



Ontario Agencies Supporting Individuals with Special Needs
Agences ontariennes de soutien pour les personnes qui ont des besoins spéciaux

WSIB Funding Review Submission

June 14, 2011

/o 339 Centre Street, Box 1210, Petrolia, Ontario N0N 1R0
email/courier électronique: oasis@oasionline.ca
Website/site web: <http://www.oasionline.ca>

EXECUTIVE SUMMARY

OASIS welcomes the opportunity to comment on Funding Ontario's Workplace Safety and Insurance System: A Green Paper for Public Discussion.

OASIS understands that WSIB must meet its legislative mandate of providing comprehensive disability benefits for workers who suffer from a work-related injury or occupational disease; pays survivor benefits to worker's immediate family in the event of a work-related fatality or occupational disease; manages and funds the provision of quality health care; and supplies retraining and other services to assist in the early and safe return to work of injured workers while not burdening unduly or unfairly any class of Schedule 1 employers in future years with payments under the insurance plan.

The Funding Review has asked for feedback on six key issues related to the WSIB financial situation: funding, premium rates, rate groups, employer incentives, occupational disease claims, and benefit indexation.

OASIS recommends:

- WSIB adopt a model that requires benefit plan coverages be exhausted prior to WSIB providing payments instead of the reverse model that is currently in effect;
- WSIB should provide wage replacement and health care benefits for injured workers who have no alternative coverage;
- WSIB should not be reimbursing the Government about \$45 million for doctors' services provided to injured workers through OHIP nor pay the estimated \$100 million in hospital and other medical expenses for injured workers that would have otherwise been covered by OHIP if their injuries had been sustained off the job rather than on;
- Eliminate the three employer incentive programs and utilize an experience rate group to save an additional \$66 million in premiums would be realized;
- Remain with the current rate structure until the UFL is eliminated and then reduce the rates at that time;
- After the UFL is funded, establish premium bands based on risk experience in the sector;
- A special fund should be created for Occupational Disease claims;
- There should only be benefit indexation if the fund is in a surplus position;
- Indexation should mirror other disability programs such as ODSP and CPP;
- Employers retain the option to opt out of WSIB.

OASIS recognized that these recommendations may require legislative changes and be beyond the scope of this review but they are crucial to resolve the issue on a long term basis.

BACKGROUND

Ontario Agencies Supporting Individuals with Special Needs (OASIS) is a province-wide association of transfer-payment agencies that seeks to ensure cost-effective, high quality supports and services for people with developmental disabilities, and to facilitate and strengthen the operations of its members. OASIS is an entirely voluntary association – it has no staff and no office. All work is performed by individuals and committees on a volunteer basis using the internet to communicate to members on such matters as best practices in financial management, program and service innovations, human resources and labour/management relations, and governmental regulations and initiatives.

OASIS represents 157 transfer payment agencies located in all regions and communities of Ontario. OASIS member agencies provide services to about 35,000 individuals with developmental disabilities, employ 25,000 full-time, part-time and casual staff, and receive approximately \$1 Billion in operating funding, primarily from the Ministry of Community and Social Services. Such agencies constitute the primary vehicle for delivering government-regulated supports and services to people with developmental disabilities, notably in the form of:

- Residential care via group homes, supervised residences or approved family-home programs;
- Supported independent living programs;
- Day programs, including Life Skills learning, Sheltered workshops and other training situations;
- Community participation supports; and
- Supported employment programs leading to independent employment in the community.

Since its inception, OASIS has spent a great deal of time and energy in dealing with issues pertaining to WSIB. In the early nineties, our sector was facing WSIB premium rate increases of 100% across the sector. In some cases, agencies were seeing a 400% increase to the cost of coverage under WSIB programs. Obviously these increases were placing agencies, and ultimately the persons they served in financial jeopardy. Many agencies felt that they had no other choice but to opt out of WSIB coverage and seek alternative private sector coverage for their workers.

Those agencies that did opt out found that they were able to purchase alternative superior coverage, at rates that were significantly lower than those of WSIB. It was superior coverage due to the fact that agencies that obtained private coverage were able to purchase comprehensive policies that covered workers twenty-four hours a day, seven days per week, regardless of activity or location. An employee of an agency with private coverage who sustains an injury at work, play or at home is covered through a combination of short and long-term disability programs. In addition, cost savings allowed many agencies to enhance general employee benefits by being able to offer extras such as Employee Assistance Programs. Rates tended to be significantly lower due to private market competition. Also, unlike WSIB, companies in the private sector tend to be rendered bankrupt when carrying unsustainable debt loads. Strict adherence to the rules governing purchased insurance policies and sound fiscal planning ensure that most private sector companies can offer a good product at a reasonable price and still guarantee a profit for shareholders.

WSIB has become a responsible provider of good insurance coverage for our workers for those that chose to remain covered by WSIB. WSIB has stabilized the rates within our sector. There is still however, the question of the incredible debt load of WSIB and lessons can be learned from our sector's experience in the private sector.

SIX KEY ISSUES

OASIS WSIB Funding Review Submission

June 14, 2011

The Funding Review has asked for feedback on six key issues related to the WSIB financial situation: funding, premium rates, rate groups, employer incentives, occupational disease claims, and benefit indexation.

