
Report on Stakeholder Consultations

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Introduction

In 2008 and 2009, the Province of Ontario faced an unprecedented economic challenge driven predominantly by global financial market adjustments beyond its control. As a significant player in the Province's overall economic health, the WSIB felt it was imperative that it immediately have frank and open dialogue with stakeholders on its programs and services.

The goal of this consultation was to gather the input needed to create the foundation for building a sustainable workplace health and safety insurance system for Ontario; in other words to create a reasonable, concrete and certain financial future for the system; a system that must survive to serve generations to come.

The WSIB has a history of evaluating, streamlining, and adapting its services and programs to ensure the highest level of service to employers and injured workers within the fiscal boundaries of income generated through premiums and investments.

Very often, broader national and/or provincial economic conditions have driven such analyses and the resulting program changes - certainly as often as ongoing improvements driven internally by the WSIB Board or administration. In my view, these past efforts have incrementally created a 'better' WSIB for all Ontarians.

However, the international scope and depth of the recent economic 'meltdown' placed the WSIB, and indeed Ontario and Canada in a uniquely challenging position; today's global financial 'crisis' is unprecedented.

The WSIB is clearly not an island unto itself. It operates in a highly political, complex and constantly changing environment. Accordingly, any major changes we take must be fully vetted with a view to creating a broad consensus among our stakeholders. As such, I undertook an immediate and extensive consultation process with WSIB stakeholders.

This was a broad consultative agenda on all significant WSIB programs and services. Most importantly however, it critically examined how we, together, can create the sustainable financial future for Ontario's workplace safety and insurance system.

The following report presents the results of what stakeholders told me and identifies common themes for future discussion.

The Hon. Steven W. Mahoney, P.C.
Chair
Workplace Safety and Insurance Board

Historical Perspective

The origins of today's Workplace Safety & Insurance Board are vital to understanding where we have evolved from and why we are where we are today.

The very foundation of our workplace safety and insurance system began with the work of William Meredith when he was appointed to an Ontario royal commission in 1910. Meredith's task was to create new workers' compensation legislation for Ontario; his final report identified the issues at the core of the issue and the concepts on which a long-lasting solution could be built.

These concepts - known as the "Meredith Principles" - provided the rationale around which employers and workers could achieve permanent agreement for a reliable, fair, and manageable system for stability in the workplace.

At the core of Meredith's report is a no fault system; in other words, every work-related injury is covered regardless of who is to blame. The 'historic compromise' was founded upon the principle of collective employer liability, ensuring certainty of payment for injured workers while removing the risk of litigation against and potential bankruptcy for employers.

The Board was designed to fairly serve and respond to the needs of workers and employers without partisan political influence, with exclusive jurisdiction over its claim management processes so that each worker's case could be considered on its individual merits and benefits provided promptly.

What Meredith created in 1914 was a sound and very basic workers' insurance system that delivered a financial benefit (income replacement or death benefit) to those injured or killed on the job and their immediate dependants. The system was based on a fund guaranteeing that compensation monies will be available and that injured workers would be assured of prompt compensation and future benefits.

It is important to point out this fund was supported by (i) premiums paid by employers and (ii) income generated by the fund through prudent investment. These factors represent two of the bottom line essentials required to properly fund Ontario's workers' compensation system. As new, eligible enterprises came to the province, their participation in the program added to the financial stability of the fund and, as such, participation or coverage rates became the third key ingredient in building a sustainable compensation system.

As strictly a compensation program, these three elements combined to provide a certain and stable financial base to the program.

The Evolution of Today's WSIB

From the simple beginnings of Meredith's compensation system, the modern WSIB has evolved significantly over the course of nearly 100 years.

Meredith's compensation system evolved to meet the changing needs of a rapidly growing province, none more so than the need for injury prevention in the workplace. In 1950 the Roach Commission declared it was not clear whether rules under the WCB Act were to prevent accidents. However, it declared that accident prevention was as important to the WCB as compensation.

