

Stakeholder Engagement Meeting

Debrief Report

September 20th, 2017

Communication

Collaboration

Innovation

Progress

Healthy & Safe
Workplaces in New
Brunswick

WORKSAFE

TRAVAIL SÉCURITAIRE



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September 20, 2017

Letter from the Chair on Behalf of WorkSafeNB's Board of Directors

On behalf of WorkSafeNB's board of directors, I'd like to thank you for having joined us at our third stakeholder engagement session. This meeting was held on September 20th, 2017 at the Four Points by Sheraton in Moncton, New Brunswick. Along with WorkSafeNB board members and staff, representatives from the employer community, worker community, Workers' Compensation Appeals Tribunal, the Workers' Compensation Task Force, and various levels of government attended.

This meeting was an opportunity for WorkSafeNB to explain the annual rate-setting process and the driving factors for the expected rate increases. The aim of this meeting was to discuss balancing fair benefits for injured workers with appropriate assessment rates for employers. Following the rate-setting presentation, we were pleased with the high level of engagement and discussion on this important issue. Your continued commitment and contributions will be critical to the success of establishing a sustainable workers' compensation system.

Again, we would like to take the opportunity to urge our stakeholders to participate in the engagement activities initiated by the Workers' Compensation Task Force as they host public consultation and conduct their review of the workers' compensation system. The workers' compensation system belongs to all of us and this presents yet another great opportunity to have your voice heard.

Finally, we hope that you will be able to join us at our next meeting which will be held in December 2017 in Saint John, New Brunswick.

Yours truly,

A handwritten signature in black ink that reads "Dorine P. Pirie".

Dorine P. Pirie

Chairperson, Board of Directors

Stakeholder Meeting – Executive Summary

Overview

On September 20, 2017, WorkSafeNB hosted the third in a series of stakeholder engagement meetings at the Four Points by Sheraton hotel in Moncton. WorkSafeNB's board of directors welcomed over 110 stakeholders representing the worker community, employer community, Workers' Compensation Appeals Tribunal and various levels of government.

Welcome and Context

Dorine Pirie, Chair of the board of directors of WorkSafeNB, welcomed stakeholders to the meeting, remarked on the large turnout and thanked stakeholders for their attendance.

Ms. Pirie explained that stakeholders will be updated on the various factors that have an impact on the assessment rate and claiming patterns as well as provide some predictions on the 2018 average assessment rate. Ms. Pirie explained that everyone at WorkSafeNB understands the financial pressures that employers have been under in light of increases in HST, minimum wage, EI, property taxes, with more changes to come with respect to federal taxes, carbon taxes, etc. Ms. Pirie assured stakeholders that it is within this context that WorkSafeNB is doing everything possible to keep assessment rate increases to a minimum while not affecting services to injured workers.

Ms. Pirie reviewed some measures that WorkSafeNB has taken to achieve as minimal an increase in the average assessment rate as possible, including a reduction in WorkSafeNB's administrative budget. She told stakeholders that Tim Petersen, WorkSafeNB's acting President and CEO will explain these efforts in greater detail during his presentation.

In terms of service delivery, Ms. Pirie assured stakeholders that WorkSafeNB has initiated a number of measures to address the rising cost of claims. Ms. Pirie provided the example of WorkSafeNB's direct referral program, which allows injured workers timely access to physiotherapists promoting safe return to work. This has helped with claim duration, which continues to be one of the major drivers of cost. By using this program, nursing homes have reduced their lost-time claims from 75% to 56%, the average claim cost per injured worker is down from \$68,000 to \$23,000, and, in some cases, duration of claim is down from 13 days to 6 days.

Ms. Pirie explained that while dealing with a 35% increase in claims, WorkSafeNB reallocated, at no additional cost, 23 positions within the administrative budget to address rising claims. WorkSafeNB has also expanded services in northern NB to further address return to work and claim duration including contracting with psychologists, physiotherapists, and occupational therapy services.

Ms. Pirie also explained that WorkSafeNB has negotiated rates with hearing aid and battery providers. Ms. Pirie explained that in the first four months of 2017, while experiencing an 8% increase in hearing loss claims, thanks to this new initiative, costs for hearing aids and batteries decreased 38% from the same time period in 2016.

Ms. Pirie explained that WorkSafeNB has also made improvements in technology as it embarks on a client experience improvement roadmap to ensure WorkSafeNB is more client focused while also becoming leaner and more efficient. Ms. Pirie noted that, while it may take a few years to see the full gain of this initiative, some improvements have already been made, including automating information gathering for new claims. To date, 2,100 fewer claims have been processed manually, allowing support clerks to focus on clients who are in need of benefits. Other initiatives include an annuity balancing methodology, first benefit calculation, MyServices email for employers, and MyServices portal for injured workers. Ms. Pirie advised the stakeholders that WorkSafeNB staff would be available after the session to discuss any of these initiatives.

Ms. Pirie expressed that the board of directors of WorkSafeNB wants stakeholders to know that it is doing everything it can and hopes that stakeholders will trust that WorkSafeNB is committed to continuous improvement of services and cost savings initiatives.

Ms. Pirie called upon each board member present to introduce themselves:

- Tim Petersen (WorkSafeNB's acting President and CEO);
- Julie Marr (employer representative);
- Jim Stanley (worker representative);
- Gaëtan Guérette (employer representative);
- Haley Flaro (WorkSafeNB's Vice Chair);
- Michele Caron (employer representative);
- Hector Losier (worker representative); and
- Maureen Wallace (worker representative).

During board member introductions, Conrad Ferguson of Morneau Shepell, WorkSafeNB's consulting actuary on financial matters, introduced himself to stakeholders.

Ms. Pirie introduced members of WorkSafeNB's Executive Leadership Team:

- Michael McGovern (Corporate Secretary and General Counsel);
- Shelly Dauphinee (Vice President, WorkSafe Services); and
- Carolyn MacDonald (Acting Vice President, Corporate Services).

Ms. Pirie also explained that Laragh Dooley, WorkSafeNB's acting Director of Planning and Policy and Manon Arsenault, WorkSafeNB's Director of Communications were present and serving as moderators for the meeting.

Ms. Pirie invited each stakeholder present at the meeting to stand and introduce themselves.

Ms. Pirie then asked Mr. Petersen to begin his presentation to stakeholders.

WorkSafeNB Stakeholder Presentation Overview (Presented by Tim Petersen, acting President & CEO)

Mr. Petersen welcomed stakeholders to the meeting. He also remarked on the turnout and interest shown by stakeholders, which he noted is exactly what WorkSafeNB envisioned these stakeholder engagement sessions to look like. Mr. Petersen explained that much of the discussion for the meeting will be focused on the assessment rate, but advised stakeholders that moving forward there will be other important issues to discuss. Mr. Petersen briefly reviewed the meeting's agenda and explained that stakeholders will be given a full hour for comments, input and to ask questions.

Safety Shares

Mr. Petersen explained that WorkSafeNB is centred on sustainability, but also stressed that safety is the primary goal. Mr. Petersen noted WorkSafeNB's efforts with youth and presented "The Eye", the provincial and national winner of the Youth Safety Video Contest, which was created by a student from Riverview, NB. Mr. Petersen explained that the youth who created this video is a safety leader in the eyes of WorkSafeNB, and all stakeholders can be safety leaders as well.

Stakeholder Ownership of Workers' Compensation in NB

Mr. Petersen explained that when looking at the cost drivers of the workers' compensation system in NB, it is not a "right" or "wrong" judgment, but rather a conversation centering on what can be done to ensure we have a sustainable workers' compensation system in NB - one that belongs to its stakeholders. Mr. Petersen stressed that stakeholders will need to come together to decide, based on factors which are most important to them, what benefits should be provided and what cost.

