

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 growing claims trends is a long-ago adopted strategy

As I noted in the October 16, 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 plan on the table for future development - this is a plan 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 anyone know?* Are there 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 restructured to reduce time on claim during periods of financial duress (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 past for a history 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 funded, how the past administrations responded to economic downturns and what the impacts of those responses were in the long haul.

The WSIB was not always in a funding crisis

The WSIB has not always been mired in a funding 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. In point of fact this seems to hold true no matter what the Board is or is not doing administratively.

In 1976, funding issues didn't warrant a peep

In 1976, the year which I consider to be the gatekeeper to the modern workplace safety and insurance era (many of the reforms that hit the system in the mid-to-late 1980s flowed from discontent percolating from the 1970s), the WSIB experienced a 65% funding ratio (assets were \$0.9 billion and liabilities \$1.4 billion) [Source: **WCB 1976 Annual Report**]. (I should note though that funding figures before 1985 for all intents and purposes tend to understate the unfunded liability ["UFL"]. 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 index benefits by legislative decree.)

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 farther away from 100%, the worse it is funded. While some Canadian Boards are over 100% funded, the Ontario Board has never come close.

1978, 79 & 80 were banner years

By 1978, the funding ratio had jumped to 78% (assets \$1.376 billion and liabilities \$1.760 billion) [Source: WCB 1978 Annual Report]. This climbed to 80% for 1979. As the Board was entering the modern workplace safety and insurance ["WSI"] era in 1980, when major reforms were just starting, funding hit 81%.

Things started to dip in the early 1980s

Due to recessionary times, things began to dip in the early 1980s with the funding ratio dropping to 70% for 1981 and 57.3% in 1982. In its 1982 Annual Report, the WCB commented for the very first time on the impact of a recession on the capacity of the Board to find jobs for rehabilitated workers [WCB 1982 Annual Report, p. 5, Message from Lincoln M. Alexander, Chairman].

The UFL is mentioned for the first time in 1983

1983 was the first year that the UFL received special mention in the WCB Annual Report, with the funding ratio dipping to a then low of 49%. The Board responded as a first step "to make Ontario's employers fully aware of the problem which confronts the province's workers' compensation system". This laid the foundation for a long series of employer premium hikes and the commencement of the 2014 plan to retire the UFL. (This is still the "plan" – the UFL is supposed to be "zero" by 2014. However, of late, senior WSIB officials tend not to dwell on 2014 as a doable target. Lower level officials in daily interactions with the employer public though still dutifully stress that 2014 is the plan, 2014 is on target, and there will be no UFL by 2014. I heard that "party line" as late as yesterday afternoon. Since 2014 has long-ago been relegated to mythical status, and since the Board's ability to achieve zero UFL by 2014 is, well, impossible, the Board would be well advised to update its "soldiers on the line" and suggest they back off on this message. It gets to sound silly after a while. There is no way the UFL will be zero by 2014. None.)

The Board's response was to propose a 27% premium rate hike – employers exploded

The Board's first response in the early 1980s was to hike premiums by 27% in one shot, a "plan" which was met, understandably, with a significant business backlash, and from which the modern business WSI lobby was born. Actually, it was this backlash which gave birth to the thirty year funding plan. The average Ontario premium was \$1.65 per \$100 of payroll in 1980; for 1981 it was \$1.69, and for 1982 it was \$1.77.

The start of the 30 year plan

In 1983, at the commencement of the 30 year plan, the Board recognized the impact of workers' compensation on the viability of the Ontario economy noting, "After all, the ultimate health of the workers' compensation system depends on the continued strength of the Province's economy" [WCB 1983 Annual Report, p. 13]. The average premium was \$1.88 in 1983. 1983 also saw the first time the Board articulated a recurring theme, linking the reduction of workplace injuries to system cost reductions noting:

"Perhaps the best way to moderate these economic pressures is to reduce the cost of the system. *This can be done by reducing the number of workplace injuries and the length of time injured workers are on compensation – through increased accident prevention and improved vocational rehabilitation measures*" [WCB 1983 Annual Report, p. 14].

That theme has been repeated time and again

Sound familiar? It should. That basic strategy has been in place unaltered now for more than twenty-five years and we still hear those precise words today.

