

# The Liversidge e-Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

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An Electronic Letter for the Clients of L.A. Liversidge, LL.B.

3 pages

## WSIB Chair Witmer WOWS them at the Toronto Board of Trade

### In a “state of the union” type address, WSIB Chair Witmer spoke of the challenges and rewards of change

Yesterday, during an impressive luncheon speech at the Toronto Board of Trade, WSIB Chair Witmer discussed “*The Transformation of the WSIB - Lessons Learned from Bringing Major Change to Workers’ Compensation in Ontario*”. Over the past 30 or more years, I have heard dozens of similar addresses, all very good and all quite impressive, delivered by many engaged and competent WSIB Chairs, with many focused on similar if not identical themes. *But, this one was different. This one was simply remarkable.* As readers of *The Liversidge e-Letter* are well aware, while never shy to criticize, I have neither shied away from sending earned praise the way of the current WSIB executive group – especially towards the formidable team of WSIB President David Marshall and Chair Elizabeth Witmer. Yesterday’s speech bridged history and hope, sprinkled with a bit of pragmatism. It was extraordinary.

But, my spin is just that. Here is the presentation in the first person, in the Chair’s words. Judge for yourself.

### Chair, Ontario’s Workplace Safety and Insurance Board to the Toronto Region Board of Trade Creating Greater Stakeholder Value: The Transformation of the WSIB Lessons Learned from Bringing Major Change to Workers’ Compensation in Ontario (February 5, 2014)

Thank you, Carol, for that kind introduction.

And let me express my thanks to you and your team at the Board, for being such tireless and effective advocates for the Toronto Region. I continue to be impressed with your hard work and efforts to lead the debate on critical issues such as transportation, aging infrastructure, job creation and sustainable budgeting.

Today I plan to share with you the challenges and progress in transforming Ontario’s workplace safety and insurance system into an accountable and sustainable system; one that keeps our workplaces healthy and safe and creates greater stakeholder value.

Along the way, the experiences I’ve had since becoming Chair of the WSIB in 2012, and the lessons we’ve learned in improving the way we serve both workers and employers, may be of value to anyone seeking to modernize a major organization in a rapidly changing environment.

At the WSIB, we know a lot about change: This year, 2014, we’re entering our second hundred years of service to the people and economy of our province. It’s been a century-long learning curve for what is today the fourth-largest insurance organization in North America – administering workplace coverage for over 250,000 Ontario employers and four million workers.

And our efforts to date are proof that in an age of rising expectations, together with diminishing resources, a large public sector organization can change to operate more efficiently, while at the same time improving services for the employers and workers it serves.

### The changing world of work

Let’s stop and consider the dramatic changes that have swept the world of work in the century since our founding in 1914 by Sir William Meredith.

They include industrialization, immigration, unionization, globalization, two world wars, revolutions in technology, the widespread entry of women into work, off-shoring, outsourcing, temporary employment, and major demographic change: an aging population – and with it, an aging workforce.

In short, the WSIB is today starting its second century in a world of work that Ontarians in the year 1914 would not recognize.

### The case for transformation

Confronting this reality calls for transforming our organization into a more responsive, innovative and fiscally sustainable system for future generations – a system that contributes to economic growth and productivity.

Just a few years ago this challenge became urgent, owing to pressures on the workers’ compensation system in Ontario which had built up over a decade or more.

Those pressures came to the fore in 2009, when the provincial auditor issued a report on the state of the WSIB’s finances – specifically the size of our “unfunded liability”. That, as you know, is the gap between the money we have on hand, and our obligations to injured workers. By 2009, that gap had reached \$11.8 billion – which the report warned was putting the sustainability of the entire system at risk.

By the time I became Chair in 2012, the unfunded liability had increased to \$14.2 billion. Professor Harry Arthurs, in his report that year called Funding Fairness, said we were at the “tipping point”. Decisive action was necessary – and fortunately was already underway under the capable leadership of our President and CEO, David Marshall.

In embarking on this transformation, we have learned four lessons in bringing change to a large, complex organization that's accountable to multiple stakeholders.

**Lesson 1: Assumptions exist to be challenged**

*The first is this:* When bringing major change to an organization, assumptions exist to be challenged.

Central to our mandate is helping injured workers return to work so they can lead fulfilling, productive lives. For many years in clinical circles, the belief existed that injured workers require lengthy, passive rehabilitation before they are ready to return to work. Yet in 2006, the American College of Occupational and Environmental Medicine issued a ground-breaking study that concluded this belief was wrong. It said: "*Strong evidence suggests that activity hastens occupational recovery, while inactivity delays it.*"

The case for accelerated return-to-work was augmented by research showing that if workers did not return to the job within 90 days of an injury, chances they would ever get back to work dropped by 50 per cent.

