

2015 Preliminary Rate Setting Consultation Meetings

Question and Answers Portion

Regina – October 20, 2014

Nathan Rasmussen (via webinar)

Nathan Rasmussen with Patterson Global Foods. Is it possible in this rate setting model for a company to go from the maximum surcharge to the maximum discount, and vice versa?

Peter Federko

It's possible. However, the Experience Rating Program, similar to what we do in rate setting, looks at the last three years' experience of an employer in any given year as it applies to the Experience Rating Program. It would be highly unlikely, although possible -- because we do put more weight on the most current year in the Experience Rating model than say the third-oldest year -- it's highly unlikely that in one year the experience would switch to the extent that you would go from, if you were in the advanced program, a maximum discount of 30% to a maximum surcharge of 200%. But, certainly, over that three-year period, if the worsening claim experience continues, absolutely, they could move from 30 to 200.

Kristin McKee

Kristen McKee with the Saskatchewan Chamber of Commerce. In the premium overview on page 8 you had decrease and no change lumped together, and I was wondering if you had those percentages broken out into what was a decrease, who had a decrease or how many and how many had no change?

Peter Federko

There is roughly 89% of employers are either seeing no change or a discount. I don't have the breakout between no change and decrease with me, but we certainly have that and I can email that to you. There is a group of 38 that drops down to about 81% from 89%, but if you combine it with the ones who aren't eligible for the experience rating, it bumps up a little bit too around 83 or 84%. Again, I can get you the split of those percentages. I just don't have them with me.

Sandra Cripps

Thank you both for the presentation. I have a quick question with regards to the overall nature of the data, which I don't have any questions specifically about that. It's clear to me that the data is like a lagging indicator and very valued. One of the things I was curious about, is there any interest or discussion happening at WCB to identify some leading indicators that could complement the data to show where things might be trending? One of the reasons I ask that is sometimes our past, when we look at past information we rest on the assumption that it's a reflection of the truth, so I was curious if you had any thoughts around leading indicators.

Peter Federko

We have spent a considerable amount of time talking about and thinking about what leading indicators we could use. Now, as it relates to when we look at claims experience and our injury frequency estimates, we will look at quasi kind of leading indicators that we use to adjust historical experience. We don't just look at historical experience in isolation of what is happening today, we actually do look at a few leading indicators. So if we see things like, the volume of land sales in the province as it relates to mineral rights or whatever, we will somehow try and work that into our payroll projections and that, in turn, we use to forecast the number of injuries that we might see coming out of the oil and gas sector, for example. As it relates to actually establishing the premium rate, with the exception of making those adjustments, Sandra, we really don't build any true leading indicators into the premium rates, and it's on the advice of our actuaries that we don't do that. Actuaries are conservative by nature. They believe over time the trending will change the historical perspective and bring about whatever correction is necessary in the rate-making model. What we need to continue to do is ensure that model that we are using is reacting, quick enough and reliably enough in order to reflect what the true experience might be.

Now when we look at prevention programs, though, within specific industry sectors, for example, we do look at some of the leading indicators like the number of training courses that are provided those kinds of things, supervisory training that is being provided, where the leader has made a commitment to health and safety within a particular workplace. We do factor some of those things in, in terms of determining what might be happening in workplaces in specific industry sectors.

Brenda Wasylow (via webinar)

Brenda Wasylow from JNE Welding. Can we expect that our payroll estimates for 2015 will be based on the new max wage?

Peter Federko

Yes. What we have included in our payroll estimates is the impact of that new \$65,000 maximum. We are forecasting a 5½% overall payroll increase. That includes a 1.2% increase due to the increase in the maximum. So without that, we would be forecasting payroll growth, just due to economic factors, of about 3.3%.

Mark Cooper

Thanks very much. My name is Mark Cooper and I am with the Saskatchewan Construction Association. I have got a couple of questions, but Gord just said only one at a time, so that's all right. I will respect that and ask my first question, here. With respect to the Experience Rating Program, Peter, with the delay that is likely to occur now, so that it will be a year from now before we are looking at changes, will there be any consideration given to broader consultation and engagement around the topic of how this program can be best structured?

Peter Federko

My understanding Mark is there were six recommendations that the Experience Rating Committee was considering and they were only able to reach consensus on four of them. I have no idea what the six were or what the four were. When that report comes forward, depending on the nature of the two where there wasn't consensus, I would probably be advising my board that, and particularly given that we are not going to be able to implement in 2015, that we should embark on some broader consultations with respect to, all of the recommendations that have been made. In terms of opening up beyond the mandate of the committee, I don't think so, but, certainly, with respect to the recommendations that we get I would consider that to be very, very possible.