1984 not so good for the WCB

By 1984, the funding ratio dipped to 44% with the Board noting that, "the utilization of Ontario's workers' compensation system has continued to expand" and the "real cost of claims increased by 7%" [WCB 1984 Annual Report, p. 13]. The UFL at the end of 1984 was \$2.7 billion (\$5.1 billion in current dollars) with the WCB renewing its commitment that the "unfunded liability can be paid off over thirty years" (i.e., by 2014). The average premium was \$2.17 per \$100 payroll.

Yet, things got much worse for 1985. The culprit?

Increasing time on claim

Things didn't improve very well and by 1985 the funding ratio dipped to 31.6% and the average premium rate increased to \$2.31. The Board cited one of the key reasons for the increase in the UFL as "rising persistency rates" (i.e., time on claim) [WCB 1985 Annual Report, p. 9]. The Board maintained its confidence that the UFL will still be zero by the year 2014 if, among other presumptions: "persistency rates go no higher than 1985 levels and injury rates go no higher than 1985 levels."

1986 saw the first major reorganization

In 1986 the average premium rate was \$2.65. The WSIB commenced the first of many major administrative restructurings and reorganizations to "transform the Board into a more efficient, accessible and fiscally responsible service agency in the years ahead" [WCB 1986 Annual Report, p. 3]. The funding ratio was 32.6% and the UFL hit an all time high of \$6.2 billion (it was to almost double within a few years).

By 1987, big things were expected of the reorganization

In 1987, the Board heralded the benefits of its new reorganization committing that it will "improve services to its clients and to streamline the way it does business" [WCB 1987 Annual Report, p. 14].

1987 also saw a new model for return to work – the WCB linked RTW to improved WCB finances

In 1987 we also saw the beginning of a renewed approach to reemployment of injured workers with the Board providing "consultative services on modified work programs" to employers. The Board commented positively on the effect of the funding strategy noting that it "has already had a positive effect on the "funding ratio" for schedule 1 employers", reaffirming the commitment that the UFL will be zero by 2014 noting that it will peak in constant

dollar terms in 1988-1989 and “*decline gradually to zero within the next twenty-five years*” [WCB 1987 Annual Report, p. 11]. In 1987 the UFL was \$6.7 billion with the funding ratio rising slightly to 35.6%.

Another “new” approach was rolled out in 1988

In 1988 the Board heralded a new “*Vocational Rehabilitation Strategy*” designed to “*mitigate the effects of an injury on a worker’s employment capabilities*” [WCB 1988 Annual Report, p. 3].

1988 also saw another restructuring to improve service and reduce time on claim

The same year, the Board lauded the introduction of “*Integrated Service Units*” which will “*provide more personal, prompt, coordinated and efficient service*” [WCB 1988 Annual Report, p. 10]. While the UFL increased to \$7.35 billion in 1988, the Board said this was, “*well within the projections of the Board’s financial strategy and it is expected that the unfunded liability will begin to decline in real terms after next year*” [WCB 1988 Annual Report, p. 15].

The Board noted that the introduction of new medical and vocational rehabilitation strategies “*must be viewed as investments and a more effective workers’ compensation system which are expected to be offset by injured workers’ more rapid recovery and earlier return to employment*” [WCB 1988 Annual Report, p. 15]. The funding ratio sat at 38% at the end of 1988.

By the end of 1988, the Board was very optimistic

In a 1988 Year End Review [“*Workers’ Compensation Board, 1988 Year End Review and 1989 Agenda*”] it was noted that 1988 “*saw the completion of a three year effort at the workers’ compensation board devoted to the restructuring and revitalization of the organization*” [p. 1], with a “*focus on service delivery, financial soundness, public understanding and responsive administration*” [p. 2].

The Board suggested that there had been a “*significant change in the organizational culture of the WCB*” related to a “*new management style and new operating principles*”, which over “*the next few years will see the application of the reorganized WCB to meet emerging needs*” [p. 3]. The Board established a new commitment to earlier intervention and a “*structured goal oriented vocational rehabilitation plan*” approach to worker reinstatement [p. 10].

Claims processes were also revamped in 1988 to improve return to work outcomes

In a **Claims Adjudication Strategy Report** published May 8, 1989, to ensure more effective reemployment outcomes, Claims Adjudicators were required to review a case at six weeks benefit duration “*to estimate whether the worker is likely to have difficulty returning to work, and thus likely to be on compensation for a protracted period of time*”. It was expected that “*the Board would develop case specific informed plans so that alternative solutions and approaches are sought and built around a comprehensive cyclical case review mechanism*” [pp. 79-82].

1989 – WCB reorganization heralded as a major success!

