

This is the story of an historic transformation...



This is the story of an historic turnaround: the transformation of Ontario's Workplace Safety and Insurance Board into a fiscally sustainable and accountable organization that is more responsive to the needs of injured workers, employers and our economy.

It's a tale of two very different realities: before 2010, and after. In 2009, the Auditor General of Ontario reported that the system's costs had vastly outstripped our revenues. In fact, by 2012 the WSIB had accumulated a \$14.1 billion unfunded liability – which was threatening to collapse the system.

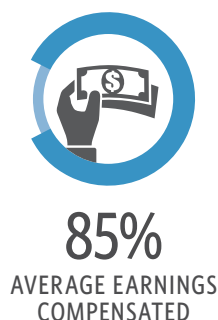
This is the landscape we faced after assuming the leadership of the WSIB just a few short years ago. The first thing we discovered was that expenses had exploded between 1999 and 2009. Benefit costs had gone up by over 60 per cent – from \$2 billion to \$3.2 billion a year. At the same time, injury claims had actually dropped by 40 per cent. The math just didn't add up.

Evidence did not support the notion that more serious workplace injuries might explain the escalation. Yet the duration of workers' claims was getting longer and longer. This, more than anything else, was driving up costs. By the same token, the economy wasn't shrinking during this decade. In fact payroll was going up. So why were workers not getting back to work and becoming so dependent on benefits from the WSIB to the tune of an extra \$1 billion a year?

It became obvious that there was something fundamentally wrong with the WSIB's business model. The story of how we traced the problem, and set about fixing it for the long-term, is documented in the following pages. We hope it will be of value to anyone seeking to bring transformative change to a large, complex entity.

It can be done. We know, because it's happening today at the WSIB. To find out how, please read on.

THE STAKES



The challenge of maintaining a WSIB that's there for the people who depend on us is a big one. That's because the effort to keep up with the sheer pace of change in the workplace is the only thing that hasn't changed in our now hundred-year history.

Consider the upheavals that have swept the world of work since our founding in 1914: industrialization, immigration, unionization, globalization, revolutions in technology, temporary employment, and major demographic change: an aging population – and with it, an aging workforce.

Throughout it all, the WSIB has become one of the largest insurance organizations in North America. We provide workplace injury insurance for more than five million workers and 290,000 employers. What we do impacts the majority of businesses in this province, and the lives of millions. So how the WSIB is managed, and how well it does its job, matters greatly.

Each year, the WSIB receives some 200,000 claims from injured workers – the population of Windsor. A worker injured on the job gets medical care that's five times greater than what OHIP would cover for someone not injured at work. They get wage replacement for up to 85 per cent of lost wages until they're able to get back to work. This continues to age 65, if needed. And after that, a retirement benefit becomes payable, also provided by the WSIB.

To pay for all this, we collect over \$4 billion a year in premium revenue from employers. There are no tax dollars involved. So to remain viable, a system of this size demands that every dollar be wisely spent. Because managed poorly, it can quickly become an unbearable burden on employers, which brings the real risk that workers' benefits or employment capacity – or both – would have to be cut.

That's what's at stake.

THE DIAGNOSIS



UNFUNDED LIABILITY
DOUBLED
IN JUST THREE YEARS



REVENUE **VS.** EXPENSES



If the WSIB was going to be saved, it would have to be done the old-fashioned way – through fundamental changes to the business, a diligent understanding of what our strategy needed to be, and relentless execution.

As we went through a thorough and comprehensive analysis, the way forward became clear: To put it simply, the WSIB had adopted a passive posture over time. Bills were sent in for hundreds of millions of dollars for medical and therapy care for injured workers, and the WSIB just paid them. The system wrote benefit cheques for workers and played a passive role in whether the worker got back to work or not. In short, the business was focused on process, and not on results.

And attention was not given to basic market signals that should have told us something was wrong. For a normal organization, when expense is greater than revenue it's a signal that something is seriously out-of-kilter.

In this case, the money collected in premiums was spent, and when not enough was collected to pay expenses, investments were cashed in to pay the balance. Little wonder, then, that the Auditor General reported that between 2006 and 2009 our unfunded liability had gone from \$6 billion to \$12 billion – doubling in just three years. The underlying business was deteriorating at a rapid pace.

The WSIB didn't have a revenue problem so much as it had an expense problem. The system needed to be totally re-engineered and could no longer be a passive participant. As anyone who has tried it will know, changing course is not easy to do. There are entrenched – even cherished – ideas about how the old ways are the way it should always be done.

This, too, had to change.