You will know that we also have an impending Committee of Review coming again in 2015, and that's another opportunity for stakeholders to engage in input to the Committee of Review, which could impact our programs.

Dean Cursons

Dean Cursons from the Ministry of Finance. I just have a quick question on that \$65,000 maximum. I believe that it was \$59,000 last year. And that seems like a pretty significant increase, so I wonder if you could speak to that a bit, maybe?

Peter Federko

There are actually two things that the new legislation did, is it dealt with claims in the system as of December 31, 2013 and it dealt with brand new claims to the system effective January 1, 2014, so effectively created two classes of claims. The old claims, the ones that happened as at December 31, 2013, were sitting at \$55,000. By legislation, that amount bumped up to \$59,000 and will be indexed every year -- and I have forgotten what the number is that we are forecasting. I think it's around \$62,000 for 2015. So that will be for claims that happen prior to January 1, 2014. For January 1, 2015, what the legislation said is, "You need to move to 165% of average industrial wage, but do that over a five-year period." The actuaries forecasted, what that average industrial wage might be five years from now and then implemented a program to over the next five years incrementally increase that 55,000 such that it gets to, if memory serves me correctly, around \$90,000 as of 2019. The increase on January 1, 2014 for new claims actually went from \$55,000 to about \$62,000 on January 1, 2014, in order to bring us to that 165% of average industrial wage at the end of 2019. After that, that 165% will get indexed just like the maximum on the old claims, but effectively we will be carrying two maximums into perpetuity unless that somehow changes.

Ryan Smotra

Ryan Smotra, Regional Safety Manager with Graham Construction. Modified work programs and return-to-work programs takes effort from four groups: WCB, employers, workers, and physicians. Is WCB doing anything to improve communication between the physicians and improve their understanding of modified work programs and efforts to return-to-work or providing workers from going on loss time benefits to begin with?

Peter Federko

Yes, we are. And, I can tell you that that has been probably the biggest struggle for us, in terms of dealing with return-to-work programs, is getting the physicians and other caregivers engaged in that return-to-work process. Because a physician's primary responsibility is advocacy for the patient and they see themselves, oftentimes, being in conflict in terms of advocating for what the

patient is wanting or needing and what we want in terms of return-to-work. We are continuously speaking to physicians about the importance of return-to-work as it relates to recovery of the worker, period. Now, we go through, almost a cycle where things are going pretty good with physicians and then all of a sudden we go into a bit of a slump and so we have got to get back out there a little bit more aggressively. I think it's going fairly well in the larger urban centres, but particularly problematic out in the rural areas where there is a much closer one-on-one relationship between the worker and the doctor. We are out there -- as it relates to case management, our claims representatives, our account managers, are continuously talking to all four of those groups, but doctors in particular, and our health care services and medical officers also speak to the physicians about the importance of their role in effective return-to-work.

Mark Cooper

Mark Cooper with the Construction Association. I just have a question about healthcare costs and I think it sort of ties in a little bit, I guess, with the last question as well. I wanted to understand something. In annual claim costs we see -- that slide there -- there is about 4.8%, 5% growth in healthcare costs, right? And, clearly, there is something there. We are seeing that as a province overall, as a whole too, something that we, definitely need to be, begin to be addressing, but when we look on page 8, here, the premium composition, healthcare costs actually in terms of the percentage of the premium are going down a little bit. And I just didn't understand how that could be and I was just hoping you could clarify that for me.

Peter Federko

It all has to do with the growth in the payroll, Mark. While we are seeing overall healthcare costs grow by between 4 and 7% -- actually, the assumption in our actuarial model is 7% medical inflation -- because it's being spread out over a larger payroll base at 21.1 billion dollars, it actually drops. Simply the component of healthcare going into the premium rate, the costs are actually going up.

Brenda Wasylow (via webinar)

Brenda Wasylow from JNE Welding. Could you please explain what is meant by occupational disease liability?