What is WorkSafeNB Doing to Minimize the 2018 Rate?

Mr. Petersen reviewed the annual rate setting process which is undertaken by the board each year. Mr. Petersen explained this process involves setting WorkSafeNB's annual operating budget which is then combined with information related to claim costs and employer payrolls to inform the board when setting an annual assessment rate. Mr. Petersen explained that the board of directors will meet next week to discuss rate setting and will use information from today's meeting to help inform its decision.

Mr. Petersen explained that legislation requires the board to make an estimate of the cost to run the system (both administrative and claims costs) and collect enough money from employers to cover that cost. Mr. Petersen noted there is very little discretion in that process. Mr. Petersen explained the legislation also requires that the system is fully funded. While legislation stipulates that WorkSafeNB maintain a funded position of at least 100%, the board of directors has established a funding policy which sets a funding target level of 110%, creating a bit of a cushion so that volatility of the rate is minimized.

WorkSafeNB's administration budget, which will be presented to the board next week, represents a 12% reduction from the 2017 budget, equating to approximately \$0.09 on the assessment rate. Mr. Petersen explained this reduction has been achieved in many ways including eliminating a number of positions within WorkSafeNB. With the guiding principle that people are not affected by these measures, WorkSafeNB looked to positions that are currently vacant.

Mr. Petersen explained that WorkSafeNB is undergoing a client service transformation which is a long term project and has identified many areas where WorkSafeNB can improve, including implementing the decision process of Lean Six Sigma.

Mr. Petersen explained that WorkSafeNB is also focused on trends coming out of WCAT decisions. WorkSafeNB identifies which appeals may have an impact on board policy when making a determination on whether it will attend. To date, WorkSafeNB has attended nearly 100 hearings to represent its position and the policies used. Mr. Petersen explained this initiative has been effective, as the overturn rate for hearings attended is 62% versus 82% when WorkSafeNB does not attend. Mr. Petersen stressed that WorkSafeNB does not appear at hearings to represent the position of the employers but rather the position of WorkSafeNB. Mr. Petersen encouraged employers to attend hearings as, historically, that attendance has been very low.

Recap from June meeting

Mr. Petersen reviewed information presented at the June 2017 stakeholder engagement session. He noted that in the early 1990s, WorkSafeNB was about 72% funded, forcing surcharges on employer assessment rates and a reduction in benefits to workers. Between investment returns, declining number of accidents and declining duration of accidents, WorkSafeNB achieved a favourable funding position, which peaked in December 2014 at 138%. Mr. Petersen noted that in December 2016, funding was at 112%. Predictions for December 2017 indicate that funding will be at approximately 104%.

Mr. Petersen explained that claiming patterns started to change in 2015 and these trends continued in 2016, with the most notable change being a higher occurrence of "sprains, strains and pains" or "soft tissue" claims. Mr. Petersen advised that the claim acceptance rate is now approximately 96%.

Mr. Petersen reviewed the key components of the 2017 rate increase, the largest increase being policy/practice changes. This information was presented to stakeholders previously at the June 2017 meeting.

Mr. Petersen explained that WorkSafeNB investments have remained strong, administrative expenses are comparable to other jurisdictions, OHS measures are still having an impact, there is a similar

profile of employers and workers, and general staff composition of WorkSafeNB has remained the same.

Mr. Petersen explained that as costs go up, one of three things must happen:

- An increase in assessment rates;
- A decrease in benefits; or
- A change in the funded position in board policy.

Mr. Petersen reviewed possible 2018 assessment rates based on information as of July 31, 2017, reminding stakeholders that updated data will be available when the board discusses rate setting on September 28. The best estimate for the 2018 rate is \$2.07 to \$2.23 per \$100 of payroll.

Mr. Petersen invited Conrad Ferguson, consulting actuary from Morneau Shepell, to provide information on WorkSafeNB's system relative to other jurisdictions in Canada. Mr. Ferguson explained that the general trend in Canada has been that compensation costs have been going down for the last 10-15 years, with the exception of Nova Scotia, but noted that trend began to change in 2015. Mr. Ferguson explained that it is not yet known if claim costs in NB have peaked, but noted the pace of change has started to flatten a bit. Mr. Ferguson explained that cost increase is inevitable so long as the system now reflects what stakeholders want it to be and as long as adequate funding of the system remains an objective.

Mr. Ferguson returned the presentation to Mr. Petersen.

Current Situation

Mr. Petersen explained that a Task Force, which was formed by the former Minister of the Department of Post-Secondary Education, Training and Labour, continues its work in reviewing the current workers' compensation system in NB and will be preparing recommendations. Mr. Petersen noted that some public consultation will be done by the Task Force in October 2017.

Mr. Petersen stressed that the workers' compensation system in New Brunswick belongs to the workers and employers of the province and the preferred approach to solutions is having all stakeholders recommend changes to government in a unified manner. Mr. Petersen noted that WorkSafeNB's board of directors is actively involved in assessing, influencing and recommending legislative change.

He noted that the *Workers' Compensation Act* is complex, difficult to understand in areas and not always prescriptive. To guide WorkSafeNB staff, the board creates policy using a disciplined approach involving costing, consideration of the current environment, practice in other jurisdictions in Canada, and debate from worker and employer representatives on the board. Mr. Petersen explained that final policy-making authority now rests with WCAT, who are not legislated to use the same discipline as the board when overturning policy. Mr. Petersen stressed that the WCAT is operating under its legislated mandate but reminded stakeholders that WCAT decisions can and have had significant financial implications on the system and WorkSafeNB is required to collect money from employers to cover those costs. He stressed that the decision-making process and the level of authority that the board has is integral to making a workers' compensation system in Canada run.

Mr. Petersen reminded stakeholders that the board will be discussing rate setting at its meeting on September 28. He also reminded stakeholders that WorkSafeNB has found efficiencies within the administration budget to save approximately \$0.09 on the rate. He also stated that WorkSafeNB is looking at its investment management, attending WCAT hearings where board policy may be at issue, and continues to look for areas to partner with other provinces to harmonize services. He provided the example of WorkSafeNB partnering with PE and NL to procure hearing aid supplies which has reduced costs immensely.

Mr. Petersen concluded his presentation to stakeholders by stating we need to address challenges head on, in a manner that gets to root issues. He stressed that the responsibility of WorkSafeNB is to ensure funds are available for those who need benefits, which is based on the founding principle of security of payment for injured workers. His final two points were that workplace safety was an integral part of the system, and that the system belongs to the stakeholders.

Mr. Petersen noted he is looking forward to hearing the recommendations from the Task Force and thanked stakeholders for their attendance. He reminded stakeholders that these sessions will continue, one in December 2017, likely in the Saint John area, and another in March 2018. He then turned the meeting over to the stakeholders and asked for their input and ideas for resolving issues which were presented.

Stakeholder Discussion

Manon Arsenault, WorkSafeNB's Director of Communications requested that stakeholders discuss rates and not personal cases and also requested that speaking time be kept to two minutes so as many stakeholders as possible can speak.

