

Via email and regular mail
July 26, 2018

Ms. Elizabeth Witmer, Chair
Workplace Safety & Insurance Board
200 Front Street West
Toronto ON M5V 3J1

and

Mr. Tom Teahen, President & CEO
Workplace Safety & Insurance Board
200 Front Street West
Toronto ON M5V 3J1

Dear Ms. Witmer and Mr. Teahen:

Re: Operations Operating Model

A. Introduction of this communication

1. Following the joint CAC meeting July 10, 2018, I considered that it may be of some value for me to present some of the comments I advanced at the meeting for future reference purposes.
2. A response is not required or sought, however, some specific actions are suggested. If there is a need for follow-up, the regularly scheduled September CAC meetings would be a suitable forum for discussion.

B. Continuous improvement is “situation normal”

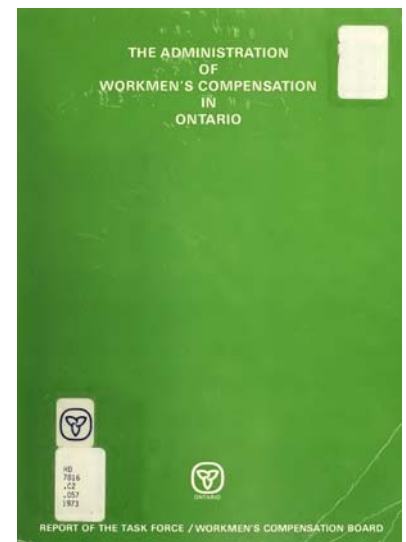
1. First, at the risk of being needlessly trite, it is important that I affirm the opening point made on July 10th - that continuous improvement is critically important to the ongoing viability of the WSIB. Continuous improvement includes the periodic adjustment to WSIB work methods and processes, including resource allocations.
2. The primary points being advanced are not to advance a quarrel with the executive decisions recently implemented.
3. Three points are presented.
 - a. *First*, over the past several decades a settled convention has been adhered to that put in motion an extensive consultative or outreach process prior to past similar decisions being taken. This protocol was not followed in this instance. Since the current WSIB administration practices a flawless standard of stakeholder consultation (examples include but are not limited to CMS, RFR, etc.), and as this experience runs counter to

contemporary customs, it must be concluded that the administration holds a differing view as to the significance of the announced changes.

- b. *Second*, while perhaps a function of the first concern, the efficacy of the changes is queried, or at a minimum, the case for change has not been adequately explained. This critique continues after the July 10 meeting.
- c. *Third*, the absence of clear and measurable objectives is troubling. It is feared that the changes will not be judged against quantifiable performance expectations. As will be shown, the Board itself has in the past recognized that the importance of such standards.

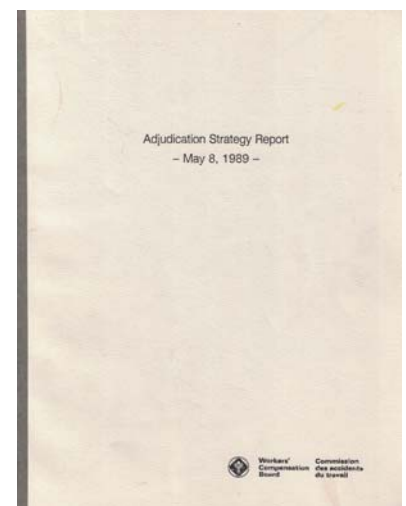
C. Service excellence and stakeholder outreach are core values of the modern WSIB

- 1. I consider that the modern workers' compensation world commenced with the release of the 1973 Task Force Report, "*The Administration of Workmen's Compensation in Ontario.*"
- 2. This is the first public examination of the service delivery attributes of the (then named) *Workmen's Compensation Board*.
- 3. Two core themes arose from this report and have since been imbedded in the core fabric of the WSIB. Those are: a) a focus on and striving towards service excellence; and, b) stakeholder outreach and consultation.
- 4. Before the Task Force Report, not only were these not core values, they were not even considerations in an organization focused exclusively on executive control and efficiency (see pages xiv to xviii for the Task Force's summary of the then WCB's management framework and adjudication processes).
- 5. Continuance of the service excellence value is certainly reflected as the central concern of the recent changes. I introduced a worry of the efficacy of the changes and expected results, along with concerns of stakeholder engagement which I will outline more fully.