Peter Federko

I will do my best, since I'm not an actuary. Actuaries have become more and more concerned over the last two or three years that our balance sheets are reflecting all of the liabilities associated with the compensation system. If you look at our fatality numbers, a good portion of our fatality numbers are the result of asbestos claims. These are individuals who were exposed to asbestos 20, 30 years ago. And there was no provision back 20, 30 years ago in the premium rate. I mean if you look at the fundamental basis of what I talked about earlier in terms of setting premium rates, we are trying to ensure today's employers are paying for the costs of today's injuries. Employers whose workplaces actually exposed workers to asbestos in all likelihood aren't even in business any more, and there is no opportunity to go back and collect money from those people to pay for claims that we are now getting in the system today. And actuaries believe that that's wrong, both from a rate setting perspective in terms of getting employers to pay for the costs of injuries, but secondly that our financial statements did not reflect a liability that has been there for years. So, starting December 31, 2014, this year, actuaries are going to require that we set up an additional liability for exposures that might happen, have happened, that we don't even know about today, in order that they be funded today, and that liability will change year over year. What they have done is we have had to provide our experience with respect to hearing loss claims, to asbestos claims, our injury frequency information, and they calculate what they anticipate, expect, our liability to be for future occupational diseases.

We knew this was coming back in 2012, and so we began setting money aside in order to cover this liability and we set up an occupational disease reserve. At the end of 2014, we will take the money out of that reserve and simply put it in the liability without any impact on the premium rate.

Mark Cooper

Thanks. This one relates to the investments in safety and prevention. When I look on the slide, Statement of Operations, it looks like the investment is roughly, 5, 6% or so of the overall expenditures. And it strikes me that we know that the best way to reduce premiums is to eliminate injuries, and the best way to deal with healthcare costs for WCB is, well, stop having people get injured. What are the factors that go into deciding what gets spent on safety and what's the process for a discussion that says maybe this is something we need to invest more heavily in?

Peter Federko

So what goes into that, Mark, first of all, is our funding to Occupational Health and Safety, and we have zero control over what that number is. Occupational Health and Safety has to go through the Treasury Board process, so as they enter their budget cycle they estimate what they are going to need in terms of resources, additional inspections that they want to do or whatever the case may be. Some of that is done underneath the WorkSafe umbrella, but some of it is done independently, trying to stay aligned with the WorkSafe strategy.

Whatever the Treasury Board approves is what we will pay. They send us a bill once that whole process is done and we really don't have a whole lot to say about it. The process of influencing that, I really don't know. I guess if stakeholders were interested and believed that what we were lacking from an injury prevention strategy perspective had to do with the regulations, the enforcement or the inspections, then there would have to be some consultation or discussions with, Government, Cabinet, the Labour Relations Workplace Safety Ministry, whoever it is, to say, "You know, we think we need to do more." The balance of our budget as it relates to injury prevention is, in relative terms, pretty small. It's around what we invest in terms of the awareness campaigns like the one that Gord shared with you this morning. It does not include the budget for our prevention department, so we incur another 2 million, 2½ million dollars in our Prevention Department, and that's our prevention consultants, that's our account managers, that's the trainers that we have, all of that stuff, in addition to, the money that we are spending through the safety and prevention budget. What we are spending that money on are the partnerships that we have -- so we support many community-based events to try and promote injury prevention, we support organizations like Safe Saskatchewan, the Saskatchewan Brain Injury Association, the Canadian Institute for the Blind, and so on and so forth. Then some of the education and training pieces are also in that budget.

Part of what we look at, I guess, is what needs to get done. When we look at our WorkSafe plan, that strategy is very much about, as I talked earlier, about targeting. Let's find the injuries, let's find the workplaces that we need to get to and apply resources to get to that. What we need to get that done we can figure out pretty easily. I am often asked this question, "Well, why aren't you spending more on prevention?" I am not sure that we need to spend more money, because we don't control all of the workplaces in this province. What we need to do is we need to encourage workplaces to invest in health and safety by spending the kind of money that we are spending. And for us to add additional capacity, I am not sure is going to fix the problem.

We need to put the resources, I think, to where the resources need to be in order to have the greatest impact. Engaging in consultation around that, Mark, if stakeholder groups, I guess -- as I said earlier in my comments around our prevention strategy, it's all about our relationships, it's about the partnerships, and if stakeholders want to form new partnerships and want to help us with forming partnerships and creating a cultural change in our province to reduce the number of injuries, I would think we would be more than welcome to engage in whatever forum that is. I don't know what it looks like. We had the pleasure of meeting with your advisory council this summer. I mean if that's the forum for construction, if there is a broader piece to it -- I guess there is always something the Committee Review where stakeholders can -- I don't know. But, again, how much is related to actual enforcement, how much is related to awareness programs, what more could we do in awareness programs or training programs, if the investments aren't being made in the workplaces? We just need to make sure we are spending the money where it properly needs to be spent.

Jessie Seigler

I'm Jessie Seigler from Swayze's Concrete out of Weyburn. Halfway through the year we noticed that our time loss had been calculated differently and we were just wondering if there was a reason for that.

