

Reducing Liability by Hiring The “Right” Employee

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What Type of Screenings to Conduct

- Background check
- Driver’s license check
- Work History check
- Physical
- Drug Screen

Why Conduct Background Checks?

- Negligent hiring
- Negative news coverage
- Cost/stress of legal defense
- Loss of time, productivity
- Other costs

Are Background Checks Legal?

- Yes. The key is “consistency.”
- Have a written policy in place that states what type of background check(s) you will conduct and who is subjected to it.
- Fact: 40% of people lie on their resumes!
- Employers (YOU!) lose 60% of negligent hiring/supervising/retention cases.
- The average jury award for negligent hiring

- Against companies is: \$900,000.00!
- 30% of ALL business failures result from theft or embezzlement.

What Should be Included in a Background Check?

- Name and address history
- SSN and DOB verification
- National, Statewide & County Criminal History: Felony and Misdemeanor
- Previous Employment Verification
- Professional licensing verification
- Driver History record
- Derogatory Credit

What Can I say about a former "bad" employee?

- Anything that is TRUE!

Why Have an Employee Drug/Alcohol Testing Program?

- 17,000 deaths each year due to illicit use of drugs
- 112 million people over the age of 12 have used illicit drugs at least once in their life
- 35 million people over the age of 12 have used illicit drugs this past month
- Over 2 million new THC users this year
- Over 7,000 people a day try THC for the first time

- 60% of the world's illegal drug market is in the U.S.A. (with 6% of the world's population)
- Over 20 million Americans use THC
- Over 6 million use Cocaine
- Over half a million use Heroin
- Over 8% of Full Time employees use illicit drugs
- Over 10% of Part Time Employees use illicit drugs

- Over 3 million people use THC daily
- Almost 1/2 of Americans entering the work force have used an illicit drug once in the past year
- 75% of illicit drug users are employed

Drug Use by Industry

- Hospitality/Food Industry....16.9%
- Construction 13.7%
- Health Care and Social Assistance..... 6.1%

Drug Use in the Medical Field in Iowa 7-1-08 thru 6-30-09

- 206 disciplinary actions taken
- 34 for Substance Abuse
- 314 for Misconduct
- 8 for being "impaired"
- 72 for criminal conduct

Drug Use Good News

- Drug use is DOWN in 2006 compared to 2005
- Drug test positive rates were 3.8% compared to 4.1%
- Decline due to “effectiveness of drug testing AND the federal government’s efforts to eliminate domestic methamphetamine labs.” (John Walters, director of National Drug Control Policy)

- Other factors that bring the drug positivity rate down: Increased employer vigilance, AND the possibility that people who abuse drugs might avoid seeking employment at companies that conduct drug testing.” (Quest, Drug Testing Index)

Why Drug Test?

- Substance Abusers are five times more likely to file a workman’s compensation claim
- Substance Abusers are four times more likely to have accidents on the job
- It is estimated that as many as 50% of ALL worker’s compensation claims involve substance abuse
- National Safety Council reports that 80% of those injured in “serious” drug-related accidents

- at work are NOT the drug abusing employees, but the innocent co-workers and others.
- 40% of industrial fatalities and 47% of industrial injuries are linked to substance abuse
- Substance Abusers tend to change jobs 2 – 3 times each year disrupting the work force and creating extra costs for employers.
- Substance Abusers miss work due to illness or injury and skip work more often than non users

- Substance Abusers are one third as productive as non-users when they are on the job
- NIDA states: one in five workers between the ages of 18 – 24 have a substance abuse problem
- One in eight workers between the ages of 26 and 35 have a substance abuse problem

- Substance Abusers are more likely to steal from their employer
- Substance Abusers are more likely to be involved in a confrontation

The Cost of Drug Use in the Work Place

- Substance Abuse costs society over \$100 billion dollars a year
- Drug Abusing employees acquire a 300% higher medical costs and benefits which consequently increases health insurance rates (U.S. Chamber of Commerce)

Indirect and Direct Costs

- Studies consistently show that a substance abuser will function at about 67% of his/her capacity.
- Studies support that they are NOT productive workers.
- Substance Abusers have an absentee rate of 30-35 days per year.
- Substance Abusers are 2.5 times more likely to have an absence of 8 or more days

- Drug use in the work place breeds drug dealers in the work place.
- An Indiana Gallup survey revealed that 32% of workers knew of drug use by employees on the job; and 10% had been offered drugs to use on the job while at work.
- Drug Users tend to have bad work habits and tend to reduce morale.