D. Claims processing reorganizations have attracted public comment in the past – the Board has expressed an interest in stakeholder views

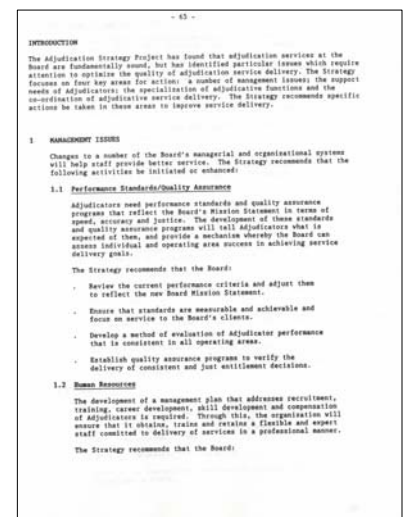
- 1. On May 8, 1989, as a prelude to a significant public consultation on the WCB's claims adjudication and claims management practices, the Board published an extensive 94 page document "*Adjudication Strategy Report.*"



2. This was an impressive document which presented the findings and suggestions of eight WCB employees working under the leadership of the WCB Director of Planning & Analysis, under the aegis of the Board’s Project Steering Committee (Report, page 8). The Report was comprised of three chapters: “The Adjudication Process”; “Issues in Adjudication”; and, “The Proposed Adjudication Strategy.”
3. It is respectfully suggested that while perhaps a report of this depth and substance was not necessarily required with respect to the recent changes, stakeholders and the Board would have benefitted from a similarly themed consultation document before changes were decided.

E. The establishment of measurable performance standards have been long considered essential

1. Interestingly, in the 1989 Adjudication Strategy (at page 65), the Board recognized that the key to improved service, along with design and organization architectural changes, was the establishment of measurable standards.
2. The Strategy recommended that the Board:
 - a. Review the current performance criteria and adjust them to reflect the new Board Mission Statement;
 - b. Ensure that standards are measurable and achievable and focus on service to the Board’s clients;
 - c. Develop a method of evaluation of Adjudicator performance that is consistent in all operating areas;
 - d. Establish quality assurance programs to verify the delivery of consistent and just entitlement decisions.



3. This advice is contrasted with page 13 of the deck provided on July 10.
4. Unless there are other specific and quantifiable indicators that have not been disclosed, it is respectfully suggested that the Board will be in no future position to assess the efficacy of these changes and determine if they have been successful.
5. The only objective presented during the July 10, 2018 meeting was an objective to “flatten the curve” of increasing short-term durations by the end of 2018.

How will we Measure the New Model?

- As in the past, we will focus on key indicators and measures, and learn and adjust the new model as required, including:

Leading Indicators	Lagging Indicators
<ul style="list-style-type: none"> ✓ time to eligibility decision ✓ referral times to return to work (RTW) services ✓ time to first contact – worker and employer to discuss RTW ✓ % of workers RTW within 4, 8 and 12 weeks of injury ✓ % of cases referred to specialty health program, where no RTW within 12 weeks of injury 	<ul style="list-style-type: none"> ✓ return to work within 12 months of injury ✓ claim durations ✓ injuries resulting in permanent impairments ✓ claims requiring a lock-in of loss of earnings ✓ customer satisfaction - worker/employer

13 Operations Operating Model – Presentation to Joint Chair’s Advisory Committee – July 10, 2018

6. Yet, each and every one of the “leading indicators” set out on page 13 lend themselves to the measurable standards expectation of the 1989 Adjudication Strategy.
7. It is recommended that the WSIB administration revisit its objectives and set out clear and precise measurable targets. This would serve two purposes. First, the Board will know if the changes delivered the results expected. Second, if they did not, the Board will be in a better position to readjust its approach.

F. WSIB case management administrative reorganizations in the face of deteriorating performance is the historical reaction

1. Without at all suggesting that organizational change and evolution should not be a constant, the Board has a rich contemporary history of adjusting its claims management protocols.
2. In the **1974 Annual Report** of the Workmen’s Compensation Board, an organizational adjustment not thematically dissimilar to the recent changes was introduced (at pp. 7 – 8). This focused on the establishment of the **Primary Adjudication Compensation Section** (PACS). I will not review the attributes of the PACS system (I do suggest a quick read of the 1974 Annual Report), but the goals and design appears at least similar to the recent changes.
3. This is not to suggest that a return to that theme and approach is not called for. It may well be.