Impact to Businesses in NB

A stakeholder asked that a recent survey report which was provided to WorkSafeNB be kept in mind when setting rates, which outlined the impacts of raising costs to employers including loss of profit, consideration of cancelling pay increases or benefits to employees, price increases, cutting back on employees and employee hours, to consideration of closing their businesses. The stakeholder stressed what a difficult year 2018 will be for small businesses in NB with a new statutory holiday, EI rates, minimum wage increase, and now increase in the assessment rate. Another stakeholder expressed concern that small business owners are forced to pay for the problems in the system, adding to their burden of cost. A stakeholder asked what the board of WorkSafeNB considers a solution to the changing standard of evidence, which was identified as the primary cause of the cost increases in the system. Ms. Pirie explained to the stakeholder that is a difficult question to answer as the standard is in legislation. Mr. Petersen offered that if board authority is restored around setting policy, the board can establish policy outlining standards of evidence. He also offered that in the absence of that, more prescriptive legislation around that specific issue could help address the issue.

A stakeholder noted that when looking at a 25 year history of average assessment rates, the top projected rate of \$2.23 presented by WorkSafeNB is lower than the rate 25 years ago. The stakeholder stressed that employers in the province should look at the elements over the past several years which have helped to offset the rate, which will help to gain a greater understanding. A couple of stakeholders suggested that in order to have the Auditor General, Task Force, board of directors, workers and employers on the same page, a 25 year history of the average assessment rate changes, the investment returns which have positively impacted the assessment rate, various funding levels providing rebates to employers, and that the changes of 1993 be identified and costed as if they were to be reinstated. The stakeholder explained that reasonable results could be identified with that information in hand.

Another stakeholder offered that a lot of businesses in NB today were not in business 25 or even 10 years ago, and suggested the focus be on the reality of small business today. The stakeholder expressed that the reality for business owners is the necessity to cut jobs, automate, or even close. The stakeholder also noted that the rebates on the assessment rate provided back to employers was the employer's money and they should receive those rebates to grow their businesses.

A stakeholder expressed that the workers' compensation system in NB is a compromise between workers and employers, and noted that the statements that benefits will not be affected and that the employers must pay for that cost, do not appear to be a compromise.

A stakeholder noted that employers need adequate notice of trends and rises in costs in order to manage their business.

Safety

A couple of stakeholders noted that WorkSafeNB is doing the right thing by focusing on safety and felt there have been great results in this area.

A stakeholder noted that workplace fatalities will bring up the cost of the system, and that should remain a concern. The stakeholder expressed the importance of having an effective safety coordinator onsite without influence from the employer. A couple of stakeholders noted the importance of thorough safety orientation for new workers before they enter the workforce.

A stakeholder explained that their investment in safety programs in the workplace has reduced their accident frequency and encouraged all employers to focus on prevention in order to stop the rise in assessment rates. The stakeholder encouraged WorkSafeNB to enforce OHS in workplaces as well as gather information from employers related to worker's injury prior to making a decision.

A stakeholder noted that occupational health and safety training within their organization is a high cost, but is worth that cost, and stressed to employers that "safety doesn't cost, it pays." The stakeholder encouraged workplaces to be safety leaders and share health and safety information among employers in the province. The stakeholder also noted that they have been able to provide very thorough and comprehensive safety training even though they are a small employer.

Another stakeholder spoke to safety initiatives within the workplace and the benefits to employers, workers, and system as a whole. The stakeholder expressed that safety education should be mandatory across all workplaces.

Several stakeholders noted that the ultimate goal is zero claims.

Disability Management / Return to Work

A stakeholder noted that the manufacturing sector has one of the highest claim payments in NB, and encouraged WorkSafeNB to look at how to better support the groups of people in that industry in disability management. The stakeholder also noted that the direct referral program has been very effective in their business and encouraged other stakeholders to join the program and encouraged WorkSafeNB to market this program effectively. This stakeholder also suggested that the direct referral program include availability to pain medication for workers. The stakeholder also suggested that WorkSafeNB find ways to improve adjudication time for new claims, allowing the claim to quickly move to case management so the employer can make return to work arrangements as soon as possible. The stakeholder requested that WorkSafeNB's efforts to reduce its administrative budget not affect frontline resources in dealing with new claims. Mr. Petersen reiterated that two of the guiding principles from the board in WorkSafeNB's budget reductions were to ensure staff remains in place and to not impact client services. Mr. Petersen also stated that front-line/adjudication is a major piece of the client service transformation project at WorkSafeNB.

One stakeholder noted that the employer should be in control of where the employee is placed in the workplace once the doctor has identified the work restriction. The stakeholder noted the problem of WorkSafeNB not requiring doctors to identify a work restriction and instead allow workers to be off work entirely. The stakeholder suggested that WorkSafeNB find a way to have workers back to work in a role within their restrictions within the three-day waiting period.

What is WorkSafeNB Doing to Minimize the 2018 Rate?

A stakeholder noted that much of what was discussed at the meeting has been previously presented to stakeholders. The stakeholder expressed frustration surrounding the continued imbalance in the

system and expressed concern over increasing rates for even the safest employers in NB. Mr. Petersen explained that WorkSafeNB has not given up, and wants to present facts to stakeholders which represent the current and relevant factors impacting the system. Mr. Petersen stressed that the board has worked very diligently on these challenges and has made a number of legislative proposals to government through Phase II of the legislative review, as well as very strong subsequent proposals to restore its authority and provide more prescriptive legislation. Mr. Petersen explained that several proposals have been put on hold pending the results of the various oversight activities which are occurring with respect to WorkSafeNB (Task Force and Auditor General). Mr. Petersen explained that WorkSafeNB will continue to deliver facts in an open and transparent manner.

Impact to Injured Workers

A stakeholder stressed that employers must understand the impact to injured workers which allowed for the low assessment rates in recent years. The stakeholder noted that the WCAT is not to blame and has fulfilled its legislative obligation by having rendered five key decisions. The stakeholder noted that Bill 15 was passed without consultation with injured workers. The stakeholder encouraged WorkSafeNB to distribute reports which have been prepared detailing the impact to injured workers.

Sources of Claim Increases

A stakeholder asked Mr. Ferguson to identify where the increases in claims costs are coming from. Mr. Ferguson explained that the more significant driver of cost to the system today is duration of claims rather than frequency of claims. Mr. Ferguson explained that there is no significant difference across sectors, but did note that the costs for self-insured employers have been rising faster than costs of all-assessed employers. Mr. Ferguson noted that information related to all sectors is available on WorkSafeNB's website. Mr. Petersen noted that claims costs for self-insured employers do not factor into the assessment rate. The stakeholder also noted that it is difficult to feel this system belongs to them when there is such a lack of control of the system at the board level, and noted that the provincial legislatures need to restore authority of WorkSafeNB's board.

Workers' Compensation Task Force

A stakeholder asked if all injured workers will be invited to the Task Force public hearings being held in October. The stakeholder stressed that each injured worker's story is different and should be given an opportunity to voice their opinion. Mr. Petersen stated that while he is not able to speak on behalf of the Task Force, representatives were present at the meeting and will have noted the concern and request.

Ms. Pirie thanked all stakeholders for their attendance and contribution at the session and assured stakeholders that WorkSafeNB has listened. Ms. Pirie advised stakeholders that all comments will be taken into account when the board of directors discusses rate setting next week.