In 1961, the Royal Commission on Industrial Safety (McAndrew Commission) stated, *"Accident prevention associations are not functioning ... as contemplated by the Act and ... are isolated islands of autonomy having no responsibility to report to or even advise the Board"*.

As such, in 1964 the WCB Act was amended to include education and the Safety Education Department was formed and in 1981, the Advisory Council on Occupational Health and Occupational Safety recommended clearly spelling out WSIB's direct responsibility for prevention in the legislation.

Five years after the WCB creation in 1914, the provincial Department of Labour was created and was responsible for a number of pieces of safety-related legislation, all of which had an impact on Ontario's evolving worker compensation system. In 1927, the introduction of worker rehabilitation services and associated programs was added to its mandate. From 1915 to 1980 more than a dozen worker health and safety associations were formed, introducing an additional responsibility to the work of the system

And so, while a number of initiatives in addition to those mentioned in the historical perspective above have helped to make Ontario's workplace health and safety system a recognized leader - nationally and internationally - the fundamental financial base has not kept pace with the added responsibilities. Labour groups point to the reduction of premiums while employer groups point to benefit enhancement as the problem. However, these additional system requirements must still be funded through the original funding mechanisms that supported Meredith's original plan.

Services paid for by today's WSIB - including inspection, prevention programs, rehabilitation programs, funding for safety associations and incentives to the private sector to name a few - go far beyond the simple compensation requirements of Meredith's original system, yet the base funding model remains unchanged. This forms a part of the funding challenges that stakeholders, injured workers and the WSIB face today.

Comprehensive Two-Way Consultation

In early 2009, I introduced a five-point plan to undertake a comprehensive consultation with all stakeholders on the significant challenges facing the WSIB; this was driven by two (distinct but related) factors.

First, there seemed to be a general view among our stakeholders that the WSIB was not listening to, or at least hearing, their suggestions and concerns over a number of our programs and planned initiatives. Secondly, there appeared to be a great deal of “misinformation” among those same stakeholders about the very programs and planned initiatives we were providing. I saw this as an opportunity to accomplish several things through meaningful and candid consultations with our injured workers, employers, and stakeholders.

During this round of consultation, it was vital stakeholders understood the WSIB's commitment to maintaining and strengthening its corporate culture of fiscal responsibility and, as importantly, that they become aware of some of the practical challenges we are facing going forward.

We needed to demonstrate our objectives were, in fact, the same as theirs as far as the future of the WSIB was concerned. We needed to tell people what we were doing to provide an affordable, value-added health and safety system for Ontario. More importantly, we needed to hear their ideas, priorities, and suggestions within a framework based on a common understanding of the real-world environment in which the WSIB operates.

From February to December, we held more than 45 meetings and received over 70 formal and informal submissions. Stakeholders were overwhelmingly supportive of the consultation process. The constructive input received has provided a solid base to assess the key issues and themes, and formulate proposals for further consideration.

However, it should be noted that the recommendations arising from the consultation process did not offer any “silver bullets”, and it was evident to those who participated that it will take time and a concerted effort by all to put the WSIB on a sustainable footing for the future.

Throughout the process, I was encouraged to hear that the “Meredith Principles” remain strong as the basis of a fair workplace health and safety system for our province. However, it was generally agreed that the cumulative change in the evolution of the WSIB has created a complicated system with limited means to leverage the solutions we require to easily address all of the challenges we face.

Five Predominant Themes

Throughout the consultation process, we heard several recurring “themes” from those stakeholders we spoke with. Each of these is described in more detail below. In brief however, the five recurring “themes” were:

- Benefits and services for injured workers and their families
- The cost of the system to employers
- The need for enhanced financial accountability within the system itself
- Programs to address the special needs of Ontario's small businesses
- Managing the WSIB's unfunded liability

Additional matters were discussed and, where appropriate, are referenced within this report however; these five areas of concern garnered the most debate, discussion, and deliberation.