4. As introduced on July 10, ten (10) years ago I authored an article “**WSIB reorganizing to achieve better return to work outcomes, It’s déjà vu (all over again).**”

5. That article commented on WSIB reorganizations from 1986 to 2008. Based on a review of the corresponding WSIB Annual Reports for that period, I counted at least 14 adjustments, many significant, to the WSIB claims management processes. Each realignment was facilitated of course to improve service delivery and outcomes.

6. Interestingly, occasionally incoming administrations were quite critical of past realignments (for an example see the 1991 comments on page 3), with some being outright hostile to past approaches (see for example the 1998 comments on page 4). Each incoming administration sought to improve service delivery with their own approach to case management.

7. While in my view still relevant in the context of the point presented, my commentary in the article concluded in 2008 (I would recommend that the article be read – it is forwarded with this letter). More recently though, one sees a continued similar trend from 2008 to very recent times.

The Liversidge e-Letter
An Executive Briefing on Emerging Workplace Safety and Insurance Issues
December 1, 2008 An Electronic Letter for the Clients of L.A. Liversidge, LL.B. 6 pages

WSIB reorganizing to achieve better return to work outcomes
It's déjà vu (all over again)

Many different claims management models have been tried over the last 25 years
The objectives?
Better service and reduce time on claim.
The results?
Each reorganization was followed by another.

WSIB reorganization in response to avoiding claim trends is a long-ago adopted strategy
As I noted in the October 15, 2008 issue of *The Liversidge e-Letter*, one of the Workplace Safety & Insurance Board's ("WSIB" or "Board") responses to a crisis of increasing benefit costs and claims persistency is to initiate a reorganization. At present, the Board has committed to a major restructuring of its service delivery model, which is currently underway. Just to be clear - this is not a potential plus on the table for future development - this is a plus that has been developed, approved and is in motion. **Will the new model be more effective than past models?**
The \$64,000 question (or is that \$12 billion?) question is "whether this "new" model will be more effective than the current model (or any of the many past service delivery models). The other question is: *How will service fees?* Are these clear quantifiable objectives attached to this new model? If time on claim does not decrease, will the Board eventually conclude that factors external to the restructuring are to blame and that things would have been worse *but for* the restructuring? Just how will the success of this project be judged, other than through WSIB sponsored surveys?

Reorganizations to reduce time on claim are old hat
This has been tried before. Time and again the Board has instructed to reduce time on claim during periods of financial stress (like right now). The burning question is "whether any one of these management protocols is better than any other. Has a "perfect" model been developed, or is this just the next step in a long "trial and error" method?

Let's blast back to the point for a historic lesson
In this issue of *The Liversidge e-Letter*, I am going to turn back the clock a bit and see how past WSIB administrations were fabled, how the past administrations responded to economic downturns and what the impacts of those responses were in the long haul.

The WSIB has not always been a leading edge
The WSIB has not always been noted as a leading crisis. Actually, the Board's funding fortunes have ebbed and flowed with the economy, following pretty much in lock-step to the economic fortunes of the province. In fact, over time, it becomes fairly clear that in good times, the Board does well. In bad times, not so well. The point of fact thus seems to hold true no matter what the Board is or is not doing administratively.

In 1976, funding issues didn't warrant a news
In 1976, the year which I consider to be the poster-child for the modern workplace safety and insurance era (many of the reforms that hit the system in the mid-to-late 1970s, flowed from discontent precipitating from the 1970s), the WSIB experienced a 67% funding ratio (assets were \$6.9 billion and liabilities \$1.1 billion) (Source: WCB 1976 Annual Report). It should have though that funding figures before 1985 for all years and purposes tend to understate the out-of-balance liability ("L1"). Before 1985, worker benefits were not indexed to inflation. Therefore, the Board did not have to account for projected future increases. However, every year or two, the Ontario legislature would make benefits (by legislative force) 100% funding is the goal - WSIB has never been close.