Reasons to Drug Test

- Deter employees from using drugs
- Prevent the hiring of drug abusing applicants
- Early identification of employees with substance abuse problems
- Provide for a safe workplace
- Ensure general public safety and instill consumer confidence

- Improving safety
- Minimizing accidents
- Reducing workman's compensation claims
- Increasing productivity
- Improving attendance
- Decreasing theft and violence
- Improving morale and public image

- 2005 Survey by National Survey on Drug Use and Health found: "individuals whose employer DOES NOT have a drug testing program reported a nearly 50 percent higher incidence of illicit drug use in the previous 30 days, compared to those who DO have a drug testing program."

■ Same survey found: “workers reporting current illicit drug use were LESS likely than workers reporting no current illicit drug use to say they would work for an employer who tests employees for drug use at hiring, randomly, based upon suspicion or following a work-related accident.”

■ Drug testing IS legal in all 50 states
■ It is accurate from both a scientific and technological standpoint.
■ It is widely accepted
■ Most employees and applicants expect it
■ If you DON'T drug test, you WILL attract drug abusing applicants.

Court Decisions provide 2 Incentives for Drug Testing

■ First: To date, courts have upheld drug testing as a legitimate means of determining employees' ability to work

■ Second: The majority of court cases have held businesses **LIABLE** for accidents caused by drug-using employees; particularly when the company has **NO** formal Drug Free Workplace policy.

Factors to consider when implementing a Drug Testing Program

- American Council for Drug Free Education offers the following steps:
- Create a written policy that is supported by top management, understood by all employees, enforced consistently and clear about what is expected of employees and the consequences of violations

- Implement a substance abuse prevention program with an employee drug education component that focuses not only on the dangers of drug and alcohol use, but also in the availability of counseling and treatment
- Train managers, front-line supervisors, HR, medical staff and others in identifying and dealing with substance abusers

- Use an appropriate drug and alcohol testing component, designed to prevent the hiring of workers who use illegal drugs; provide early identification and treatment referral for employees with drug or alcohol problems
- Offer an employee assistance program that provides counseling for employees and their family members

Other Factors

- Define the agency and regulations that govern your drug testing program (if applicable)
- Define who is in the testing pool
- Must be in writing
- Each employee must acknowledge that they are aware that they could be drug tested
- Results MUST be confidential

Drug Free Workplace Program Can

- Reduce your operational costs
- Protect loyal employees
- Improve products and/or services
- Result in better service to customers and clients
- Increase profits
- Help many people lead healthier lives

Identifying Substance Abusing Employees

- Performance Problems
- Poor attendance and absenteeism
- Attitude and physical appearance
- Health and safety hazards
- Domestic problems

Return on Investment

- According to a study conducted by the U.S. Navy, a substance abuser costs his/her employer \$7,000.00 a year
- How many employees do you have?
- Using the Health Care average it is 6.1%
- Not testing adds up!

Return On Investment

- Total Number of employees
- Number of substance abusing employees (health care: 6.1%)
- Cost per each substance abuser: \$7,000.00
- Your total cost is:

- 50 employees
- 6.1% are substance abusers, or 3 employees
- 3 times \$7,000.00 equals: \$21,000.00
- If a drug test costs you \$15.00 each, and you tested all 50 employees, you would spend: \$750.00 a year in drug testing. That would eliminate the \$21,000.00 in liability you have on staff!

■ In this scenario, you saved your company:
\$20,250.00 a year! What could you do with that
kind of money?

Drug Testing

■ Off site collection, lab based
■ On site collection
■ On site collection and testing

Different types of tests

■ Blood
■ Hair
■ Urine
■ Saliva

On Site Testing Advantages

- Fast
- Results in 3 -5 minutes
- Accurate
- Screens out negatives. Only send positives to lab
- Ease of Use
- Widely Accepted
- Cost Savings
