



WSIB Premiums likely to increase ... a lot

The WSIB is floating a discussion paper entitled 'Funding Framework' that speaks to the financial stresses the system is going to face over the coming years.

The WSIB continues to be concerned about the unfunded liability although they are still projecting that it will be retired by 2014. A perennial problem for them, though, is the so-called 'off balance' in the NEER program (more dollars paid in rebates than recovered in surcharges).

But they are particularly concerned about increasing costs, at least one of which is outside their control. Variable returns on their investment portfolio, sometimes unpredictable loss of earnings costs and increasing administration costs impact on the WSIB's reserves. However, they are vulnerable to rapidly rising medical and pharmaceutical costs that are largely outside their sphere of control.



While employers might suspect that the WSIB is administration-heavy, their costs are actually among the lowest of Canadian provinces and are on a downward trend.

But in a situation that appears to hit employers with an additional payroll tax, the WSIB will cover part of the cost of the increased number of health and safety inspectors recently hired by the Ministry of Labour. Effectively, that means employers are being directly taxed for costs that normally come from the government's general revenues.

If the WSIB's predictions are accurate, they will almost certainly need to increase premiums to make up for anticipated shortfalls.

Get ready for a new Form 7

The WSIB will be including a brochure with your March premium remittance form that announces a new Form 7 to be initiated in the fall of 2005. No sample of the form is actually included but if you use software to complete your Form 7 reports to the WSIB, either off-the-shelf or a custom application, it will be your responsibility to adjust your software to accommodate the changes.

The WSIB says they have tested the new form with employers and it is sure to make processing faster, with fewer questions, it will be simpler to understand and will focus on return to work. Most important, they say it will be easier to complete and will provide them with more useful information.

Think you're doing it right?

A short while ago, one of our progressive and responsible clients decided to conduct an exercise to verify that their accident recording and reporting systems were in tip-top shape. They have heard about the WSIB's Special Investigations Branch (SIB), and the potential penalties, and wanted to assure themselves that they would be squeaky clean in the event SIB came knocking.



So we assigned one of our consultants, who also has experience as a fraud investigator, to review their records and give them a report card. To say the least, they were surprised by the results.

We should tell you this is an extremely well organized and careful employer. They have in place safety systems that would be the envy of almost any other facility, they have procedures and protocols for virtually every eventuality, commonplace or extraordinary. Still, despite formal procedures for investigating, recording and reporting workplace injuries, they would not do well with a SIB audit.

We reviewed the incident reports for 2002 and 2003 and in a total of 249 incidents for those years, we found 77 cases where recording or reporting was deficient or questionable, including 9 cases where no Form 7 was completed even though the situation clearly required it.

May we suggest you might want to consider such an audit yourself *before* the SIB is standing on your doorstep.

New training opportunities for Ontario employers

M.C. Warren & Associates Inc. (MCW) has improved its ability to offer training options for Ontario employers. Long a leader in providing on-site training, MCW has prepared several new or updated training packages designed to add value to your employees' current skills or to take the novice from rookie to seasoned veteran in the field of WSIB management.

All our training course material and program content has recently been updated to include the latest information and the newest and most effective WSIB management techniques.

In addition to our prepared packages, we are also able to respond to your specific needs and can readily adapt any of our existing packages or develop entirely new material for you, as required. Contact Steve Warren, Manager, Client Services at extension 223 for details.



2004 Statistics

WSIB figures as of the end of January 2005 show that the trend toward fewer claims continued through 2004 (about 2,000 less than 2003) although the number of fatality claims filed increased from 547 to 572.

And for those of you who still believe the WSIB accepts almost *all* claims, they have continued a fairly consistent trend of denying or otherwise closing about 20% of all claims made.

New WSIB initiatives in the works

The WSIB has been conducting several seminars and consultations and has prepared a variety of slideshows and discussion papers regarding various aspects of their operations, and workers' compensation in general, where they are considering changes. In addition to the Funding Framework consultations noted on Page One, the WSIB has also floated discussion papers and held some consultations regarding the following issues:

Health Care

Part of the discussion of this issue looks at historical numbers. The consultation paper points out that with the introduction of Bill 99, the WSIB took a more passive role in the management of claims and, thereby, in the control of health care and its costs. Their document contains a number of graphs which illustrate quite clearly that health care costs have risen steadily and significantly over recent years. Mind you, anyone who has been paying attention to the issue of health care funding in Canada might have easily predicted as much.

The WSIB has initiated a comprehensive review of their health care delivery and funding model and, it must be presumed, this is with the intent of bringing changes to the system. They have included in their review the development of effective audit tools to help them get a better grip on health care cost issues, as well as fraud and non-compliance issues.

The Experience Rating Off-Balance

Here we go with this issue again. The WSIB's experience rating programs (NEER, CAD-7, MAPP) were never designed to generate revenue. Indeed, they were always described as being revenue neutral.

However, since the purpose of these programs was to provide incentives for employers to reduce workers' compensation costs, it should have been obvious that at some point employers would get good enough that the good performers outweighed the bad performers. This would result in fewer surcharges to pay for the rebates. That is the situation we have been in for several years and the WSIB's answer up to now has been to fiddle around with the formulae in an effort get things back in balance. What that has produced is a net overall loss for employers; premiums have gone down but increased experience rating costs have more than offset the reduced premiums.

The WSIB is posturing this as a need for change in order to make experience rating into something that more concretely promotes or affects employer safety behaviour. Improving safety in the workplace was, after all, the original premise behind the experience rating schemes. We already know some changes to experience rating that have been postponed several times may be on their way; but there is little doubt that the WSIB will try to reduce this off-balance in some way.

Return to Work Initiatives

The WSIB has grown concerned that the vaunted 'self-reliance model' promoted by Bill 99 has not proved as effective as promised. Because Bill 99 resulted in the WSIB backing away from active intervention in the return to work process, there has been varying degrees of success in the worker/employer community. There is a perception, at least partly true, that employers are slotting injured workers into positions that prevent the payment of loss of earnings benefits but do little to assist in the medical and vocational rehabilitation process.

At this point, the WSIB has little to do with the return to work process, except for a minor monitoring role, unless the process breaks down. They may become involved at that point to provide assistance or to act as referee if the breakdown is due to worker/employer dispute.

Meanwhile, a 'value for money audit' (VFMA) has been completed and promises to bring about changes in the whole process. It is likely that the WSIB is about to become more involved in the return to work effort.

April 28 is coming:

The Workers Mourning Day Act became effective in Canada in 1991 and, since then, slightly more than 11,000 people have died on the job. In fact, in the past 40 years, about the same number of Canadians have been killed by their jobs as there were Canadian soldiers who died in World War II.

The Workers Mourning Day Act is tokenism; every day should be a day of mourning until no further workplace deaths occur. But until that day arrives, honour the dead while keeping in mind that April 28 is not enough.