early intervention, implementing an onsite OSHA-compliant musculoskeletal first aid program	Reduced symptom escalation, fewer recordable MSDs, and less lost work time
Sustain	Help employees recover safely and prevent reinjury	Return to work/fitness-for-duty testing and work conditioning for those not ready	Reduced claim severity, lower workers compensation cost

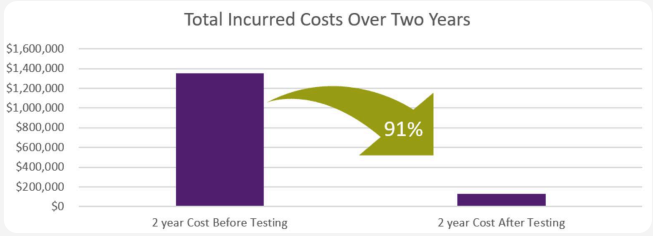
While these four operational changes deliver value individually, their greatest impact comes when they're implemented as part of a connected workforce injury prevention strategy. Let's look at real-life examples of organizations that improved safety outcomes while lowering workers' compensation costs.



When Reactive Safety Practices Become a Costly Cycle

The strategies discussed throughout this guide deliver the greatest value when they're put into practice. These examples illustrate how proactive injury prevention can reduce workers compensation costs and what can happen when underlying workplace risks go unaddressed.

How a Food Processing Company Reduced Workplace Injuries by 69%



A national food processing company struggled with recurring workforce challenges as frequent strains and sprains among new hires drove up workers compensation costs. Overtime became routine, production disruptions increased, and supervisors spent more time replacing injured employees than improving operations. This created an expensive cycle that threatened long-term workforce stability.

Instead of continuing to manage injuries after they occurred, the company evaluated the physical demands of its jobs, implemented job-specific physical ability testing, and aligned hiring decisions with those requirements.

Within three years, workplace injuries declined by 69%, while total incurred injury costs declined by 91%. The organization gained a more stable workforce, fewer production interruptions, and greater management capacity to focus on operational improvement instead of staffing shortages.

Early Intervention in Practice:
When employees report early discomfort, timely evaluation and appropriate first-aid-level intervention can address symptoms before they progress into recordable injuries or lost workdays. Tracking these interventions can also reveal recurring tasks or workplace factors that may require ergonomic correction.

What Happens When Safety Practices Remain Reactive

A regional distribution company believed its safety program was effective because it met compliance requirements and investigated every injury. Yet workplace injuries continued to disrupt operations, experienced employees were frequently absent, and managers spent more time covering shifts than meeting customer demands.

The leadership couldn't understand why workers' compensation costs kept rising despite its investment in workplace safety. Physical job demands hadn't been reviewed in years, repetitive lifting tasks remained unchanged, and employees often returned to full duties based solely on medical clearance.

Workers' compensation costs continued to rise, overtime became routine, and staffing shortages disrupted daily operations. Supervisors spent more time replacing injured employees and coordinating schedules than improving productivity, while turnover and recurring injuries made sustained operational performance increasingly difficult.

Takeaway

These two scenarios highlight the same lesson: workers' compensation costs are shaped by decisions made before and after an injury, not only by how the resulting claim is managed. Better job-person fit can address risk before an employee starts work, ergonomic improvements can reduce physical exposure during the job, early intervention can address symptoms before they escalate, and stronger recovery processes can reduce prolonged absence and reinjury.



Best Practices for Sustainable Injury Cost Reduction

Reducing workers' compensation costs requires more than implementing isolated safety initiatives. Organizations that achieve sustainable reductions in workers' compensation costs continually evaluate workplace risks, measure performance, and refine prevention strategies as operations evolve.

To maximize the long-term impact of your injury prevention framework, consider these expert-recommended practices.