Attendees

Adrienne O'Pray, New Brunswick Business Council
Alain Parent, Northern Group of Companies
Albert LeBlanc, Cap-Pelé/Beaubassin-est Chamber of Commerce
Amanda Aube, WorkSafeNB
Amber Leclerc, WorkSafeNB
Amy Riordon, City of Bathurst
Angie Kippers, WorkSafeNB
Azarie Ross, IWAC Committee Member
Bert Croucher, Malley Industries
Beth Simkins-Burrow, Ambulance New Brunswick
Bill Ivey, Auditor General's Office
Bob Davidson, New Brunswick Police Association
Bob Sleva, Connors Brothers
Brad Howland, Easy Kleen
Carolyn MacDonald, WorkSafeNB
Chanel Roy, NBPA
Charlotte Betts, Bass Pro Shop
Chris MacDonald, J.D. Irving Limited
Coreen Paul, Imperial Manufacturer Group
Crispina Caballero, WorkSafeNB
Daniel Theriault, Workers' Compensation Appeals Tribunal
Darrel Nickerson, J.D. Irving Limited
Dave Dudley, New Brunswick Federation of Labour
David Mowbray, Sheetmetal Workers Local 437
Dennis Browne, Task Force
Denny Vautour, IUBAC Local 8
Derek Erman
Derek Steeves, UA Local 325
Diane Nason, Post-Secondary Education, Training and Labour
Dianne St-Pierre, Occupational Concepts
Dorine Pirie, WorkSafeNB Board of Directors
Drew Simpson, IBEW 37
Elaine Robichaud, Canadian Association of Foodservice Professionals, NB Branch
Fabian Macleod, Miller Group
Fred Hamilton, Herbert's Recycling Inc.
Frederick Dion, Association Francophone des municipalites du NB
Gaëtan Guérette, WorkSafeNB Board of Directors
Gary Lajoie, GE Barbour
Gerald Reimders, BAC Local 08 NB
Glenn Davis, Atlantic Chamber of Commerce
Glenn Sullivan, Task Force/Atlantic Provinces Professional Firefighters Association
Greg Fash, Atlantic Food & Beverage Processors Association
Greg Lutes, Port-secondary Education, Training and Labour
Haley Flaro, WorkSafeNB Board of Directors
Harold Fisher, IBEW Local 1555
Heather Hogan, Task Force
Hector Losier, WorkSafeNB Board of Directors
Hercules Georgiadis, AV Group
Hermel Thériault, IWAC Committee Member
Jacques Theriault, Twin Rivers
James Stanley, WorkSafeNB Board of Directors
Jason Roy, Pattison Sign Group

Jean Marc Ringuette, International Brotherhood of Electrical Workers 502
Jean-Marc Picard, Atlantic Provinces Trucking Association
Jeff Queen, Morneau Shepell
Jim Cormier, Retail Council of Canada
Jodi Hall, New Brunswick Nursing Home Association
Joel Richardson, Canadian Manufacturers and Exporters
John Bourque, Bourque Industrial
John Landry, Construction Association of New Brunswick
John Wishart, Greater Moncton Chamber of Commerce
Jordan Lavoie, Sunny Corner Enterprises Inc.
Josee Gaudet, Vitalite
Julie Comeau, Maritime Door and Window
Julie Marr, WorkSafeNB Board of Directors
Justin Beaulieu, Beaulieu Plumbing
Kathy Malley, Malley Industries
Kevin Geraghty, NBPA
Kier Clark, Fredericton Chamber of Commerce
Kim MacRae, International Brotherhood of Electrical Workers 2166
Krista Ross, Fredericton Chamber of Commerce
Laragh Dooley, WorkSafeNB
Larry Cook, International Association of Firefighters
Leica Gahan, IWAC Committee Member
Lilin Fraser, Pumphouse Brewery
Lisa Dubé, Nadeau Poultry
Lisa Godin, Arbec Forest Products Inc.
Louis Landry, Lancor Concrete
Louis Leger, Nothern Group of Companies
Louis-Philippe Gauthier, Task Force/Canadian Federation of Independent Business
Luc Erjavec, Restaurants Canada – Atlantic Division
Manon Arsenault, WorkSafeNB
Marcus MacDonald, Ambulance New Brunswick
Mario Alain, Fundy Pro
Mario Arsenault, Chaleur Sawmill
Matt Hiltz, New Brunswick Nurses Union
Matt Mahoney, Auditor General's Office
Maura McKinnon, Horizon Health Network
Maureen Wallace, WorkSafeNB Board of Directors
Michael McGovern, WorkSafeNB
Michèle Caron, WorkSafeNB Board of Directors
Mike MacMullin, Unifor
Morgan Peters, Fredericton Chamber of Commerce
Myrna Belyea Tracy, Treasury Board, Province NB
Nathalie Brideau, WorkSafeNB
Nicole LeBlanc, New Brunswick Teachers' Federation
Nicole Poirier, New Brunswick Power Commission
Pam Baker, IWAC Committee Member
Pam Wasson, WorkSafeNB
Patricia Guitard, Bass Pro Shop
Patrick O'Brien, City of Moncton
Patrick Parent, Moosehead Breweries
Paul MacBeth, Apex
Paula Doucet, New Brunswick Nurses Union
Paula Garant, IWAC Committee Member

Pauline Diotte, IWAC Committee Member
Peter Morgan, City of Saint John
Rachel Robichaud, Atlantic Windows
Renaud Cormier, Twin Rivers
Renee LeBlanc, Global Windows Solution
Rick Gorges, Fornebu Lumber Company Inc.
Serge Landry, Canada Labour Congress
Sheldon Brewster, TRC Manufacturing
Shelly Dauphinee, WorkSafeNB
Sherri Deveau, Task Force
Stéphanie Rancourt, WorkSafeNB
Tanya Blanchard, WorkSafeNB
Tim Petersen, WorkSafeNB
Tom Barron
Tom Coughlan, Electrical Contractors Association of NB
Tommy Wood, WorkSafeNB
Tracey Porter, A.L.P.A Equipment Ltd.
Vicky McKibbon, Armour Transportation Systems
Wayne Feindel, Village of Dorchester
Wayne Guitard, IWAC Committee Member
Wayne MacAllister, Maple Leaf Homes

Attachments

Appendix 1 – Stakeholder Engagement Meeting Presentation
Appendix 2 – Stakeholder Engagement Meeting Order of the Day



WorkSafeNB – Tim Petersen

PRESENTATION TO STAKEHOLDERS

SEPTEMBER 20, 2017

AGENDA

- Overview
- 2018 Rate-Setting Process
- Recap from June 20th Meeting
- Cost trends update
- Workers Compensation Costs in Canada
- Current Situation
- Initiatives
- Conclusions
- Resources

Safety Share

OVERVIEW

- Not about right or wrong
- Workers' Compensation System belongs to the workers and employers of NB
 - Balance and compromise required
 - System can be anything you or government want it to be
 - Our vision is for healthy and safe workplaces and a sustainable workers' compensation system
 - Fair administration of the system
- Need to understand what matters most, and
 - Aids in focusing attention where it is most needed

2018 RATE-SETTING PROCESS

- Administration budget preparation – July/August
- Claim costs and employer payrolls are estimated based on actuarial analysis
- 3 scenarios presented – based on trend expectations
- Very little discretion for Board – WCA 52 & 54(1)

2018 RATE-SETTING PROCESS

52 The Commission shall on or before the first day of February of each year make an estimate of the assessments necessary to provide funds in each of the classes sufficient to meet:

- a) the cost of all claims for compensation incurred during that year;
- b) the estimated future cost of the claims in paragraph (a) payable during subsequent years; and
- c) such sum as the Commission considers appropriate for the administrative expenses of the Commission.

54(1) The Commission shall every year assess and levy upon and collect from the employers in each class, by an assessment rated upon the payroll, or otherwise as the Commission may deem proper:

- a) the cost of all claims for compensation incurred during that year;
- b) the estimated future cost of the claims in paragraph (a) payable during subsequent years; and
- c) such sum as the Commission considers appropriate for the administrative₆ expenses of the Commission.