By 1989, the Vocational Rehabilitation Strategy “*designed to reintegrate injured workers into the workforce earlier and more successfully*” was considered a success and was implemented province-wide January 1, 1990 [WCB 1989 Annual Report, p. 16]. The Rehabilitation Strategy’s primary goal, “*is to re-establish workers’ pre-accident earnings profiles by getting them back into their pre-injury jobs or finding them comparable work with the accident employer*”. **UFL projected to be zero 7 years early – by 2007!**

In 1989 the Board optimistically projected that the UFL would be wrestled to the ground to zero not by 2014, **but now a full seven (7) years earlier - by 2007!!** At the end of 1989 the UFL sat at \$8.5 billion with the funding ratio receding to 38.7%.

By 1990 the UFL jumped up to \$9.1 billion but the funding ratio calmed slightly to 40.1% [WCB 1990 Annual Report, p. 34].

1990 - another reorganization to improve RTW

Notwithstanding the reorganizations that took place from 1985 to 1990, in 1990 “*the Board undertook a number of organizational changes with a view to enhancing the consistency and efficiency of claims decision-making and to better facilitate rehabilitation and reemployment of injured workers*” [WCB 1990 Annual Report, p. 15]. One of the goals of yet another new Claims Adjudication process was described as “*early restoration of earnings and early return to full activity for injured workers*” [ibid].

In 1991, the Board admitted its past approaches to return to work achieved much less than expected

By 1991, the funding ratio hovered around the 40 percentile range resting at 39%, while **the Board reported that the past vocational rehabilitation initiative didn’t seem to deliver at all**. The Board reported that, “*client surveys conducted by the Board revealed that vocational rehabilitation does not appear to be meeting workers’ expectations*” [WCB 1991 Annual Report, p. 14].

The Board’s 1991 response? Another reorganization

This time the reorganization “*aimed for a steady improvement in service delivery*” [WCB 1991 Annual Report, p. 14]. Notwithstanding the commitment to yet another reorganization, the then Chair of the Board reported in the **1991 Annual Report** that “*the pace of change over the past few years had generated significant problems*” with staff “*still reeling*” from a variety of changes with the Chair identifying “*a need to rebuild and stabilize*” [WCB 1991 Annual Report, p. 4, Chair’s Message]. The Board was re-committed to “*promoting return to work for injured workers*”.

1992 saw more restructuring changes

In 1992 in a “**Report on the Chairman’s Task Force on Service Delivery and Vocational Rehabilitation, July 1992**”, yet another new approach was suggested “*for streaming claims on the basis of complexity, nature of the injury, and anticipated duration*” [Report, p. 30].

The real world caught up with the WCB – the economy tanked in early 1990s

In 1992, the Board found itself embroiled in “*a severe recession, which has a strong negative impact on assessment income and benefit expenditures*” which may place “*the WCB’s long term funding strategy in jeopardy*” [WCB Funding Strategy, Discussion Paper, February 1992, p. (i)]. The Board noted that, “*while the revenue side of the WCB’s operations is adversely affected in a downturn, there is typically no corresponding offsetting effect on expenditures*” [Discussion Paper, p. 10] and that “*particularly severe impact of the current recession may be partly due to structural changes in the provincial economy*” [Discussion Paper, p. 11].

The Board’s 1992 response? Surprise, surprise – a new focus on return to work

The 1992 funding discussion paper noted “*the WCB is currently developing a comprehensive package of employment equity initiatives in the area of vocational rehabilitation with the aim of enhancing post injury employment opportunities for injured workers*” [Discussion Paper, p. 15], which could result in “*major savings to the system*” [Discussion Paper, p. 27].

In 1992 the UFL hit (then) historic levels, but WCB said it “made progress on all fronts”

At the end of 1992, the funding ratio dipped to 37.4%, with the unfunded liability hitting (what was then) a high water mark of \$11.03 billion [WCB 1992 Annual Report, p. 29]. In spite of this, the Chair of the Board reported “*the Workers’ Compensation Board made progress on all fronts – operational, financial and in our relationships with stakeholders*” [WCB 1992 Annual Report, p. 4].

WCB adjusted its service delivery practices

In 1992, the Board again readjusted its “*business and service delivery practices to improve the system in its current form*” [WCB 1992 Annual Report, p. 9].