PRO TIP 1

Replace Reactive Injury Management with Proactive Risk Monitoring

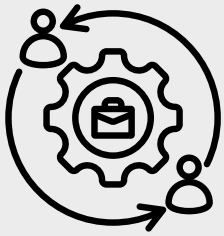
Don't wait for injury claims to expose workplace risks. Monitor leading indicators like ergonomic hazards, early discomfort reports, and near misses to identify issues sooner, prevent injuries, and reduce workers' compensation costs before operational disruptions occur.

PRO TIP 2

Prioritize Prevention Efforts Based on Injury Risk and Business Impact

Analyze injury trends, claim severity, and lost workdays to identify the jobs creating the greatest operational and financial impact. Prioritizing these areas helps allocate prevention resources where they'll deliver the highest return.





PRO TIP 3

Update Job Demands as Operations Continue to Evolve

Review job analyses whenever equipment, workflows, staffing levels, or production demands change. Keeping physical job requirements current improves hiring accuracy, supports safer return-to-work decisions, and prevents new workplace risks from developing unnoticed.

PRO TIP 4

Evaluate Recovery Success Beyond an Employee's Return to Work

Measure reinjury rates, sustained work capacity, and post-return performance instead of focusing only on return dates. This provides a clearer picture of recovery effectiveness while supporting workforce stability and long-term productivity.





PRO TIP 5

Align HR, Safety, and Operations Around Shared Prevention Goals

Schedule regular cross-functional reviews to share workplace risk insights, evaluate prevention performance, and prioritize improvement initiatives. Consistent collaboration helps organizations make faster decisions, strengthen accountability, and sustain long-term injury prevention efforts.

Consistently applying these practices helps organizations strengthen organizational resilience, improve workforce reliability, and achieve sustainable reductions in workers compensation cost.

However, even with the right strategies in place, common implementation mistakes can limit results. Understanding what to avoid is the next step toward building a more effective injury prevention program.



What are leading indicators in workplace safety?

Leading indicators are proactive measures that help identify workplace risks before injuries occur. Examples include ergonomic hazards, near misses, employee discomfort reports, and safety observations. Monitoring these indicators enables organizations to prevent incidents instead of responding after claims are filed.

Common Mistakes That Increase Workers Compensation Costs

Even organizations with mature safety programs can overlook operational practices that quietly increase workers compensation costs. Recognizing these common mistakes can help organizations avoid costly setbacks and improve long-term workforce performance.

The following table outlines common workplace injury prevention mistakes and the practical actions organizations can take to avoid them.

Common Mistake	What You Should Do Instead
Treating safety as a compliance exercise instead of a prevention strategy	Shift the focus from meeting regulations to identifying and eliminating workplace risks before injuries occur.
Hiring employees without validating physical job demands	Base hiring decisions on current job analyses and role-specific physical requirements to improve job fit and reduce early injuries.
Using the same ergonomic solution for every job	Prioritize high-risk tasks and tailor ergonomic improvements to the physical demands of each role rather than applying generic fixes.
Assuming medical clearance means an employee is ready for full duties	Use functional evaluations and job-specific requirements to determine whether employees can safely resume essential work activities.
Measuring success only by recordable injuries or claim counts	Monitor leading indicators, reinjury rates, lost workdays, and operational disruptions to evaluate the effectiveness of prevention efforts.
Failing to update prevention strategies as operations change	Reassess job demands, workplace risks, and recovery processes whenever equipment, workflows, or production requirements evolve.
Waiting for symptoms to become injuries before taking action	Establish an early intervention process that allows employees to report discomfort and receive timely evaluation and appropriate intervention before symptoms escalate.

Avoiding these mistakes helps organizations move beyond short-term injury management and build a more proactive approach to reducing workers' compensation costs.

Workers Compensation Cost Reduction Readiness Checklist

Reducing workers compensation cost requires consistent execution across every stage of an organization's injury prevention strategy. Use this checklist to assess whether the systems and processes needed to support long-term workforce safety are in place.