The Voices of Employees & Injured Workers: “Return to Health”

Among other issues, labour groups and injured workers all expressed concern about poor service delivery, inadequate benefit levels, an ineffective Labour Market Re-entry (LMR) program, premature Return to Work (RTW) and non-reporting of injuries by employers. In discussing the challenges the WSIB faces from the perspective of injured workers, the most compelling, and perhaps the most difficult to achieve, is the need for a dramatic shift in the treatment of injured workers. By way of example, the focus has developed to one emphasizing the worker's need to “return to work” but what was expressed was the need to refocus attitudes within the WSIB and employer stakeholders so that the best measure of success is founded upon a “*return to health*”. Not surprisingly, this mindset was also supported by health care provider stakeholders, as well as some employers.

By way of a further example surrounding LMR, workers consistently recommended the need for more choice and more say in their future. While the focus on successful, safe return to meaningful work remained paramount, the ways and means to achieving that was felt to be one that should be based firmly on the worker's choices the perceived prescriptive options offered. As a result, a Value for Money Audit of Labour Market Re-entry (LMR) was undertaken in 2009 and addresses many of the concerns I heard.

What We Heard – Key Themes for Further Discussion

- A review of the LMR program
- Improve service delivery for injured workers, including our appeals process, to ensure responsive, respectful and person-focused service
- Examine the “work hardening model”
- Appealing LMR decisions to Fair Practices Commission
- Optimizing the use of existing training facilities
- Fairness of incentive programs, including SIEF

- Coverage
- Return to Health

Listening to Employers: Supporting the System

Employer groups presented many positive and constructive suggestions during the consultation process; some highly specific and others of a more general nature. Concerns were expressed about the Unfunded Liability (UFL), Premium rates, Experience Rating (ER), Second Injury & Enhancement Fund (SIEF), the New Service Delivery Model (NSDM) and more. However, the key considerations focused upon maintaining affordable premium rates for those employers who had a demonstrable commitment to workplace health and safety.

To that end, employers looked to the WSIB to provide appropriate incentives that were directly tied to proven prevention practices and reductions in Lost Time Injuries (LTI) and other measures of health and safety. Aligned with the incentive commentary, employers stated that any reward or incentive had to be directly tied to good health and safety performance if it was to be meaningful in the long term.

All employer groups felt the need to eliminate the unfunded liability was a key element to the long-term sustainability of the WSIB. The bottom line from the employer perspective remains delivering a WSIB system that assists Ontario's businesses in maintaining their productivity and profitability.

What We Heard – Key Themes for Further Discussion

- New model for Premium Rate setting
- Examine the benefits of a “prospective” experience rating system
- Research best practices in other jurisdictions
- Accreditation and financial rebates
- Transitioning from safety groups to an accreditation program
- Occupational disease claims.

These are only some of the areas discussed. Later in this report there will be more detail on what is currently being done, but clearly more discussion needs to take place and a format needs to be established to facilitate that discussion.

Ontario's Small Businesses

Ontario's small business sector (Small to Medium Enterprise - SME) represents more than 80% of the WSIB's client base; however, the small business sector requires, and should receive, additional support. Key issues heard during the consultation process included streamlining the system to allow easier access for small enterprise. The need to communicate with SMEs in a regular and effective fashion was also high on the list of priorities, including expanded efforts in multiple languages. In addition, developing ways and

means to allow ease of access for SMEs to the WSIB system remained a priority, as did the retirement of the unfunded liability.

Once again, the SME sector was looking to the WSIB to assist them in maintaining a healthy and safe workplace, their profitability and productivity in a highly competitive, global marketplace.

What We Heard – Key Themes for Further Discussion

- Improve communication with SMEs, including customized WSIB information targeted for small businesses.
- Improve SMEs ability to meet WSIB reporting obligations.
- Hold a forum for SMEs on an annual basis to ensure they are provided with all the information and data they need on their rights, obligations, and value of WSIB coverage and HSA services.
- Improve coordination between HSAs and small businesses to ensure small businesses are made aware of all the H&S services available to them.
- Enhance partnerships with industry associations to ensure their members have access to the right WSIB information and services.