In 1993, WCB said seeing payoff in new approach

In 1993 the Board reported that it was “*seeing the payoff in better case management which in turn has contributed to early return to work on average, thereby reducing benefit expenditures and slowing the growth of the unfunded liability*” [WCB 1993 Annual Report, p. 4] even though the UFL at that moment sat at \$11.53 billion with the funding ratio at 36.6%.

Yet, the WCB reorganized yet again. Why? To reduce time on claim

In 1994, the Board readjusted its organization yet again and developed an “**Integrated Case Management Model**”. “*The integrated case management model emphasizes timely intervention and the active participation of workers, employers and health-care practitioners to return injured workers back to meaningful and sustainable work earlier. This will reduce the duration of the life of a claim and the benefits expense.*” [WCB 1994 Annual Report, p. 2]

The UFL dipped to \$11.4 billion, with funding at 37.4%.

By 1995, the funding ratio was back to the 40% level with the unfunded liability then at \$10.9 billion.

In 1996 the Board – you guessed it – reorganized again

In 1996 the UFL was at \$10.5 billion with a funding ratio now at 43%. During 1996 the Board reorganized yet again with “*the Board’s most fundamental challenge*” being “*to re-tool Ontario workers’ compensation system to renew economic and social priorities*” [WCB 1996 Annual Report, p. 2]. The Board committed to continue to reduce the frequency of workplace injuries and to improve the efficiency, effectiveness and consistency of claims adjudication and claims handling through “*a more effective and efficient organization*” [ibid.].

In 1996 a new Minister for Workers’ Compensation Reform observes that return to work efforts did little

A newly appointed Minister for Workers’ Compensation Reform reported in January, 1996 in the report “**New Directions for Workers’ Compensation: A Discussion Paper**” that “*the WCB has devoted a great deal of attention and money to vocational rehabilitation over the past seven years*” [p. 36], “*yet the unemployment rate of injured workers remains a persistent problem*” [p. 37].

In 1997, WSIB recommits to retire UFL by 2014

1997 ended with the UFL at \$8.06 billion, and the funding ratio increasing to 52%. In the **WSIB 1997 Annual Report**, the Board heralded this improvement noting:

“Our new direction, together with new legislation, sets the course for elimination of the unfunded liability and financial soundness. *Better service and a streamlined, fiscally responsible administration will also contribute to reduce the level of the liability.* Our objective is to have a fully funded system by 2014, while maintaining fair benefits for injured and ill workers” [WCB 1997 Annual Report, p. 17].

The Board committed that, “*customer service will be provided by professional staff who are knowledgeable about the industry sector, the workplace, and its needs in terms of prevention and return to work*” [WSIB 1997 Annual Report, p. 23].

1998 saw another new service delivery model

In 1998 the Board reported that it was again restructuring to “*deliver a new service and prevention mandates*” [1998 WSIB Annual Report, p. 4], with the hallmark being another “*new service delivery model*” which calls for “*integrated teams tailored to serve the unique needs of workplaces, communities and injured workers*” [1998 WSIB Annual Report, p. 4].

In 1998 the administration blamed past methods

1998 began with a focus on service improvement (much the same as 2008 I might add), with the Board noting that “*bureaucratic processes and legacy systems, some as old as workers’ compensation itself, had the WSIB processing claims and employer assessments, rather than serving employers and workers with injuries*” [WSIB 1998 Annual Report, p. 13] (not too unlike 2008, I might add again).

The Board noted that as the result of “*listening and learning*” it reorganized “*front line teams to serve workplaces according to business size and industry*” [1998 WSIB Annual Report, p. 13]. The Board in 1998 heralded yet another renewed new focus on early and safe return to work [WSIB 1998 Annual Report, p. 15]. Commenting on the finances as they were in 1998, the Board noted “*the only true measure of financial success for the Workplace Safety & Insurance Board is the reduction and eventual elimination of costs associated with workplace injuries and illnesses*”. At the end of 1998, the UFL had dropped to \$7.1 billion with the funding ratio sitting at 56.8%.

By 1999, “problems fixed” with new service delivery model

By 1999 the UFL dropped to \$6.4 billion with the funding ratio at 62% with the Board noting that “*we have laid a solid foundation for yet another five years of significant improvements in many areas throughout the WSIB*” [WSIB 1999 Annual Report, p. 2].