The "funding ratio" is a simple means to measure the financial health of the system, and measures the Board's assets (how much it has in cash and investments) against its liabilities (the value of its future liabilities expressed in current dollars). If fully funded, the funding ratio is 100%. So, the closer to 100%, the better the Board is funded. The further over 100%, the worse it is funded. While some Canadian Boards are over 100% funded, the Ontario Board has never come close.

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8. In the **2008 WSIB Annual Report**, the Board advised that (at page 8):

The new Service Delivery Model, launched in 2008, will bring about big changes to the way the WSIB delivers its services, improving customer service across the business with the aim of getting workers back to safe and sustainable work as soon as possible after an injury or illness. The new model will mean workers and employers will experience more personalized levels of service in proactive case management.

9. In 2008 (at page 12), the Board promised early engagement and more personal interaction. As with past approaches, the Board indicated that these changes were the result of *“listening and responding to the needs of the workers and employers of Ontario”* (at page 13).

More personal interaction

Under the new Service Delivery Model, workers and employers will experience a more personalized level of service, proactive case management, improvements in the timeliness of benefits decisions, and assistance with health care and labour market re-entry services.

10. In the **2009 Annual Report**, the Board advised that WSIB initiatives included *“new approaches to case management”* (at page 18).

11. The **2010 Annual Report** outlines refinements that were made to the service delivery model:

The WSIB continued to refine its service delivery model in 2010 to improve the way it manages each injured worker’s case. The WSIB now has more specialized teams addressing specific areas such as permanent injury cases, long term case management, and workers who have lost their jobs despite having returned to work after their injury. Decisions are being rendered faster and with more attention to eligibility rules, resulting in better outcomes and less cost to the system.

12. In the **2011 Annual Report**, the Board reports that these changes are successful (at page 3):

We are doing a better job than ever before at providing the fundamentals – claims management . . . We are redefining ourselves as an organization and responding to the changing environment around us – fully supported by careful research . . .

We’ve shown our customers that our innovative solutions – like specialized roles for eligibility decision making, short-term and long-term case management . . . are the right solutions at the right time for our organization.

13. The **2012 Annual Report** continues this theme (at page 3):

We made steady progress in improving our financial results . . . achieved through initiatives such as our Service Delivery Model and Work Reintegration Program . . .

. . . this approach is working.

. . . we’ll continue to consult with our stakeholders to determine ways that we can serve our customers better . . .

14. The new service delivery model is again lauded in the **2013 Annual Report** (at page 13):

The positive impact of our new service delivery model, health care strategy and work transition program are now being noted in reduced longer duration claims.

15. In the **2014 Annual Report** (at page 9):

Overall, what we have today is a transformed approach to service delivery and a business model that is able to respond to the needs of workers and employers.

16. In the **2015 Annual Report** (at page 10):

Our improved service delivery model and investments in health care continue to result in better recovery and return to work outcomes for workers and employers.

17. In the **2016 Annual Report** (at page 4):

. . . recovery and return to work outcomes continue to be among the best we have seen in recent years.

18. In the 2017 Annual report (at pages 6 and 18):

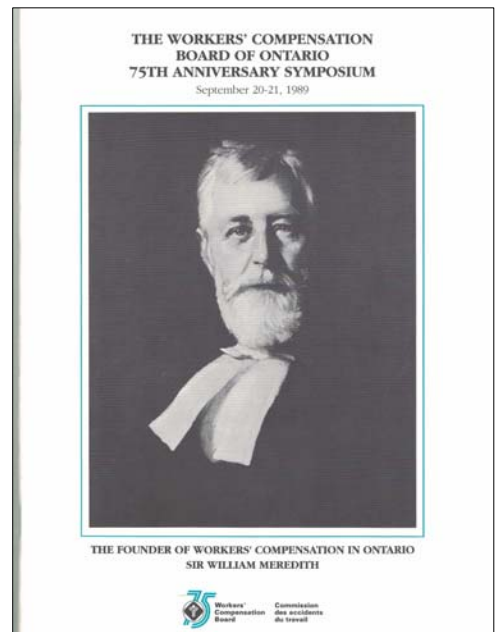
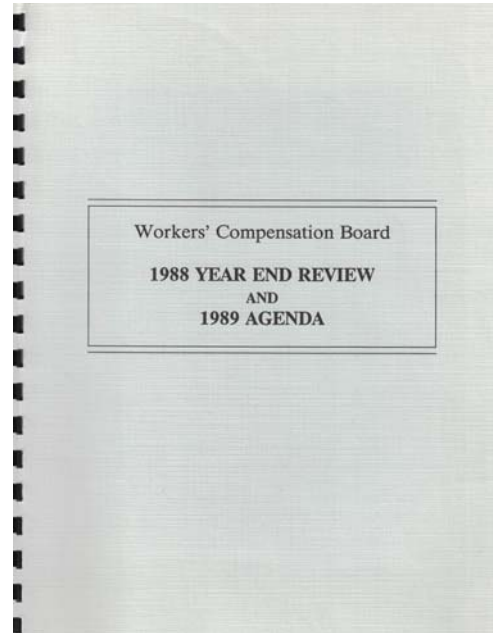
We continue to make timely eligibility decisions . . .