Experience Rating (ER) – Defining a New Model

The debate surrounding the effectiveness of experience rating (ER) incentive programs has been ongoing and will likely continue into the future. This was reinforced during the consultation process in the feedback received. Employers felt that incentive based Experience Rating programs must continue to exist in some form. However, labour groups made it clear that there is an urgency to move forward with appropriate reforms if it is to be an effective tool in improving health and safety and return to work outcomes.

What We Heard – Key Themes for Further Discussion

- Requiring written declarations each year from the President/CEO stating they are compliant with the *Occupational Health & Safety Act* and the *Workplace Safety and Insurance Act*.
- Consider an audit and verification process.
- Tougher penalties for infractions.
- Empower workers to report employers who are not reporting injuries in the workplace
- The fatality policy should continue, with an emphasis on rights of appeal where a fatality occurs.
- It was also recommended to that in order to qualify for an ER rebate each year, the employer should demonstrate certain standards/conditions and fulfill their statutory obligations, namely;
 - Joint health and safety committee (for larger employers with over 20 employees), or must have a certified H&S worker (employers with 5-20 employees), or must

- educate workers on health and safety matters (employers with under 5 employees)
- Full and proper safety equipment provided to all staff who require it for their job
- Provide continuous H&S training and upgrading to staff
- A clear company policy and/or practice committed to health and safety
- All reportable injuries have been reported to the Board
- No fatalities.

Experience Rating – The ‘Prospective’ Model

During the consultations there was acknowledgement from a number of employer stakeholders that the current ER programs are outdated and therefore require significant changes to improve their effectiveness: a *prospective* rating system is one such model that was suggested.

Prospective rating simply means each firm's performance and/or health and safety practices are considered over a specified period of time to establish a firm, specific premium rate for the upcoming year. An employer with a good record/practices would pay a lower premium rate than those in the opposite situation. The issuance of cheques for rebates and bills for surcharges would cease to exist under a prospective model.

What We Heard – Key Theme for Further Discussion

- Review the merits of a new “prospective” model to replace the current NEER and CAD7 retrospective plans.

Fiscal Accountability: Key Drivers

All stakeholders confirmed that their goal, like the WSIB's was to deliver a sustainable workplace safety and insurance system for Ontario workers and employers. There was a clear recognition that four key drivers affected this objective:

- Premium rates
- Worker benefits
- Claims duration
- Investments

Clearly, income and expenses (expressed as **premium rates** and **injured worker benefits**) were repeatedly mentioned as integral to the Board's long-term fiscal success.

Cost control and containment at every level within the system was expressed as having been seen to be ongoing within the administration over the past several years, but more needed to be done if the system was to achieve a certain financial future.

Claims duration was seen as one driver. While fewer workers may be getting injured, workers are staying on benefits longer and critical injuries and fatal claims are going up. The main drivers of claims duration are: legislative changes, changing work behaviours, health care, increased occupational diseases and more severe injuries.

Stakeholders expressed significant concerns over the disconnect between lower LTI rates and increasing claims cost and wanted this issue to be addressed by the WSIB. Employer stakeholders also conveyed their worries about the increase in occupational disease claims and asked for further examination in this area. Finally, the WSIB's **investment strategy** was identified as a key driver of the long-term sustainability of the system.

While recent economic events have had a significant impact on large investment pools, there is clear evidence that the Investment strategies of the WSIB resulted in losses that, while high, were still lower than most. It was agreed and understood that this is a key area going forward and the Investment Committee of the Board of Directors needs to continue to focus on the investment strategy to ensure long term objectives are met. Stakeholders feel strongly, that "successful" investment strategies should be explored and where feasible adopted by the system.

The WSIB's Unfunded Liability (UFL) was a major focus of employer groups. There is a feeling that a new date needs to be adopted to eliminate the UFL. There is consensus that 2014 is no longer an achievable retirement date. Most groups felt a new plan should be adopted and strategies to reduce claims costs need to be examined and discussed.

What We Heard – Key Themes for Further Discussion

- Enhancing reliance on best practices from other jurisdictions and investment funds
- Efficiency improvements and the use of "Value Stream Analysis" or an alternate methodology to control and manage administrative costs
- Pursue investment partnerships
- The adoption of a government RFP approach for all services
- Develop and implement a plan to eliminate the UFL, establish a new retirement date
- Increased commitment to strategic prevention models
- Assess the New Service Delivery Model
- Assess the Health & Safety Associations (HSAs) realignment program.