2018 RATE-SETTING PROCESS

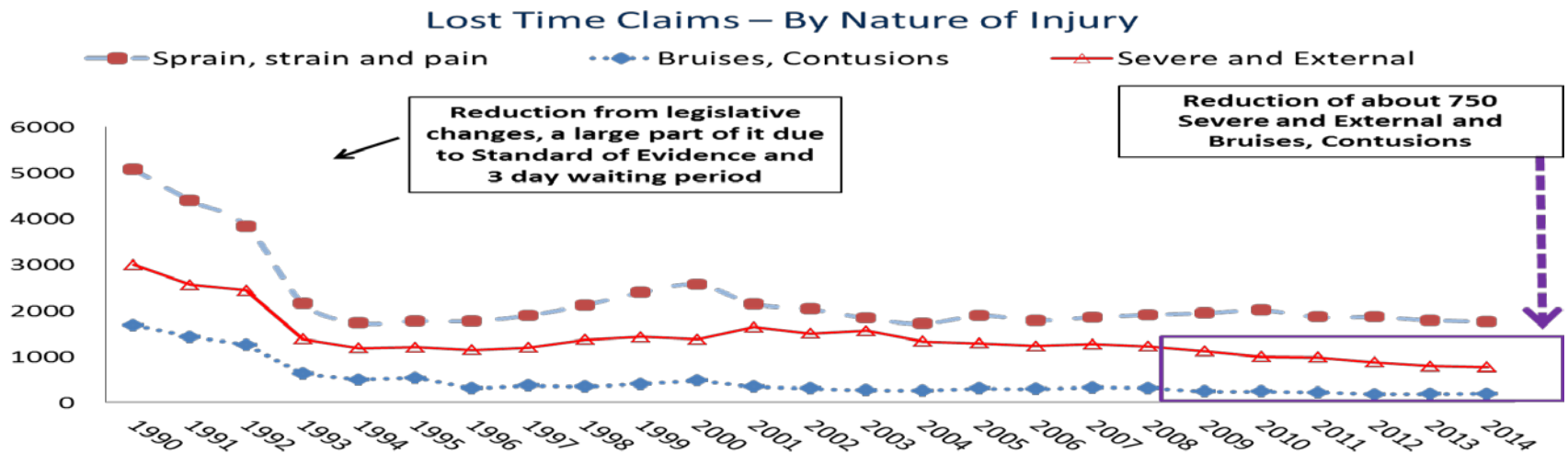
- Funding requirements – WCA and Policy
- 2018 Administration Budget
 - Administration costs reduced 12%
 - Equates to \$0.09 on the rate
 - Position elimination through improved efficiencies
 - Lean Six Sigma program introduced
 - Roadmap
 - Online service offerings
 - Front-end services
- Appeal Tribunal overturn trends
 - Trend analysis
 - WorkSafeNB attendance for policy-related issues
 - Employer attendance is rare

RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

- Changes were introduced on January 1, 1993 to address high cost of the system at the time:
 - Most notable changes affecting claiming patterns:
 - Government introduced a clause allowing for consideration of preponderance of evidence in determining eligibility for benefits, and
 - Government introduced a 3 day waiting period.
 - Other benefit reductions reduced cost per claim, but had a much smaller influence on claiming patterns
- Other systems where benefit reductions were introduced in 1990s and early 2000s
 - NL 1993, NS 1996, ON 1997 and PE 2002
 - PE reduced 3 day waiting period (to 2 days) in 2014, then eliminated

RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

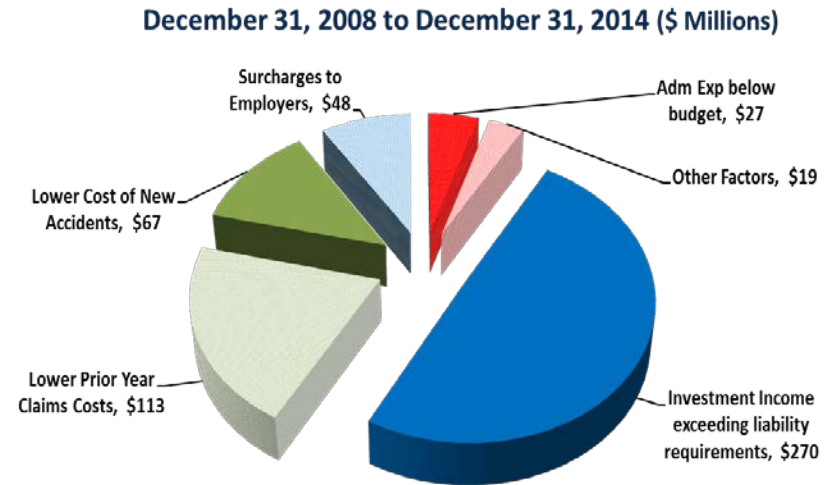
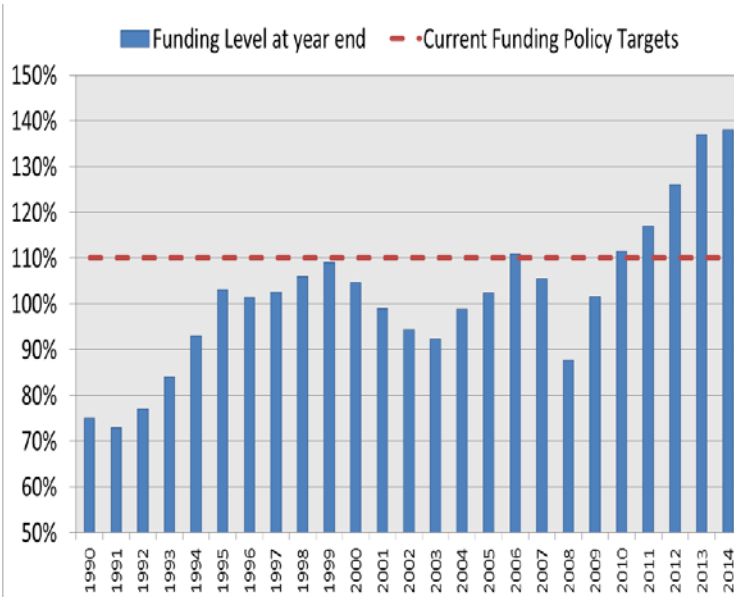
- Impact on claiming patterns from 1993 to 2014
 - Steep decline in claiming patterns from 1993 to 1996
 - Sprain, Strain and Pain claims showed the most important reduction
 - Steadily declining claiming patterns after 1996
 - Pattern consistent with all other boards in Canada, except one; and
 - Stronger decline for Severe and External injuries from 2007 to 2014.



RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

➤ Funding levels

- Rapid climb to full funding from 1993 to 1996;
- Variations after that linked to financial markets performance;
- Reached a peak of 138% funded at December 31, 2014 with largest contributor since low of 2008 being investment performance

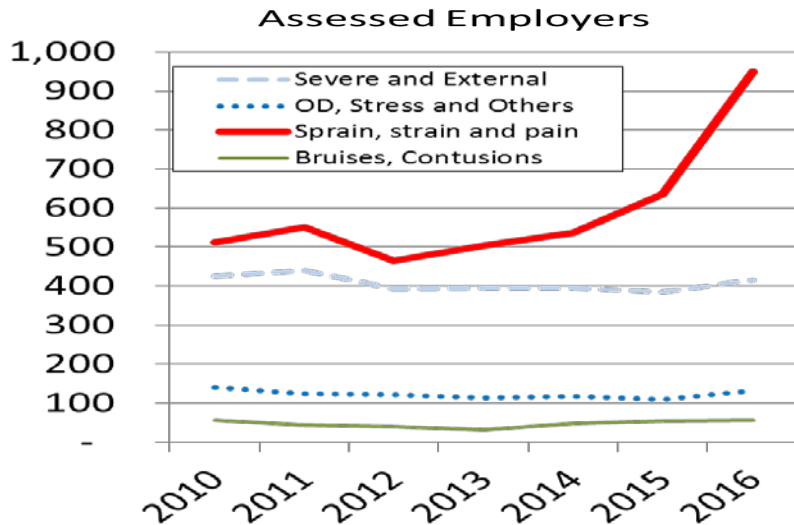


RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

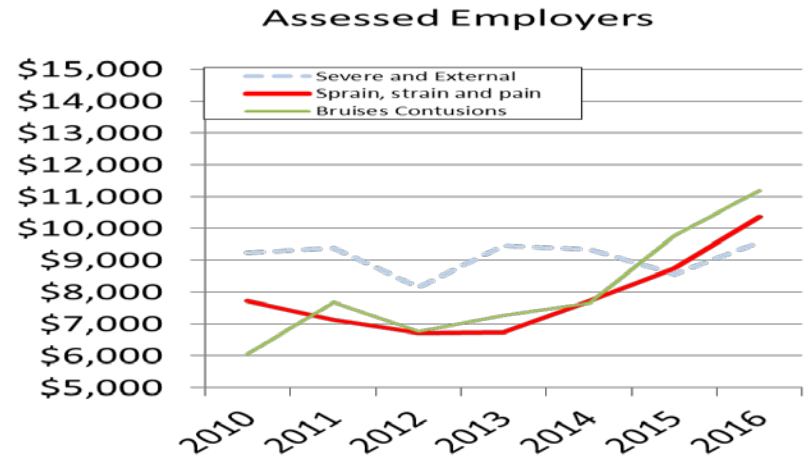
➤ Claiming Patterns for 2015 and 2016

- Gradual increase at first with rapid increase starting in March 2016
 - Primary driver is increased duration of claims;
 - Lost time claims frequency up about 10% (96% acceptance)
 - Virtually all increase for assessed employers from Sprain, Strain and Pain claims

CHANGE IN OPEN LOST TIME CLAIM COUNTS BY NATURE OF INJURY



CHANGE IN AVERAGE COST FOR PRIOR YEAR CLAIMS EACH YEAR BY NATURE OF INJURY IN 2016 \$

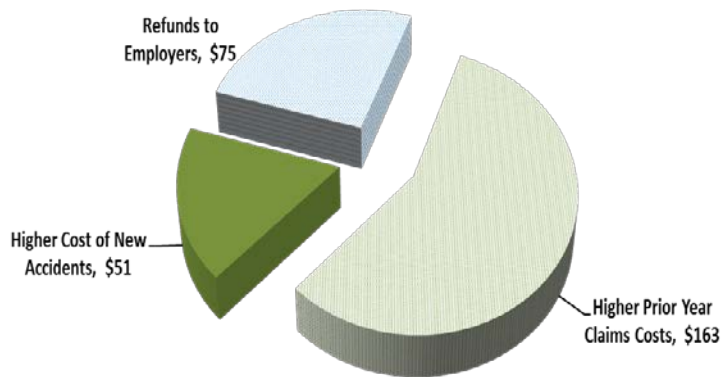


RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

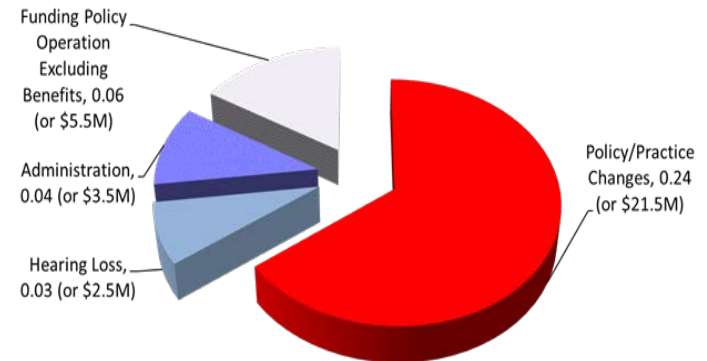
➤ Funding Patterns for 2015 and 2016

- Funding level deteriorated rapidly from 138% to 112% and is expected to continue to decline
- Increasing claims costs is primary contributor to:
 - Decrease in funding level, and
 - \$0.37 per \$100 rate increases for 2017.

December 31, 2014 to December 31, 2016 (\$ Millions)



SOURCE OF ASSESSED EMPLOYERS AVERAGE INCREASE OF \$0.37 (OR \$33M) IN 2017



RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

Factors that did NOT contribute to rate increase:

- Investment Performance
 - Averaged 10% return over last 8 years (2016 – 9.16%)
- Administration Expenses
 - Second lowest among comparably sized jurisdictions and declining in 2018
- Deterioration of prevention and return to work efforts
 - Not Realistic
- No major changes in economy or covered workforce
- Board or Staff composition did not change materially

RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

- Aging of population a contributor but not a driver

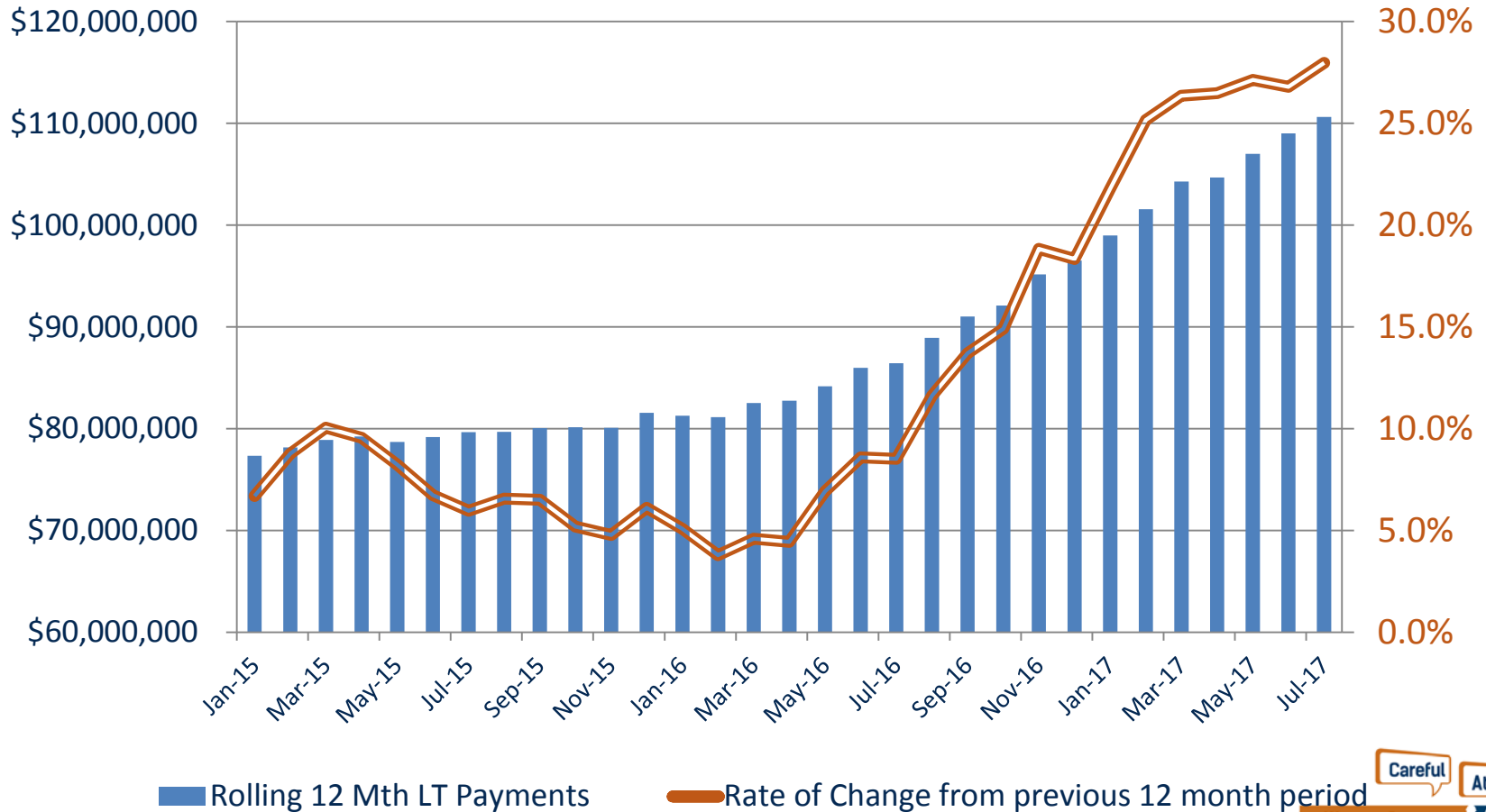
- **Factors DRIVING cost increases:**
 - Change in application of standard of evidence on appeal
 - Increased claim acceptance, and
 - Increased claim duration
 - Removal of Supplements
 - Treatment of CPPD pensions
 - Impact on Estimated Capable Earnings
 - Hearing loss claims
 - Non Compensable Intervening Conditions (i.e. personal conditions)

