

# 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.

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## Toronto Star Slams WSIB Labour Market Re-entry Program *Says it is “A jobs program that fails”*

### **WSIB LMR slammed as being ineffective *WSIB Chair infers changes in the offing***

#### **Star reports close to half do not benefit from LMR**

In last Saturday's Star (January 24, 2009), in a scathing front page news story citing several actual cases, a Workplace Safety & Insurance Board ["WSIB" or "Board"] program in place for over 10 years - **Labour Market Re-entry** ["LMR"] - was slammed as being ineffective. The article suggests that 2,400 of 5,000 workers enrolled in the program either did not finish (1,000) or did not return to work in the field trained for (1,400). Yet, the Star reports the program cost \$156 million last year (up 19% from 2005). [Note: According to the **WSIB 2007 Annual Report** (at p. 24) LMR costs including income support, **reached \$283 million in 2007**, up 14% from 2006].

#### **WSIB Chair agrees costs are extraordinary**

In response, even WSIB Chair, the Hon. Steve Mahoney, jumped on board (no pun intended) suggesting, according to the *Star*, "Given the new economic lens that we're all looking through, that's an extraordinary amount of money." In fact, Chair Mahoney rhetorically queried why the WSIB could not manage such training in house, and suggested he has been working on improvements to LMR. With that, stakeholders should take some comfort that Mahoney will take this issue seriously. Do not be surprised to see change, and fast paced change at that. **My advice to stakeholders – get your ideas for process and program improvement ready. Employers have been questioning LMR for years**

In July 2004, in these pages, I noted that employers have serious concerns with LMR and "a dialogue on this issue would be well-timed" (with funding related discussions) [see July 14, 2004 issue of **The Liversidge e-Letter**]. In 2005, again in the context of WSIB funding consultation, employers again raised the issue of LMR. I wrote:

**Surprisingly, the Board does not know if LMR has been as effective, more effective, or less effective than the regime it replaced, notwithstanding that hundreds of millions of dollars are channelled through LMR each year** [see June 23, 2005 issue of **The Liversidge e-Letter**]. (By the way, it still doesn't, *ed.*)

### **Following a 2004 “audit” the WSIB unveiled a “new and improved” LMR Program in 2006**

In a 100+ page WSIB "Value for Money Audit" conducted by **Deloitte** in April, 2004, and released by the Board the next year, it was reported that the "WSIB has made significant progress towards its goals as related to LMR since the introduction of new legislation" (p. 14) and outcomes are "consistent with WSIB's legislated mandate for LMR" (p. 99). Ten suggestions were provided.

#### **LMR was revamped in 2006 – so why is it now news?**

Two full years later, in April 2006, with much fanfare, the WSIB provided a detailed "**LMR Program Update**" which explained how the Audit's findings "have shaped and redefined the WSIB's LMR program" (p. 2). Among other things, "an accountability mechanism has been developed" with the creation of the "RTW/LMR Program Development Branch" which includes "monitoring best practices" (p. 3). A "Service Provider Performance Management Model" was developed to link "accountability to outcomes" (p. 4), coupled with a "Service Provider Audit Process" (p. 4). The Board committed to "twice-yearly updates" to "focus on LMR performance and outcomes" (p. 5). The "Update" concludes with this: "**The WSIB's LMR Program is designed to be cost-effective and will continually seek opportunities for efficiencies and effectiveness**" (p. 7).

#### **Has the Board delivered on this promise?**

If the *Star's* article captures the essence of today's LMR, three years after an "upgrade" many would conclude "no". **Two key questions emerge: One: Were the 2006 changes effective? Two: If not, why not?** I would be astonished if WSIB Chair Mahoney was not asking those very questions at this very time. [The *Star* reported that as an MPP in 1994, now WSIB Chair Mahoney, demanded an investigation to look into an analogous situation at the Board. I strongly suspect an enhanced inclination on his part to get to the bottom of this today].

**Here's the bottom line: Does LMR need an overhaul?** No doubt. *Are there lessons in this story well beyond LMR?* Very likely. *Will the WSIB take these challenges seriously?* There is little choice. Expect to see strong leadership. Soon.