The next section discusses in more detail the Unfunded Liability along with suggestions made by stakeholders on how to eliminate it.

The Unfunded Liability – Four Levers

The Unfunded Liability (UFL) constitutes the difference between the assets currently available to make all future payments on claims in the system and the estimated financial obligation to make those financial payments as they become due. As of December 31,

2008, the Unfunded Liability was reported to be \$11.5 billion, an increase of \$3.4 billion from December 31, 2007.

As described by the Auditor General of Ontario in late 2009, there are four key financial levers with which to increase revenue and address issues including the unfunded liability. These four levers are inextricably linked to each other and an adjustment in one sphere has significant impacts on each of the others. These identified levers are:

- increasing premium revenues;
- reducing benefit costs (by reducing the number and duration of benefit claims and health-care costs and/or by reducing or eliminating benefits);
- increasing investment income; and
- coverage, or the percentage of employers contributing to the WSIB system.

In 1984, a 30 year full funding target date of 2014 was established to eliminate the UFL. Given the current financial position of the WSIB and the trends in claims duration and health care costs, it is clear that the goal of retiring the UFL in 2014 is no longer attainable. Accordingly, further study and consultation is required to establish a meaningful and financial strategy with an achievable and relevant date.

In addition, we heard from stakeholders that there needs to be more analysis around the WSIB's targets and programs that have been followed in the past to achieve full funding, namely;

- 7% reductions in lost time injuries (4% reductions in total injury rates)
- Reductions in claims duration
- 7% average long term return on the investments

During the consultation discussions, labour and injured worker groups did not focus much of their time on the issues of the elimination of the UFL. However, employers who provided feedback on this topic consistently emphasized that future discussions on the UFL retirement schedule must take into account the financial pressures faced by businesses and the need for fairness and stability.

What We Heard – Key Themes for Further Discussion

- Plans must be achievable and not financially onerous
- Initiatives must provide for fair and stable premium rates
- Past strategies to achieve full funding must be fully re-examined for strengths, weaknesses and ongoing relevancy.

Ongoing Consultation

The 2009 consultation process has been successful and ongoing dialogue must continue if we all are to deliver a sustainable workplace safety and insurance system for Ontarians.

Quite candidly, we do not have all the solutions and we benefit from the experience and expertise of others. As such, there is a strong call for increased, timely and more meaningful communication with stakeholders.

Many groups suggested a more formal method for regular and ongoing dialogue between stakeholders and the WSIB. We received recommendations that the WSIB work with Stakeholder groups to establish permanent Advisory Committees to the Workplace Safety & Insurance Board – ideally, one from each of (i) the construction sector, (ii) general business, (iii) small business and (iv) labour and injured workers.

Stakeholders anticipate that such permanent advisory committees would play a key role in shaping and developing the practical administrative and operational policies necessary to deliver a sustainable workplace health and safety system for the future.

Summary

The measure of success of the consultation process was the positive, two-way communication between the WSIB and those we serve. Stakeholders shared their concerns and at the same time, learned about the complexity of the WSIB's mandate.

The dialogue with stakeholders *does not* end with this consultation exercise. We are committed to further examination and discussion on the key themes presented, including the establishment of permanent stakeholder advisory committees.

In the final analysis, the WSIB needs to be seen as a “value proposition” among stakeholders and that will translate into a collective effort to ensure its long term sustainability.

Further Observations and Initiatives

The following section presents specific observations and initiatives stemming from the Chair's Consultation exercise that reflect both stakeholder input and related ongoing efforts by the WSIB to reach the goal of building a sustainable workplace safety and insurance system for Ontario.