So, as a result of these findings, the WSIB undertook a complete transformation of its approach to Return to Work. Our efforts now begin as soon as the claim is registered. Today, 300 Case Managers engage with the worker and their employer to facilitate a return-to-work strategy when these two parties can't arrive at one themselves.

In 2012, 92 per cent of all injured workers with lost time injuries were back to work with no wage loss within 12 months of their injury – compared with 85 per cent in 2008.

In cases where workers cannot return to their current job, we have a new Work Transition Program. In 2012, 69 per cent of injured workers requiring these work transition services found employment – almost doubling the 36 per cent success rate under our old program.

This new Return to Work strategy has not only improved recovery and return-to-work outcomes for injured workers and employers. It has also seen a significant drop in the number of workers requiring 100 per cent wage loss support.

**Lesson 2: Efficiencies don't have to mean service reductions**

*The second lesson we've learned is this:* Bringing efficiencies to the way an organization delivers its services doesn't have to mean making service reductions. On the contrary, we've learned that you can improve health services for injured workers – in a way that reduces health costs.

Leading up to 2009, health care costs were rising at a rate of 8.5 per cent each year. Since then, they've dropped by almost 11 per cent while increasing the amount spent on each worker. How? In addition to our Return-to-Work transformation, we have completely changed the WSIB's role when it comes to facilitating health care and treatment services for injured workers.

In the past, we had a passive role: We were sent the bills for treatment, and we paid them. Today we actively help injured workers access the right medical care at the right time. We have expanded the use of Programs of Care that prescribe treatments shown to be effective for conditions such as lower back or shoulder injuries. And for more complex injuries and occupational diseases, we have introduced a network of specialized assessment and treatment services across the province.

The result is that injured workers get quicker referrals to treatment and high quality healthcare providers. As a consequence, the percentage of workers who experience a permanent impairment

continues to fall – and we have significantly improved health outcomes for workers.

Now, it's true that this requires a bigger up-front health care investment on our part. But it's an investment that more than pays for itself by getting injured workers more safely and quickly back to work, which has a positive impact on the worker's quality of life, as well as on workplace productivity and our economy.

To further speed access to care and treatment, we've streamlined claims eligibility decision making. Today, more than half of all decisions are made within 24 hours – and 92 per cent within two weeks. It all serves to accelerate an injured worker's access to the services and support they need.

*The result?* Improved access to health care services and positive health outcomes are up – while health care costs and permanent impairments are down.

*Lesson learned?* Doing better in a large organization does not have to mean doing less or reducing services for those we serve.

**Lesson 3: Demonstrate leadership in times of organizational change**

*That brings me to the third lesson we've learned as we continue with the transformation of the WSIB:* When making major organizational change, you've got to demonstrate the kind of leadership that people can see and measure.

You must inculcate the need for change, guided by a compelling organizational vision that demonstrates results, through every level of that organization. Not just from the top down, but from the bottom up. And outward as well, among those you serve.

Here again, our organizational mission is best expressed by our Return to Work innovations.

That's because it's results-based, not process-based. Put another way, the question in our business used to be, "How many claims are you working on?" Today, the question is, "How many injured workers have safely and successfully returned to work?"

This has made WSIB's staff – in the office and in the field – front-line ambassadors for the work we do and the outcomes we achieve.

For injured workers, this includes faster access to better health care and support, and a quicker and safer return to productive employment. This has been made possible through more than 23,000 visits by dedicated Return to Work and Work transition specialists in 2012 to workplaces, to facilitate their return to the job.

Employers are seeing the results of our transformation too, through improved customer service as we harness technology. They can now register with the WSIB, calculate their premiums, receive clearance certificates, report injuries and make payments. All online. 24 hours a day, seven days a week. This improved service is showing up in our quarterly surveys, which show the highest levels of customer satisfaction in dealing with the WSIB that we've ever seen.

And for all Ontarians, who view workers' compensation as a trust to be carefully managed and fiscally sustainable for future generations, the results are there too. Thanks to more stringent financial controls, and changes to Return to Work and our Medical Strategies, the WSIB's unfunded liability has fallen by more than \$2 billion since early 2012 – when it was \$14.2 billion.

Our new claims costs are also coming down. Today, the WSIB has one of the lowest claims costs of any province in Canada.

We are on fully on track to meeting our legislated requirement of 60 per cent funding by 2017 – and in fact have surpassed it.

In 2011, we achieved an operating surplus for the first time in a decade – and we did so again in 2012 and 2013.

As a result, we have returned about \$1 billion to the WSIB's Investment Fund, and no longer have to borrow from the Fund to pay benefit costs.

Annual benefit costs, because of our New Return to Work and Medical Strategies, have been reduced from \$3.2 billion in 2009 to \$2.7 billion by the end of 2012. That's a savings of more than \$500 million a year – while maintaining benefit levels.