RECAP FROM JUNE 20, 2017 STAKEHOLDER MEETING

- **NOT a RIGHT vs WRONG** discussion
- Board and staff :
 - Have, and will, administer the system the stakeholders or government want
- **FACTS are clear:**
 - **Fundamental change in the nature of workers compensation system in NB**
 - **Rates are increasing because costs are increasing**

LOST TIME CLAIM PAYMENTS

(SAME AS PRESENTED ON JUNE 20TH BUT UPDATED TO JULY 31ST)



Rolling 12 Mth LT Payments

Rate of Change from previous 12 month period



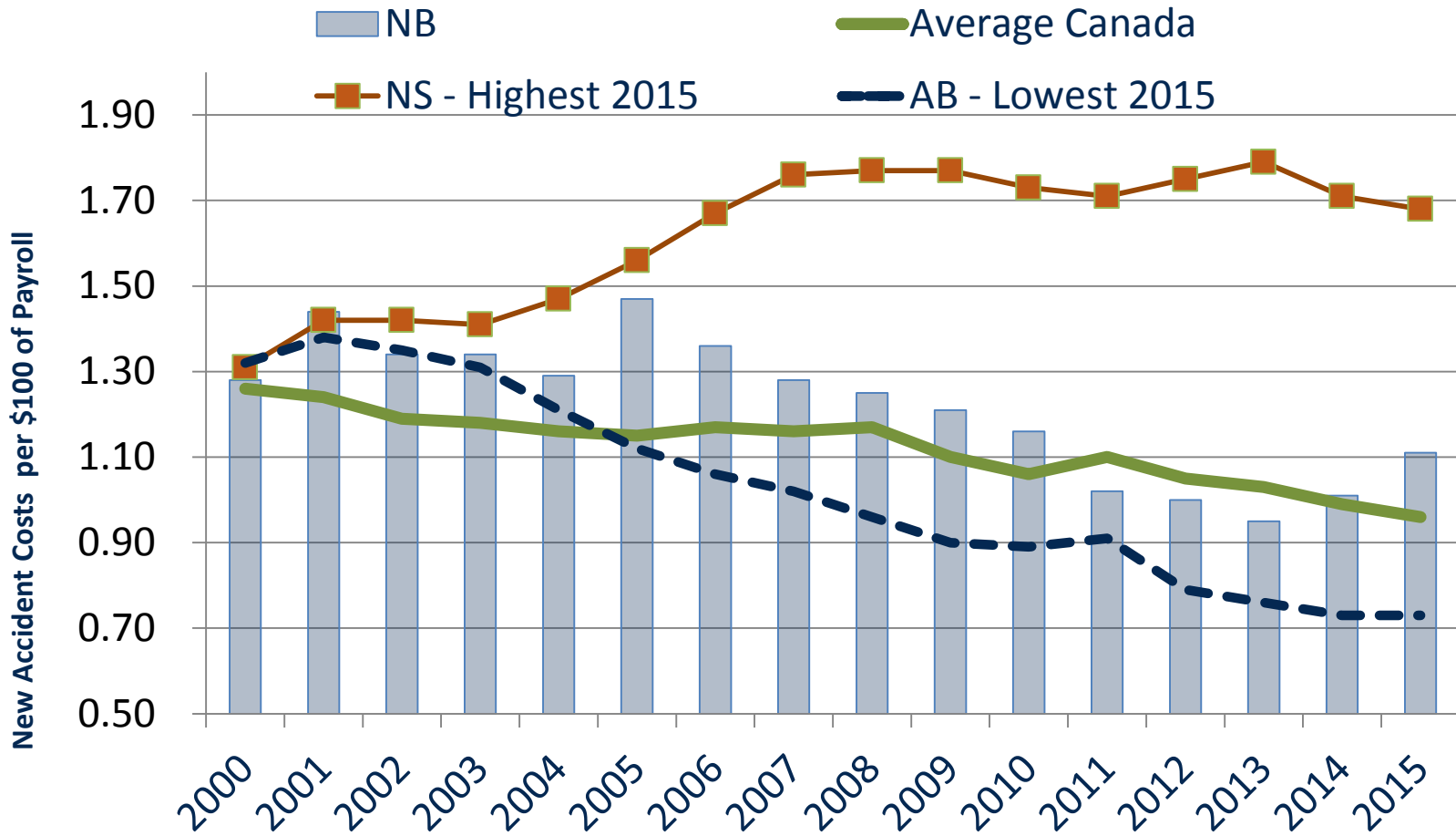
BEST ESTIMATE ASSESSMENT RATE AT JULY 31, 2017 (PER \$100 OF PAYROLL) - ASSESSED EMPLOYERS ONLY

- **Preliminary range** of possible average assessment rate for 2018 considering only potential claiming pattern trends up to end of July 2017
 - Three potential scenarios relative to 2016 cost trends:

	Optimistic (Trend Flattens)	Moderate (Best Estimate)	Cautious (Trend Continues)
New Injury Costs	\$1.51	\$1.62	\$1.78
Administration	\$0.49	\$0.49	\$0.49*
Target Funding	\$(0.04)	\$(0.04)	\$(0.04)
Total	\$1.96	\$2.07	\$2.23
	Increase from 2017 average rate of \$1.48		
Increase per \$100 of payroll	+\$0.48	+\$0.59	+\$0.75
Increase %	+32%	+40%	+51%
Increase in \$	+\$48.8M	+\$59.4M	+\$73.9M

