2.5 Calculating the Economic Impact of Health & Productivity on the Workplace

Calculating Total Health Costs

- Cost of Medical Care +
- Cost of Absenteeism +
- Cost of Presenteeism =
- TOTAL HEALTH COST

Cost of Absenteeism

- Full salary of replacement worker
- Cost of temporary replacement worker
- Overtime
- Lost revenue of worker or replacement
- Loss of value to team
- Cost of missed deadlines, poor quality or lost opportunities

Absenteeism Cost Modifiers

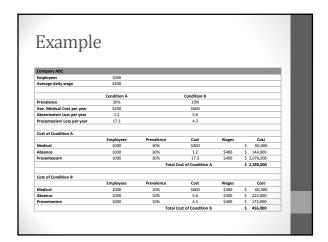
- Hourly vs. salaried workers
- Type of industry
- Size and type of company
- Inability to find equal replacement worker
- Team effect
- Impact of fall in output
- Cost of missed work >> wage replacement

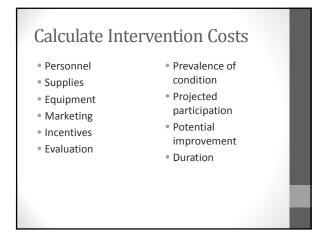
Cost of Absence Multiplier

- Attempts to adjust for these other factors
- Varies by job and industry type
- Example: Fast food worker 1.0 x wages
- Example: Paralegal 1.93 x wages
- Default factor: 1.44 x wages

Cost of Presenteeism

- Working at less than full capacity or productivity
- Usually measured as a proportion or percentage of full capacity or output and converted to "lost days."
- Same effects and concerns as absenteeism
- "Present but partially absent"





Calculate Total Savings and ROI

Cost of Medical Care + Cost of Absenteeism
+ Cost of Presenteeism
= TOTAL HEALTH COST

Pre - post intervention TOTAL HEALTH costs =
Projected TOTAL Savings

Projected TOTAL Savings
Cost of Intervention = ROI

