

2005

**HIGH HAZARD EMPLOYER PROGRAM
ANNUAL REPORT**

EXECUTIVE SUMMARY

**Targeted Inspection and Consultation Fund
High Hazard Enforcement Program
High Hazard Consultation Program**

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**Division of Occupational Safety and Health
Department of Industrial Relations**

I. EXECUTIVE SUMMARY

The 1993 and subsequent reforms of the California workers' compensation system required the Division of Occupational Safety and Health (Cal/OSHA) to focus its consultative and compliance resources on "employers in high hazardous industries with the highest incidence of preventable occupational injuries and illnesses and workers' compensation losses." As a result of these reforms the Division of Occupational Safety and Health developed and implemented what has become known as the High Hazard Employer Program. Even though a statutory mandate no longer exists, the Division of Occupational Safety and Health believes that it is important to report annually on the status of the constituent parts of the High Hazard Employer Program, specifically the Targeted Inspection and Consultation Fund, the High Hazard Enforcement Program and the High Hazard Consultation Program.

High Hazard Employer Program

The High Hazard Employer Program (HHEP) is designed to:

- Identify employers in hazardous industries with the highest incidence of preventable occupational injuries and illnesses and workers' compensation losses.
- Offer and provide consultative assistance to these employers to eliminate preventable injuries and illnesses and workers' compensation losses.
- Inspect those employers on a random basis to verify that they have made appropriate changes in their health and safety programs.
- Develop appropriate educational materials and model programs to aid employers in maintaining a safe and healthful workplace.

The Department of Industrial Relations (DIR) has the statutory authority to levy and collect assessments from employers to support the targeted inspection and consultation programs on an ongoing annual basis.

High Hazard Enforcement Program

In 2004, 379 employers underwent a targeted high hazard enforcement inspection. Follow-up inspections were conducted for 11 employers. During these inspections, 2,055 violations were observed and cited.

In 2004, 510 additional employers underwent an inspection as part of the Agriculture Safety and Health Inspection Project (ASHIP). During these inspections, 644 violations were observed and cited.

In 2004, 2,839 additional employers underwent an inspection as part of the Construction Safety and Health Inspection Project (CSHIP). During these inspections, 4,058 violations were observed and cited.

Since 1994, a total of 14,930 employers have undergone a high hazard enforcement inspection, and 37,051 Title 8 violations have been observed and cited.

The efficacy of targeted high hazard enforcement is assessed through measurement of a high hazard employer's Days Away, Restricted, or Transferred Rate (DART). For employers who underwent a targeted high hazard enforcement inspection in 2002 and were surveyed in 2004 (n=416), 222 employers responded with detailed information from their Log 300 Records of Occupational Injuries and Illnesses to calculate their DART for the year prior to the enforcement inspection and for the year following the inspection. The average DART for this 2002 cohort decreased by 15 percent (from 8.84 to 7.51).

High Hazard Consultation Program

In 2004, 1,112 employers with elevated Workers' Compensation Experience Modification Rates were provided targeted high hazard consultative assistance. During consultation with these employers, 6,725 Title 8 violations were observed and corrected as a result of the provision of consultative assistance.

In 2004, sub-sets of employers with elevated Workers' Compensation Experience Modification Rates concurrently underwent a consultation as part of the Safety and Health Inspection Project. 198 employers concurrently underwent a consultation as part of the Agricultural Safety and Health Inspection Project (ASHIP), 17 employers concurrently underwent a consultation as part of the Bloodborne Safety and Health Inspection Project (BSHIP), and 200 employers concurrently underwent a consultation as part of the Construction Safety and Health Inspection Project (CSHIP). During these consultations, 2,366 hazards were observed and corrected.

Since 1994, a total of 8,724 employers have been provided high hazard consultative assistance, and 42,863 Title 8 violations have been observed and corrected.

The efficacy of targeted high hazard consultative assistance is assessed through measurement of a high hazard employer's Days Away, Restricted, or Transferred Rate (DART) and an employer's Experience Modification Rating (ExMod). For employers who were provided targeted high hazard consultative assistance in 2002 and were surveyed in 2004 (n=506), 260 employers responded with detailed information from their Log 300 Records of Occupational Injuries and Illnesses to calculate their DART for the year prior to the consultative assistance intervention and for the year following the intervention. The average DART for this 2002 cohort decreased by 52 percent (from 5.64 to 2.72). For the same cohort, the 2004 ExMod of all 506 employers was obtained from the Workers' Compensation Rating Bureau (WCIRB) and compared with the ExMod for the year prior to the consultative assistance intervention. The average ExMod for this 2000 cohort decreased by 29 percent (from 183 to 129).

Targeted Inspection and Consultation Fund

The 2004 Report describes the status of the Targeted Inspection and Consultation Fund (TICF) for insured and self-insured employers.

The Workers' Compensation Insurance Rating Bureau (WCIRB) reported for 2004 that 15,588 employers have had an ExMod of 1.25 or more and were subject to the TICF assessment. The Office of Self Insurance Plans reported for 2004 that 98 self-insured employers have had an ExMod equivalent of 1.25 or more and were subject to the TICF

assessment. For 2004 the total amount assessed these insured and self-insured employers was \$11,157,021. As of 13 October 2005, \$10,740,501 (96%) was collected by the Department of Industrial Relations.

Employers who have been sent TICF invoices, but who have failed to pay the amount assessed in thirty (30) days, receive a "Notice of Delinquency" from the Department of Industrial Relations. Delinquent TICF invoices (plus a 25% penalty) are then referred to the Franchise Tax Board, Non-Tax Debt Collection Unit, for collection after 15 days of non-payment. For the 2004 assessment, a total of 802 unpaid TICF accounts were referred to the Franchise Tax Board, representing \$579,950 in uncollected monies (with imposition of the 25% penalty, the total is \$724,937). As of 13 October 2005, \$288,845 (39.8%) has been collected by the Franchise Tax Board.

2005 High Hazard Employer Program Annual Report

The 2005 Report summarizes the status of the programs established by the Department of Industrial Relations as a result of the 1993 and subsequent reforms to the workers' compensation insurance system -- the High Hazard Enforcement Program and the High Hazard Consultation Program -- their activities during the calendar year 2004 and measures of how effective the programs have been in meeting their goals.

Please direct any questions about the 2005 Report, or suggestions for the 2006 Report, to Chief, Division of Occupational Safety and Health, P.O. Box 420603, San Francisco, CA 94142-0603.

Thank you.