Increasing service excellence continued to be an area of focus at the WSIB during 2017.

19. The July 10 meeting was requested by CAC member organizations. Many were quite surprised by the announced changes, which is quite understandable since the Board itself has lauded its case management model every year. The significant refinements of 2010 were, by all accounts provided by the Board, continuously successful.
20. It may well be the case that the case management model warrants adjustment. However, last year, the model was deemed to be working well. Since the changes are in fact a stark adjustment in resource allocation and as many sectors still desire a sector centric approach, it is respectfully suggested that a stronger public case for change and expected results be advanced.
21. Since the changes are, to my understanding, now implemented, it is suggested that an extensive outreach with affected constituencies now commence to ensure immediate and ongoing performance feedback, with the aim for incremental adjustment to the model if warranted.

G. Stress on the system (no pun intended) – can the WSIB effectively absorb the slate of changes?

1. The recent reorganization is of course not the only significant administrative adjustment underway. The rate framework project is likely the single largest administrative transformation ever attempted by the Board.
2. The enactment of chronic mental stress legislative amendments and the massive impacts this is expected to have in the administration of workers' compensation in Ontario is, on its own, a considerable change.
3. I am mindful of the scope of change experienced by the Board thirty (30) years ago. I would encourage a review of the WCB document, "**Workers' Compensation Board, 1988 Year End Review and 1989 Agenda.**"
4. While the active issues are somewhat different, they are linked to the theme of "*restructuring and revitalization of the organization*" (page 1).
5. A relevant companion document is "**The Workers' Compensation Board of Ontario, 75th Anniversary Symposium, September 20-21, 1989**".
6. The presentation of Professor Jeffrey Gandz, School of Business Administration, University of Western Ontario, "*Rapid Change in Large Organizations*", remains relevant today.
7. It would not likely be incorrect to interpret Professor Gandz's reflections as being critical of the scope of change then engineered by the WCB.
8. His concluding commentary is particularly applicable to this very time (at page 52):



One of the things that strikes me, about the Workers' Compensation Board, is that notwithstanding the technology, and notwithstanding the policy, this is a human service delivery organization – that, in fact, the ability to achieve the goals as outlined in the mission statement are entirely dependent on the quality of human resources . . .

H. A few summarizing comments

1. The recent administrative changes run counter to the longstanding convention of stakeholder engagement *before* design and implementation.
2. The WSIB has a long and tried history of case management designs. Assessed over the course of a 30 or more year period, one discovers that what was once old is new again. Yet, notwithstanding several very different approaches, even in the context of trying out a new design, there does not appear to be a clear organizational sense as to what works best. I may well be wrong, but I hazard to guess that today and historically, change is embraced absent a clear sense of past approaches.
3. I suggest that it may be of significant value that the Board undertake an internal research project and catalogue all of the different case management methods engineered and implemented over the decades, along with the originating operational rationale, and assess the efficacy of each design. In short, what works and what doesn't? The Board has the internal institutional memory, if tapped, to learn from the past.
4. I conclude with the almost clichéd statement, attributed to Churchill, Santayana, and others, "*Those who cannot learn from history are doomed to repeat it.*"

Regards,

A handwritten signature in blue ink, consisting of a large, stylized 'L' and 'A' intertwined, with a small 'L.A.' above it.

L.A. Liversidge