Some of these initiatives have already been put into practice, where they do not require policy changes or legislative review. They are an effort to make short-term changes and improvements to the administration of the organization and a number of them involve a "pilot period" for assessment and review. Evaluation of these changes and pilots will be ongoing. Others, such as suggestions regarding Second Injury & Enhancement Fund (SIEF) and Experience Rating (ER), in addition to some short-term changes, will require an ongoing dialogue and consultation with stakeholders to implement reform.

1. The New Service Delivery Model (NSDM)

The WSIB continually strives to work effectively within its legislative framework; however, strong evidence covering a 10-year period suggests the previous service delivery model was simply not working on a number of fronts and therefore required significant change.

The key drivers that supported a strong case for change included:

- High correlation between duration outcomes and 1998 changes to legislation and WSIB's service delivery model (e.g. self-reliance model with reduced WSIB interventions, removal of mandatory reviews with higher lock-ins including those at 100%, consolidated adjudicator role and removal of RTW staff).
- High correlation between duration and rising health care costs (e.g. increase in number of claims, prescriptions and costs for narcotics).
- High correlation between duration and changes in workplace behaviour (e.g. increases in conversion from NLT to LT claims, increases in recurrences, and increase in SIEF usage and amount of relief).

The NSDM has placed the WSIB on solid footing to meet the challenges faced by the system. However, a number of stakeholders indicated that they have experienced more effective and responsive services, while others have expressed some dissatisfaction based on their initial experience.

Some preliminary evidence indicates the new model is in fact starting to work and producing some real, measurable improvements in workers successfully returning to work earlier following an injury.

It is felt that the WSIB must "stay the course" with the NSDM to allow it to continue to evolve as an effective approach over the longer term.

The Board is committed to monitoring the NSDM and making appropriate adjustments as required in order to meet the needs of the workers it is mandated to serve.

2. The Cost of Health Care

The WSIB has predominantly been a “passive” payer of health care services - an expenditure that represented roughly 13% of the WSIB's annual claims costs in 2008 or approximately \$542 million.

While the WSIB is committed to ensuring that the quality of care to injured and ill workers is not compromised, we have a responsibility to seek out opportunities to save on unnecessary health care costs. The WSIB must continue to be proactive in strategic sourcing and purchase more health care services and products through a public competitive process.

In 2007, the Board began moving towards being an “active” purchaser of health care services by taking a strategic sourcing approach for health care equipment and supplies. This resulted in an agreement with preferred suppliers where costs are lower and service standards are high. Other policy changes implemented to manage health care costs include:

- A restricted narcotic allowance formulary
- A new fee for MRIs, saving \$4 million annually
- Pharmacy dispensing top-up fees eliminated

3. Second Injury & Enhancement Fund (SIEF)

The original purpose of SIEF was to encourage employers to hire disabled workers who would otherwise have difficulty in securing employment. In doing so, the costs and the risk to an employer, arising from an injury directly related to the prior disablement or condition, could be reduced.

A number of labour stakeholders have argued that since SIEF is not meeting its original goal, it should either be modified or eliminated. Conversely, a number of employer stakeholders have argued that the SIEF policy has gone beyond the hiring of disabled workers and has become a “fairness” policy that relieves employers of costs that they feel they have no control over, and that SIEF cost relief is a key component of experience rating.

The WSIB has immediately installed an administrative solution, as a start. To this end, a SIEF specialized team was recently put in place in Hamilton as a 3-year pilot project. Coupled with appropriate policy changes, this administrative approach will ensure:

- A more rigorous/holistic process is followed in all SIEF decisions
- Consistency, quality, and accuracy in entitlement decisions
- The right staff with the right expertise make the right decisions
- A fair and balanced approach in the application of the SIEF policy

- Modifications are made to the adjudicative process and/or policy as found to be appropriate from the reviews
- The annual and three year results will further inform the experience rating review

4. Accreditation

An Accreditation program should provide a valued and distinct recognition of good behaviour. In other words, it raises the bar on health and safety standards and expectations. That is why many stakeholders felt that the Board must move forward with an Accreditation pilot project in 2010/2011. The results from the pilot will be used to make refinements to the program and, where appropriate, improvements to the other incentive programs.