- [ ] Physical job demands are documented and updated whenever job responsibilities or production processes change.
- [ ] Hiring decisions validate that candidates can safely perform the essential physical requirements of the job.
- [ ] High-risk jobs are prioritized for ergonomic assessments based on injury trends and operational impact.
- [ ] Workstations, tools, and workflows are reviewed regularly to reduce repetitive strain and physical demands.
- [ ] Employees are encouraged to report discomfort early, and a defined process is in place for timely evaluation, intervention, follow-up, and escalation when needed.
- [ ] Return-to-work decisions are based on functional job requirements rather than medical clearance alone.
- [ ] Leading indicators, including ergonomic risks, near misses, and early symptom reports, are monitored regularly.
- [ ] Early intervention data is reviewed to identify recurring symptoms, tasks, or workplace factors that may require corrective action.
- [ ] Injury prevention strategies are reviewed periodically to ensure they remain aligned with changing business and workforce needs.

Organizations that consistently meet these criteria are better equipped to reduce workforce risk, strengthen operational resilience, and sustain long-term reductions in workers' compensation costs.

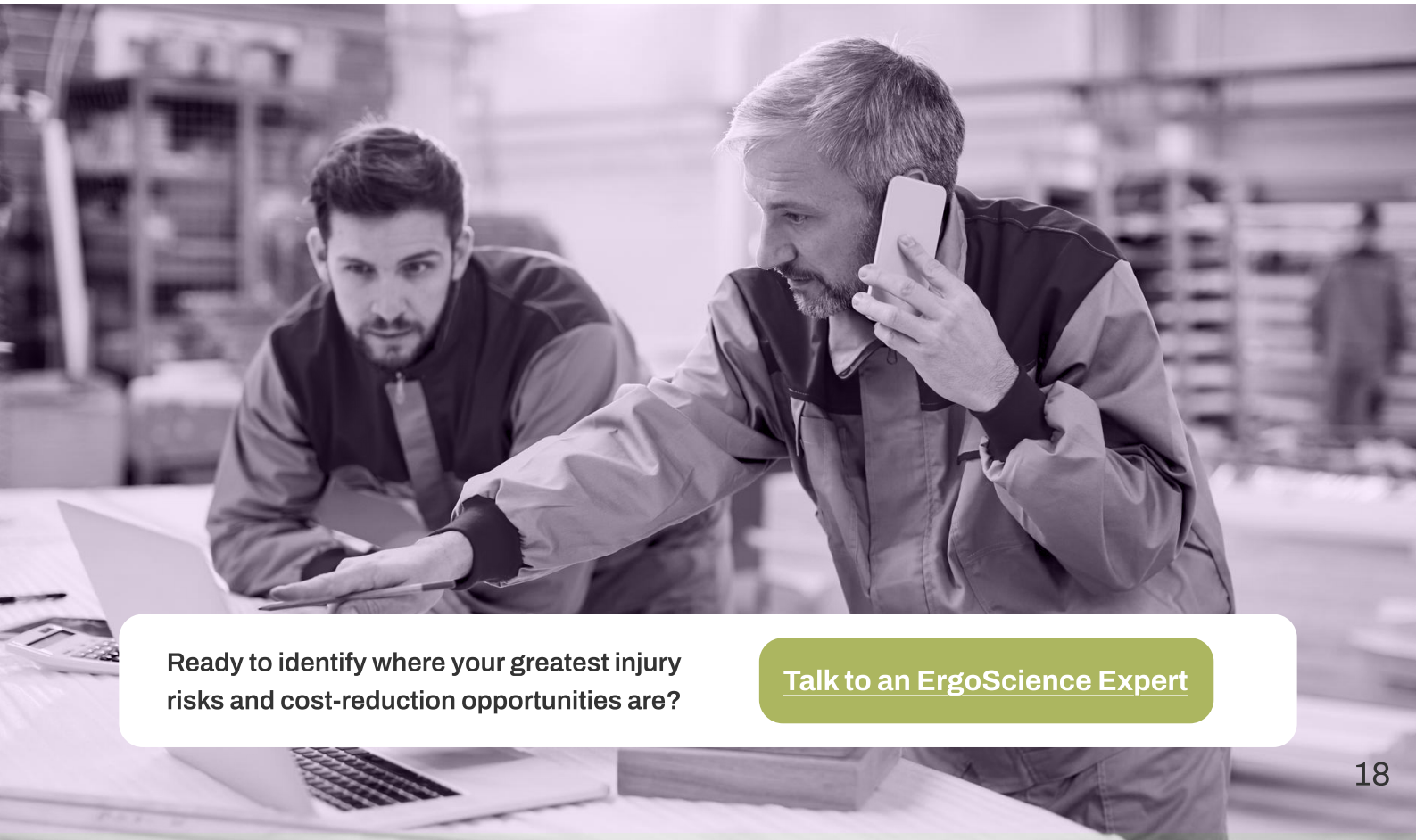
Reduce Workers' Compensation Costs by Addressing Risk at the Source