Commenting on the effects of yet another reorganization, it was noted that “*without question, our new service delivery model – which includes account managers, customer service representatives, consolidated adjudicators and nurse case managers – has improved service levels*” [WSIB 1999 Annual Report, p. 2]. The Board noted that:

“The WSIB has set its course upon an ambitious business transformation and is firmly committed to making the fundamental changes that are necessary to ensure that its focus is on its customers and clients, that its processes are cost effective and efficient, and that it is a financially secure organization providing the comprehensive range of products and services needed by Ontario workers and employers to achieve the healthiest and safest workplaces in the world” [WSIB 1999 Annual Report, p. 24].

In 2000, WSIB says changes are paying off

In 2000, the Board’s Chair noted that “*for the sixth consecutive year, the unfunded liability was reduced*” and now stood at under \$6 billion, “*approaching a 50% reduction since 1995*”. The unfunded liability was \$5.7 billion with the funding ratio at 66.8%. The Board commented that “*the service delivery strategy initiative integrated a “new business model” into the organization that “the work we are doing is paying off*” [WSIB 2000 Annual Report, p. 15].

The good times keep rolling through 2001

In 2001 the Board reported that “*the WSIB has become a forward thinking, outcome based organization and gets results for the people it serves*” [WSIB 2001 Annual Report, p. 15] and the Board “*renewed (its) focus on return to work*” [WSIB 2001 Annual Report, p. 14]. The UFL was \$5.66 billion with the funding ratio coming in at 67% at the end of 2001.

2002 – the WSIB hits a brick wall

The euphoria didn’t last long. In its 2002 Annual Report, the Acting Chair noted that employer premium rates had to increase as “*the WSIB faces some of its most difficult*

problems in recent years”. The Board set out several priorities, the first of which was to “*continue the steady decline in workplace injuries*”, the second to ensure the Board “*remains financially stable*”, the third committing the Board to “*become more efficient and productive*” and the fourth to make “*prudent investments and improving our business processes*” [WSIB 2002 Annual Report, pp. 2-3]. At the end of 2002 the UFL was \$6.6 billion and the funding ratio was 64%.

2003 saw another new direction for return to work

In 2003, the Board announced another “*new direction for early and safe return to work*” that calls for “*increased support to the workplace parties in the return to work process*” [WSIB 2003 Annual Report, p. 15]. At the end of 2003, the UFL stood at \$7.135 billion with the funding ratio sitting at 62.4%.

Funding improved in 2004

The funding ratio improved at the end of 2004 to 68% with the UFL now at \$6.4 billion.

But not for long – by 2005 WSIB says facing economic challenges. Why? Time on claim still increasing

In 2005 the WSIB Acting Chair (a different one) announced that the Board’s “*most daunting challenge is economic*” [WSIB 2005 Annual Report, p. 5] and that the Board faces “*financial pressures from the growing persistency of some claims*” noting that while “*there are fewer injuries in total, there is an increase in the complex nature of some of them, requiring longer periods of care and recovery*”.

But, WSIB still commits to no UFL by 2014

Yet, the Board remains committed to the elimination of the unfunded liability by 2014 creating a “*fully funded system in Ontario*” [WSIB 2005 Annual Report p. 5]. At the end of 2005, the UFL stood at \$6.51 billion with the funding ratio at 69%.

By 2006, WSIB says it is “turning the financial corner”

In 2006, the Board reported that the unfunded liability came in at slightly less than \$6 billion (\$5.997 billion – the funding ratio was 73%) and that this “*result indicates we are starting to turn the financial corner*”.

But the Board again revamped return to work processes

The Board was again revamping its return to work processes advising that “*the WSIB continues to develop an integrated case management model to support and enhance return to work outcomes*” [WSIB 2006 Annual Report, p. 10].

I reported extensively on the Board’s 2006 performance and refer readers to the September 19, 2007 issue of **The Liversidge e-Letter**, “**WSIB Says Starting to Turn the Financial Corner**”. While the Board was suggesting it had turned the corner on the UFL, I suggested otherwise.

I noted a year ago that the Board was playing a long-shot – that it was unlikely the Board would meet its targets, and that in reality, the Board was not performing all that well, with the only positive indicator being on the investment

front. And remember, all of this is before the market melt-down.

A year ago - *before the melt-down* - in spite of the Board's 2006 investment returns, the chances of no UFL by 2014 was pretty slim. The "plan" wasn't going to make it. **2007 rolls around, and the UFL jumps a whopping 35%**

By 2007 the WSIB unfunded liability jumped over 35%, coming back to \$8.1 billion and a 66% funding ratio. In the October 8, 2008 issue of **The Liversidge e-Letter**, "***It's Official, WSIB Unfunded Liability Jumps over \$2 Billion in One Year!***", I suggested that it is pure fantasy now to even think that the Board will be able to just "*stay the course*" - keep premium rates at bay, increase benefit levels and pay off the UFL by 2014. This was based on 2007 performance - still *before* the melt-down.