5. Employer Advances – A New Approach

Further consultation needs to be undertaken on this issue but the inconsistency in reporting practices on employer advances within Schedule 1 and between the two Schedules distorts the distinction between a lost time and a no lost time claim.

In response to clearly identified issues, the Board has endorsed a total injury rate measure in 2010 to achieve two key goals:

- To improve integrity and consistency of data to support performance reporting, analysis and decision-making, and
- To better align the performance indicators to the Road to Zero and the strategies of all partners in the system aimed at improving health and safety and return to work outcomes.

In addition to these ongoing actions, a number of employer stakeholders suggested that research and discussion take place regarding some form of “deductible”, whereby the employer is provided with a “self-insurance” feature for a short period following an injury.

It was specifically suggested that an enhanced advances policy be considered for further discussion, which would consist of the following features:

- An enhanced advances policy optional to the employer where they can chose not to be reimbursed up to the first two weeks following the reporting of an injury.
- Loss of earnings benefits are to be paid by the employer directly to the worker for a period of up to two weeks following the injury.
- If there is a successful return to work outcome within the two weeks, the costs will not be recorded against the employer's injury record.
- The employer must continue to report all the related injuries.
- The related claims will be treated as lost time.

6. Small Business – Meeting a Unique Need

A recurring theme during the consultations was the need to provide small businesses, which represent over 80% of the WSIB client base, with the support they need to be able to function in this complex system. Accordingly, WSIB staff are taking action on a number of fronts that will help to relieve some of the pressures on small businesses, including:

- E-services to provide 24/7 access – e.g., e-services for the Form 7, development of e-clearance and e-registration systems by 2011.
- New e-registration in 2011 to provide HSAs with automatic lists of all new registrants so that they can be provided with immediate health and safety (H&S) services.
- Education and outreach planned for 2010-2012 in support of the Bill 119 mandatory coverage obligations in construction.
- Improving our web site services.
- Streamlining the registration guide with a focus on small businesses.
- Small business support in the Customer Service Centre.

7. Labour Market Re-entry – Time for Action

In addition to the discussion points raised earlier in this report, the following provides in more detail many of the ideas that came from the KPMG third-party Value for Money Audit on Labour Market Re-entry (LMR). The LMR program is aimed at assisting injured workers in regaining meaningful employment.

The WSIB is in broad agreement with the recommendations of the KPMG report and consequent actions should significantly improve both the worker experience and the fiscal results from the LMR and Return to Work (RTW) programs.

In 2008, LMR costs reached \$160.3 million compared to \$151.8 million in 2007, representing an increase of 5.6%. Under any new re-designed program, the WSIB will need to fully assess what services can best be utilized to optimize employment for injured workers in a cost effective manner.

In early 2009, the WSIB embarked on a comprehensive value-for-money (VFM) audit of the LMR program.

KPMG LLP conducted a VFM audit of the Labour Market Re-entry program at the WSIB in accordance with the WSIB's request for proposals No. 2009-05-MN. The scope of work of the value-for-money audit, as stated in the request document was to:

- Provide an opinion as to whether the current LMR Program is being delivered in a cost-efficient and effective manner.
- Assess whether the WSIB has adequate systems, processes, and procedures in place for managing the program to:

- Ensure that services are being delivered in accordance with legislative and policy requirements; and
- Report whether the program has established the right success measures, whether those measures are being achieved and how performance compares to other similar government or agency programs.

The value-for-money audit assessed the risk factors that impact the efficient and effective delivery of the program. These risks included such things as socio-economic factors relating to the business environment such as changes in the labour market and employment skills/needs, the availability of various economical training programs and adult education that meet injured worker needs, business needs and the current economy. Risks relating to injured workers include demographics such as age and educational background.

According to the VFM, the vision for a leading practice work reintegration program should be to maintain the employment relationship, wherever possible, between the worker and the injury employer, provide for effective and meaningful input and choice on the part of the worker, and reintegrate workers into safe and sustainable work all within a reasonable cost structure.