As a result of all of these changes and sound financial management, we were able to freeze employer premiums for 2014.

In fact, if it were not for the ongoing cost of paying down the unfunded liability, the WSIB would have among the most competitive employer premium rates in Canada.

**Lesson 4: The interests of diverse stakeholders do not have to be mutually exclusive**

*Here's the fourth – and perhaps most inspiring – lesson we've learned through our ongoing transformation at the WSIB: that the interests of diverse stakeholder groups do not have to be mutually exclusive.*

Or that gains for one must necessarily come at the expense of the other.

At the WSIB, we want to ensure that both employers and workers come out ahead. And when that happens, the winner is Ontario's economy as a whole.

Think of it this way: Thanks to initiatives like our Return to Work Strategy and new Medical Strategy, we enable the safe and speedy return to health, and to the job, for injured workers.

For employers, we protect a large number – most of whom are small businesses – with insurance coverage, and no risk of being sued for workplace accidents.

So, we provide security for workers, confidence and predictability for employers, and enhanced productivity through fewer days lost to illness or injury that can drain our economy's productivity.

A strong economy is important to everyone and what we all have in common. And, in partnership with employers and workers – who have worked hard to increase workplace safety – it's the key contribution the WSIB makes to Ontario's prosperity, because we're all in this together.

And by working together, here's what we've achieved: Thanks to these initiatives, in 2012 there were over two million fewer productive days lost to our province's economy than just three years before.

That represents an almost \$1 billion injection straight into the GDP of Ontario. That is good news.

All this gives me reason to believe that we are on the right track. Furthermore, just as our founding organization drew the attention of the industrialized world through its pioneering efforts in workers' compensation a century ago, it's happening again. Today, the WSIB is once more attracting the interest of peer organizations from around the world, for its innovations and best practices.

Speaking personally, this is all the motivation I need to continue my consultations with our stakeholders throughout Ontario, to speak and listen to workers and employers, and receive their input and advice.

However, we must remember that while we've come a long way, there is still a long way to go.

In saying this, I'm mindful of that old anecdote about Henry Kissinger, who once leaned over to then-Chinese Premier Chou En-Lai at a banquet and asked him his thoughts about the French Revolution. "*Too soon to tell.*" Chou replied. "*Too soon to tell.*"

***So it is with the WSIB. The system remains in a delicate state.*** Not least, we have a lot of work to do in bringing our unfunded liability down to zero by 2027 – as we are committed by legislation to doing. It will require a continued focus on healthy and safe workplaces, fiscal discipline and ongoing innovation, as we enter our second hundred years of service to our province and its people.

However, by working together I know we can achieve our goal: to be the best workplace safety and insurance system in Canada.

Thank you.

**My Comments:** If it holds, and as the Chair herself has said, only time will tell, the transformation under the joint stewardship of Witmer and Marshall will be unprecedented. Readers though have a right to be - **and ought to be** - hopeful but sceptical, embracing a "*being from Missouri*" mindset if you will. To some degree, we have seen parts of this movie before, several times in fact, since 1983: a crisis crests with a firm resolve for change; change is implemented; progress is noted; hopes and expectations rise; time passes; priorities change; performance drops; expectations and hope fade; and a new crisis eventually emerges . . . *and the process repeats*. While there have been many big picture adjustments over the past 30 years (take a look at the December 1, 2008 issue of **The Liversidge e-Letter**, "*It's déjà vu (all over again)*" for a long series of examples), so far all they have in common is a sincere and determined will to change, with each ending up being the backdrop of the next.

The start of this contemporary cycle was the implementation of 1983's infamous 30 year funding plan, designed to eliminate the unfunded liability ["UFL"] (then a paltry \$2 billion) by . . . well . . . *now*. It sounds crazy today but that plan was heralded as a success (by only the Board I should add) as recently as 2008. The 2009 report of Ontario's Auditor General dashed that pie-in-the-sky mindset and after 26 years, the 2014 target faded away.

While my scepticism is durably forged by observation and experience, if the will and ambitions of the current Board leadership survive regime change, and that will be *the* test, then this may perhaps be the beginning of a story with a different ending. While there is no doubt that the current executive team will continue to be successful, real success can't be verified for 20 or more years. Not only must 100% funding be reached, it has to be maintained. The practice of five year executive terms in a changing world looking ahead 20 years or more is laden with peril. So, while it is too early to predict success, if success *is* eventually realized, then the work and remarkable stewardship over the past few years will be largely responsible. ***I will though predict this*** – if this kick-at-the-can fails, then that's it. *There will be no more future chances*. That will mark the end of this 100 year experiment. The need for a workers' compensation system of course will continue. ***It just won't be this one.***