CHALLENGING THE OLD WAYS

For many years, clinical experts believed that injured workers required lengthy, passive rehabilitation. Yet in 2006, the American College of Occupational Medicine concluded this was wrong. It said: “Strong evidence suggests that activity hastens occupational recovery, while inactivity delays it.” We also learned that if a worker does not return to work within 90 days, chances that they would ever get back dropped by half. We needed to help workers get back to work as early and safely as possible.

So we abandoned our generalist system for processing claims, dividing our work into specialized teams so decisions could be made faster and with more expertise. Today, 90 per cent of eligibility decisions are made within two weeks – many within 24 hours – giving us a head start on that 90-day clock to minimize the risk of a permanent impairment.

As a result, health outcomes for injured workers have improved, and the number of injured workers requiring wage loss benefits has declined. Our statisticians told us which injuries were most likely to need the most attention. So we focused on the types of injuries that posed the biggest risk to returning to work, and created special programs of care.

Standards were set for recovery times based on research results. The incentive in the fee structure now is not to drag out the process and bill per visit – but to get results.

Today the WSIB contracts with hospitals, enabling back surgery in as few as five days of requesting it. Previously outsourced services for injured workers who were looking for work netted about a 35 per cent

success rate and cost \$165 million a year. So 300 return-to-work specialists were in-sourced to go right to employer premises and negotiate return to work for injured workers. In 2013, staff made 26,000 visits to employers, for a success rate of 70 per cent at a cost of \$78 million a year.

The upsides to all this were immediate: Benefit costs are down – even though we have not reduced levels of benefit support to injured workers. And our overall health costs – which had been soaring up to 2009 – have come down too, even though we’re actually spending more on health care per worker. Today, 92 per cent of all workers who have been injured and lost time from work are safely back to work within one year of their injury at full wages.

We are still approving the same percentage of claims as we have for at least the past decade – so these outcomes are not based on denying more claims. The result?

We now have among the lowest cost of new claims and the best return-to-work results for workers of any province in Canada.



FIXING OUR FINANCES



98%

OF CALLS ANSWERED IN

1 MINUTE



2012

MID-2014

UNFUNDED LIABILITY
REDUCED
BY \$3.6 BILLION

We promised our stakeholders we would take a balanced approach: A slight increase in employer premiums over three years – set against further investments in improved health care outcomes for injured workers, and enhanced customer service.

Employers are seeing improved customer service as we harness technology. They can now register with the WSIB, calculate their premiums, report injuries and make payments. All online. 24 hours a day, seven days a week.

Initiatives focused on training, workforce management and quality programs have resulted in 98 per cent of all calls to our account services contact centre being answered within one minute. And we've reduced the administrative burden associated with filing new no-lost-time claims by 60 per cent.

These efforts to modernize services are having an impact in our quarterly surveys, which show the highest levels of customer satisfaction that we've ever seen. And they were recognized in early 2014, when our Chair Elizabeth Witmer was nominated for the CFIB's "Golden Scissors" Award for cutting red tape.

Taken together, these improvements meant we did not have to increase employer premiums for this year. In fact, if it weren't for the unfunded liability, we would have among the lowest premium rates in North America. And they've helped us stop the bleeding: In 2011, after 10 years of losing some \$900 million a year, we showed a small surplus from operations. And we have shown surpluses in every year since.

The WSIB has not touched a penny of its investment fund to pay expenses since 2011 – and that has allowed it to grow at a compound rate.

Most importantly, we have reduced the unfunded liability through operating surpluses from \$14.1 billion in 2012 to a forecast of under \$9 billion by the end of 2014. We are well on our way to meeting the new funding levels required by the government to ensure that we do eventually become fully funded.

This ensures that the WSIB will be here for injured workers and employers in the future.

CONCLUSION

From time to time you'll hear some people make the claim that this return to fiscal stability at the WSIB must have come at someone's expense – either employers, through the cost they bear in terms of premiums, or injured workers, through scaled-back benefits.

In terms of employer premiums, that's partly true: Premium rates have in fact risen marginally since 2010. But the facts will dispel any concern when it comes to compromised benefit levels: Between 2009 and 2013, we've seen an 18 per cent decrease in lost-time injury claims. This has contributed to a \$600 million decline in overall benefit costs paid. Yet, looking as far back as 1998 through to last year, the average cost of full days paid to injured workers has consistently gone up.

In short, the WSIB is in a far better place today than we have been in a generation or more. None of this is to say, though, that we're out of the woods yet. Far from it. There's still a lot of work to do to become fully funded by 2027 as required by law. This means focus and execution for another decade or more.

But we hope you'll agree – we've made a good start. The WSIB has rediscovered its place in a very different world from the one in which we were founded a hundred years ago.

And that, friends, is progress.



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