Reducing workers' compensation costs requires more than managing claims after an injury occurs. Employers need to identify and address the factors that contribute to injury risk, from job-person fit and physical demands to ergonomic exposures and the ability of employees to safely return to work.

That requires more than a generic safety program. Job analysis, Physical Ability Testing, ergonomic assessment, early intervention, and Fitness-for-Duty Testing need to be based on the actual demands of the job and supported by scientifically grounded methodologies. When these interventions work together, employers can move from reactive injury management toward a more proactive, data-driven approach to workforce injury prevention.

This is where the depth of the approach matters. ErgoScience combines formal job analysis, custom role-specific testing, peer-reviewed research, and measurable outcome validation to help employers identify risk, improve hiring accuracy, reduce MSDs, and evaluate whether prevention programs are delivering measurable results. Its approach is also designed for large, distributed workforces, allowing organizations to implement consistent injury-prevention practices across multiple locations.

The objective isn't simply to reduce the number of claims. It's to build a more reliable system for preventing injuries, reducing workers' compensation costs, supporting safer recovery, and improving workforce performance at scale.



Ready to identify where your greatest injury risks and cost-reduction opportunities are?

Talk to an ErgoScience Expert

Frequently Asked Questions

Can employers reduce workers compensation costs without changing insurance providers?

Yes. Many organizations reduce workers' compensation costs by preventing injuries before claims occur rather than relying on insurance changes. Improving hiring practices, reducing ergonomic risks, and strengthening return-to-work processes can lower claim frequency and severity, helping control long-term costs regardless of the insurance carrier.

How long does it take to see results from an injury prevention strategy?

The timeline depends on an organization's injury trends, workforce size, and existing safety practices. Some improvements, such as better hiring decisions and ergonomic changes, can reduce workplace risks quickly, while meaningful reductions in workers compensation cost typically become more evident as injury frequency and claim severity decline over time.

What is the difference between job analysis and an ergonomic assessment?

Job analysis establishes what a job requires, including its essential physical demands. An ergonomic assessment evaluates how work is performed and identifies physical exposures that may contribute to musculoskeletal disorders and other workplace injuries. Job analysis can provide the foundation for job-specific Physical Ability Testing, while ergonomic assessments help identify ways to reduce physical strain through changes to equipment, workstations, tasks, or workflows.

Why isn't medical clearance enough for an employee to return to work?

Medical clearance does not necessarily establish whether an employee can safely perform the physical demands of a specific job. Fitness-for-Duty Testing and other functional evaluations can assess whether an employee has the capabilities required to perform essential job functions. Aligning return-to-work decisions with actual job demands can help reduce reinjury risk while supporting a safer and more sustainable return to work.

What is an early intervention program in the workplace?

An early intervention program identifies and addresses employee discomfort or minor symptoms before they progress into more serious or recordable injuries. It may include employee symptom reporting, professional evaluation, first-aid-level intervention, follow-up, and recommendations for job modifications or accommodations when appropriate.

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