The VFM recommendations are designed to work in combination to address the systemic nature of the program issues and to move toward work reintegration leading practice by: ensuring that, wherever possible, injured workers return to work with their pre-injury employer; instituting measures that improve quality and cost management with respect to the use of external providers; and increasing the level of worker involvement and choice.

The WSIB recognizes that stakeholders are dissatisfied with the LMR program and is committed to becoming a leading practice organization in work re-integration and to improving outcomes for Ontario's workers and employers.

8. Re-alignment of the Health & Safety Associations

The WSIB's prevention mandate (along with the HSAs) is a hallmark and the cornerstone of its core business.

As part the effort to improve the system, the Board identified fundamental changes that needed to be made to the structure and delivery of health and safety services by the Health and Safety Associations. The changes are long overdue and the benefits that will be realized are too great to slow down the process. The benefits and improvements from the changes include:

- Eliminating overlap in infrastructure administration.
- Significant investment increases in front-line services by reallocating savings from reduced administration.

- Increased customer focus, especially new workers and small business and the flexibility to reallocate resources among sectors as demand fluctuates.
- Extended service to under-represented areas, particularly in Northern Ontario.
- Fairer allocation of charges between rate groups and between Schedule 1 and 2 employers for HSA costs.

Greater accountability will be achieved through revising the current HSA Governance Framework, including amending the Standards for Designated Entities, and a new funding model to link performance and activity with annual base funding.

The restructuring of the HSAs from 12 employer associations into four is well underway and the new model was fully operational on January 1, 2010. To be able to effectively address transitional issues that arise, it will require at least three years of maturity following the implementation of the new model. At that time a formal review of the new HSA model be undertaken to assess its effectiveness.

Given the financial pressures faced by the system, now more than ever, employers and rate group industry leaders need to be connected to their HSAs and seek out the services as needed.

Moving Forward

Both the WSIB and its stakeholders agree there is a need to continue the dialogue on the many issues and financial challenges facing the system today.

Some of the ideas brought forward by stakeholders are being put into practice where there was an ability to do so without major policy changes or legislative review. However, there is more to be done.

It is therefore recommended that focused consultations continue in 2010 to seek input on the specific themes and observations contained in this report - with a view of putting in place sound solutions that will address the many challenges facing the system today and into the future.

APPENDIX A - Consultation Stakeholder Participants

AM Dofasco

Association of Canadian Search, Employment and Staffing Services (ACSESS)

Building, Industry and Land Development Association (BILD)

Bruce Power

Business Council on Occupational Health & Safety (BCOHS)

Canadian Auto Workers (CAW)

Canadian Council of Grocery Distributors (CCGD)

Canadian Federation of Independent Business (CFIB)

Canada Masonry Contractors Association

Canadian Manufacturers & Exporters (CME)

Canadian Vehicle Manufacturers Association (CVMA)

Construction Industry WSIB Task Force

DuPont

Employers' Advocacy Council (EAC)

Employers' Council of Ontario (ECO)

Human Resources Professionals Assoc. (HRPA)

Hydro One

Injured Workers Outreach Services (IWOS)

Japan Automobile Manufacturers Association of Canada (JAMA)

Labour Issues Coordinating Committee (LICC)

Laborers' International Union of North America (LIUNA)

L.A. Liversidge, LL.B.

Loblaws

Occupational Health Clinics for Ontario Workers (OHCOW)

Office of the Worker Adviser (OWA)

Ontario Business Coalition (OBC)

Ontario Chamber of Commerce

Ontario Energy Association (OEA)

Ontario Federation of Labour & Affiliates (OFL)

Ontario Home Builders Association (OHBA)

Ontario Hospital Association (OHA)

Ontario Mining Association (OMA)

Ontario Network of Injured Workers Groups (ONIWG)

Ontario Nurses Association (ONA)

Ontario Professional Fire Fighters' Association (OPFFA)

Ontario Trucking Association

Provincial Building & Construction Trades Council of Ontario

Retail Council of Canada

Service Employees International Union (SEIU)

Service Sector WSIB Task Force

School Boards' Co-operative Inc.

Threads of Life

United Steel Workers (Canada)

University Health Network (UHN)

Women of Inspiration