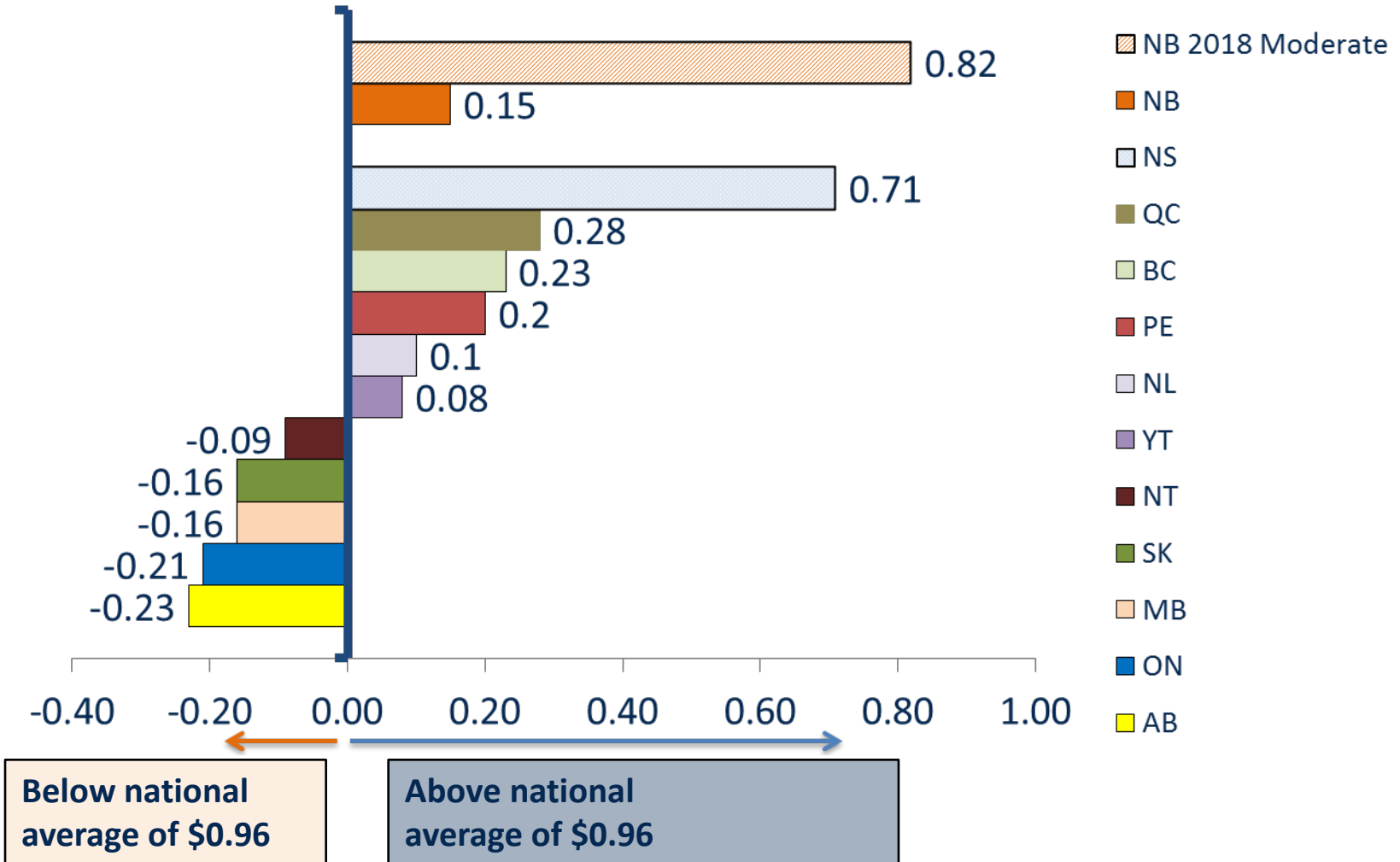
NEW ACCIDENT COSTS PER \$100 OF PAYROLL 2000-2015

Source: AWCBC KSMs total new accident costs divided by assessable payroll reported



NEW ACCIDENT COSTS – ALL JURISDICTIONS 2015

Variance relative to New Injury Cost Average of \$0.96 per \$100 of payroll for CANADA



CURRENT SITUATION

- NB will join NS as only jurisdictions in Canada with higher costs in 2016 than in 2000
- Current cost increases in NB:
 - Driven by changes to the system that affect both the level of benefits and the decision making process;
 - Strongly influenced by standard of evidence; and
 - May not have peaked yet.
- Expect increase in assessment rates in the future, if
 - System now reflects what stakeholders and government want, and
 - Funding the system adequately is still an objective

CURRENT SITUATION

- Task Force mandated to review the system and we understand will be reaching out to stakeholders
- Workers compensation system belongs to workers and employers collectively
- Board actively involved in recommending legislative change, but government has final decision
- Legislation not always explicit – requires interpretation
- Board has interpretation/policy authority, but final interpretation authority rests with WCAT

CURRENT SITUATION

- Board has a rate decision to make:
 - Required range based on information to end of July 2017 and under existing rules is from \$1.96 to \$2.23 per \$100 of payroll or about a 32% to 51% increase.
 - Note that this may still be too low if claiming trends continue at current pace

INITIATIVES

- Service Excellence (40 initiatives over 5 years)
 - Several initiatives to identify efficiencies
 - Streamlining business processes
 - Roles analysis
 - IT systems modernization
 - On-line service offerings
 - Investment management review
 - WCAT attendance and trend analysis
 - Hearing loss
 - Campaign
 - Procurement

CONCLUSIONS

- The reason rates need to increase are because:
 - Costs are increasing rapidly; and
 - Current assessment rates have fallen behind what is needed to fund the system using sound financial management principles.
- Arbitrary decisions on rate setting:
 - Do not solve the fundamental challenge,
 - They only defer the problem to the future, and
 - Put the financial security of injured worker benefits at risk.
- **IT IS YOUR SYSTEM (Workers and Employers Collectively)**

RESOURCES

Many resources available at www.worksafenb.ca

Questions

ORDER OF THE DAY

Stakeholder Engagement with Board of Directors
 Four Points by Sheraton – Moncton
 September 20, 2017 – 11 a.m. – 1 p.m.

Event/Details	Speakers/Contacts
<p>Welcome</p> <ul style="list-style-type: none"> ▪ Chairperson’s Remarks 	<p>Dorine Pirie</p>
<p>Round Table Introductions</p>	<p>Board of Directors</p>
<p>President’s Presentation:</p> <ul style="list-style-type: none"> ▪ Rate setting process ▪ June 20, 2017 meeting recap ▪ Current situation ▪ Observations and conclusions 	<p>Tim Petersen</p>
<p>Introduce Moderators</p> <ul style="list-style-type: none"> ▪ Manon Arsenault ▪ Laragh Dooley 	<p>Dorine Pirie</p>
<p>Open Discussion</p>	<p>Manon Arsenault Laragh Dooley</p>
<p>Closing Remarks & Next Steps</p>	<p>Dorine Pirie</p>

End of Day

ORDRE DU JOUR

Réunion des intervenants avec le conseil d'administration de Travail sécuritaire NB
 Four Points by Sheraton, Moncton
 Le 20 septembre 2017, de 11 à 13 heures

Activité / Détails	Conférencier-ère
Bienvenue <ul style="list-style-type: none"> ▪ Mot de bienvenue de la présidente du conseil d'administration 	Dorine Pirie
Présentations	Conseil d'administration
Présentation du président et chef de la direction par intérim <ul style="list-style-type: none"> ▪ Processus d'établissement des taux de cotisation ▪ Résumé de la réunion du 20 juin 2017 ▪ Situation actuelle ▪ Observations et conclusions 	Tim Petersen
Présentation des modératrices <ul style="list-style-type: none"> ▪ Manon Arsenault ▪ Laragh Dooley 	Dorine Pirie
Discussion ouverte	Manon Arsenault Laragh Dooley
Mot de la fin et prochaines étapes	Dorine Pirie

Fin