Funding

What is full funding? What should the WSIB set as its funding target? What is a reasonable time frame for the WSIB to reach its funding target?

The current funding and expense reimbursement model for WSIB is not sustainable. WSIB should operate as a provider of last resort not first resort. Many employers covered under WSIB including OASIS members provide employee benefit packages including short and long term disability and drug and other medical expenses. For employers the premiums paid to WSIB often duplicate this coverage and agencies are faced with duplicate premium costs. These employee benefit plans offer superior coverage due to the fact that agencies that obtained private coverage were able to purchase comprehensive policies that covered workers twenty-four hours a day, seven days per week, regardless of activity or location. OASIS recommends that WSIB adopt a model that requires these benefit plan coverages be exhausted prior to WSIB providing payments instead of the reverse model that is currently in effect. WSIB should provide wage replacement and health care benefits for injured workers who have no alternative coverage. The WSI Act should be enforced where it maintains that the insurance fund is not to burden unduly or unfairly any class of Schedule 1 employers and this includes allowing employers the discretion to 'opt out' of WSIB and self insure.

WSIB should not be reimbursing the Government about \$45 million for doctors's services provided to injured workers through OHIP and nor pay the estimated \$100 million in hospital and other medical expenses for injured workers that would have been covered by OHIP if their injuries had been sustained off the job rather than on. All Ontarians have the right to medical care and often hospitals and doctors try to encourage workers to apply through WSIB so they will be reimbursed at a higher rate. Agencies that have opted out of WSIB have experienced this request repeatedly.

In addition if three employer incentive programs were eliminated and an experience rate group was utilized an additional \$66 million in premiums would be realized. The effectiveness of the Safe Communities Incentive Program and Safety Groups Program has not been able to be assessed. Eliminating these programs would also reduce expenses by \$34.2 million.

If the WSIB could eliminate the unnecessary costs identified above \$245 million per year could be saved which could be attributed to the costs of carrying the UFL. The elimination of duplication of coverage would also reduce the projected future unfunded liability and the debt could be eliminated within 10 years. As stated in the Green Paper if the UFL did not exist, the WSIB believes Ontario's average premium rate would be \$1.53 which would be a significant premium decrease for many sectors and rates would be similar to other provinces.

We must also examine the payments provided for non-economic loss due to pain and suffering that have been paid out when employees could have been returned to work. We must establish a threshold that eliminates a cash for life mentality.

Premium rates

June 14, 2011

Is the current WSIB premium rate setting methodology appropriate? What changes would improve it to ensure that premium revenue covers costs? Should premium rates increase until the WSIB's funding target is reached?

OASIS recommends remaining with the current rate structure until the UFL is eliminated and then reduce the rates at that time.

If the WSIB could eliminate the unnecessary costs identified above \$245 million per year could be saved which could be attributed to the costs of carrying the UFL. The elimination of duplication of coverage would also reduce the projected future unfunded liability and the debt could be eliminated within 10 years. As stated in the Green Paper if the UFL did not exist, the WSIB believes Ontario's average premium rate would be \$1.53 which would be a significant premium decrease for many sectors and rates would be similar to other provinces.

WSIB must also be accountable to address the systemic issues and needed administrative efficiencies.

Rate groups

Is WSIB's rate group structure appropriate, given the principle of collective, no fault liability? What opportunities exist to simplify the rate group structure?

OASIS would recommend after the UFL is funded the establishment of premium bands based on risk experience in the sector. Each year employers should be placed in a premium band based on their prior year's claim costs. This would enable the premiums to be charged based on actual costs versus sector experience. Schedule 1 and Schedule 2 should be treated the same. Having premium bands based on experience would eliminate the need for MAP (Merit Adjusted Premiums), NEER (New Experimental Experience Rating) and CAD-7 (Council Amended Draft #7). For new employers entering the sector a snapshot of the experience of employers in that sector could be utilized to determine first year rates.

Employer incentives

Is the present design and operation of these programs appropriate? What alternatives exist to promote increased safety in the workplace, fairness in insurance costs to the employer, and incentives to employ injured workers?

The current system should be eliminated as it is very bureaucratic and NEER surcharges often identify unrealistic Future Economic Losses that are not realized and only result in rebates over time. It does not reflect true claim costs incurred as is the case with Schedule 2 employers. If a new rate structure was introduced based on actual claim costs of the prior year this would provide enough incentive to employers. A band rate structure based on actual claims experience would reflect the safe work practices utilized by employers and could be fairly applied with less administrative cost.

Occupational disease claims

June 14, 2011

How should the insurance fund treat occupational disease claims? Should they be a collective liability or charged back to specific employers? Should the WSIB establish a special fund for occupational disease claims?

A special fund should be created for Occupational Disease claims. There must be clear definitions developed regarding what will be considered an occupational disease and it must arise from performing the work. Occupational disease claims should be sector related based on risk and a small portion of the premium rate for that sector should go towards establishing a reserve.

Benefits indexation

What level of inflation protection is fair for partially disabled workers?

There should only be benefit indexation if the fund is in a surplus position. Indexation should mirror other disability programs such as ODSP and CPP. A partially disabled worker should not be able to have wage increases higher than if he had remained working in the sector. There must also be motivation to return to the workplace.