In its 2007 Annual Report, the WSIB announced another reorganization

The WSIB reported in the **2007 Annual Report** [at p. 32]:

The WSIB is in the process of implementing a new service delivery model, which will begin in 2008, involving a more coordinated and aligned approach to delivering service.

Implementation includes three major projects:

- the redesign of roles on the service delivery teams for improved quality of service and efficiency
- the new evidence-based case management approaches, designed to optimize the restoration of injured workers to health, employment and earnings, and to address increasing persistency rates
- the implementation of enabling technology needed to coordinate, align and improve service delivery.

It's déjà vu (all over again)

And, so the story goes.

As I said at the outset, it is very likely the UFL is at unprecedented levels. Depending on the Board's investment performance, which will be dismal, the funding ratio could be within the 30 - 40 percentile range, with the actual UFL perhaps being anywhere from \$11 - \$14 billion. (Not only will the Board be pressured by investment losses, but by the recession. Fewer available jobs for already injured workers will lead to a greater draw on benefits, increasing current and future liabilities.)

The Board's response is to regroup and reorganize, which, as the above history notes, has been the "*tried and true*" approach time and time again over the last 25 years.

Has any one WSIB reorganization been more effective than any other over the last 25 years?

Have any of the WSIB reorganizations been effective in reducing time on claim? I am not aware of any study that suggests so. Or that any one approach was superior to another. Or that any particular design elements were singularly effective. Or for that matter, that any long-lasting lessons have been learned from this 25 year history. Incumbent administrations tend to clear the decks, put in their own plans, only to have those replaced by a future administration. ***Draw your own conclusions.***

LAL's 10 suggestions

Over the last few issues of **The Liversidge e-Letter**, I have set out a list of ten (10) suggestions to the Board and the government which should help *as a start* to get the Board back on track in these trying times. As I have said time and again, senior officials at the Board *are* concerned. And, I have every confidence that the Board is, at this very moment, at the highest levels, trying to figure out the elements of the next plan.

But, notwithstanding that the Board was facing challenges before recent events, the melt-down and the current state of the economy (and what is to come) is a game changer. Pre-melt-down approaches and plans should be shelved. This is what I said a week ago:

World leaders responded to a crisis - so must the Board

In the last few months, the world has witnessed first hand the calamity caused by ill-conceived corporate actions or inactions, by irresponsible plans, or been dumbfounded by the absence of any plan at all. Financial markets melted away in days, stocks in weeks, and now entire industries are at risk of fading away in months. However, governments all over the world not only acted, they have been at the forefront of a new public discourse. The WSIB is well advised to take heed and similarly respond. ***This is the time to act.***

I have set out a short list of 10 suggestions to commence right now:

1. Employer premiums must stand pat (Premier McGuinty has commented that "*the worst thing you can do in times of an economic slowdown*" would be to raise taxes).
2. Defer the January 1, 2009 2.5% benefit hike (I am confident that had the WSIB been funded at current levels when those political decisions were taken, they never would have seen the light of day).
3. Establish sound guidelines to future indexing calls (at a minimum, the WSIB funding ratio should be in the mid-seventy percentile before contemplating any additional indexing beyond prescribed levels).
4. The WSIB must provide a special financial report declaring its performance to the end of October, 2008 and every quarter thereafter.
5. WSIB funding plan should be revisited to set out a renewed and more realistic long term funding plan (see # 10).
6. The WSIB should slow down its reorganization plans.
7. As part of its "persistency study" the WSIB should encourage a review of the structural elements of ***Workplace Safety and Insurance Act*** ["WSIA"] which in my view are driving higher claims costs through the inability to distinguish between unemployment caused by an injury and unemployment caused by economic reasons.
8. The Board should get back to basics and promote prevention through its insurance levers, not as a stand alone business.
9. It is time for an external review of the WSIB.
10. The WSIB must organize **an urgent Funding Summit** no later than mid-January, 2009 with Ontario's business leaders and senior government officials, to develop a new long-term funding strategy - a newly conceived 20 or 30 year plan. The Board should make this announcement right away, and commit to a process to be completed no later than the end of the 1st quarter of 2009. ***A new era must start today.***