Peter Federko

I'm not the technical expert here, but I know that there were implications relating to the implementation of our new claims management system. As we implemented that new system, there were what we call, backlogs were created, so there were some claims that were behind. And there was a catch up and cleanup of that data which would have gone into the injury rate calculations. But I would really refer you to Annette Goski, one our managers, who can have you talk to the people who can really answer that question from a technical perspective? I know we have got Gabrielle, at the back, out of Data Governance, as well. I would suggest that you actually talk to them and get the accurate technical answer to that question.

Saskatoon – October 21, 2014

Ken Ricketts

Ken Ricketts, Safety Association of Saskatchewan Manufacturers. First question, on the investments, the 1.9 billion dollars: do we have or have you given instructions to the investing firms on sustainable or responsible investment? Is it socially responsible? Like I mean are we looking at investing in firms that are first-worker friendly, then enviro-friendly, and then community-friendly, or is it just a mishmash?

Peter Federko

I'm not sure it's a mishmash, but we do not limit in any way the kinds of investments that our investment managers can invest in. Within our investment policy we provide constraints with respect to the amount that they can put in various asset classes. For example, we have exposure to Canadian equities, we have exposure to Canadian small-cap equities, exposure to fixed income instruments, bonds, if you will. U.S. equities we have exposure to, EAFE, and non-North American equities we have exposure to, real estate, and we have exposure to mortgages.

So we have set limits in terms of how much they can have in each. I think by way of example, we limit to 10% of our portfolio in real estate investments. What they own within those, Ken, we do not limit. We do go through an annual review of that investment policy to ensure that it's maximizing returns on that money that we are investing. The investment committee, which is essentially the board -- took a decision to try and remove some of the volatility out of the returns, because we were, seeing returns of 17½% and then negative returns of 6%. And while, our investments managers might look great because they beat the average of the market, a negative return does not give us any more money. It's still a negative return. So how can we protect value? We had a review done. We spent two years, I think, studying this, looking at various different vehicles. We are lowering our exposure to equities which are extremely volatile, increasing our exposure -- actually, we didn't have one prior to this -- to high-yield bonds, in order to provide us with not necessarily the highest return but a return that we need necessary to fund our liability that is stable over time, to try and take some of that volatility out of the returns. But we don't limit them, we don't insist that they invest in worker-friendly -- we actually don't know what they hold in that portfolio. We can get a list of all the stocks. Our Treasury Branch, within Finance knows what stocks we are holding, but we don't actually know that on a day-to-day basis, because we are hiring them, the professionals, to pick the stocks.

Our objective is we have to beat the return we need in order to fund our future liabilities, and that's the parameters we provide to them.

Gord Dobrowolsky

Ken, as Peter had mentioned earlier, or just touched on it, we have two investment firms that invest for us and we have another firm that advises us on the investments that these two firms are making on our behalf. We are currently in the process of looking at yet another firm to further advise us on investments.

Ken Ricketts

I guess -- one of the conferences I was at, they talked about the Center for Sustainable Investment and they talked of profitable firms are also amongst the safest firms. So, you know, I was just -- so they talked about rolling that into community-friendly, enviro-friendly, and particularly when we have the Workers' Compensation Board, it should be a worker-friendly investment, I guess, or investing in worker-friendly firms.

Peter Federko

Ken, I was recently at a conference, too, and they were talking about corporate social responsibility. And generally when people talk about corporate social responsibility, you are assuming they are talking about the enviro-friendly stuff, the green stuff, all of that. Really, the context of corporate social responsibility is much, much broader than that now within the world context, because it's about health and safety. Now, I read that study that you referenced and the point of the study was, investing in health and safety makes you more profitable, it is good for business. It didn't say, though, that you should take your investments, on which you are counting on for returns, and invest them in activities that are safety based. It wasn't kind of the reverse of that, so we are using that as an encouragement to convince business, "This makes good business sense. Here is a study, right here that just from an investment management firm perspective, their focus on health and safety generated greater returns. We think our responsibility as the WCB is to ensure this money we have been entrusted with earns the highest possible, lowest risk return that we can in order to sustain positive premium rates and fund the liabilities going into the future. I think if we limited the investment to firms -- and I don't know what the criteria would be -- who safety-conscious or worker-friendly firms are, it might make it very difficult for us to achieve that objective. Depending on who you talk to, the criteria of who is a safe and who isn't a safe investment are totally different. But that's a good point that

you bring up, because that whole corporate social responsibility is just blown this wide, it's not just about the right light bulbs any more.

Monica McHardy

Monica McHardy, Alumna Systems .I just had a question about the rate model plan, because it's saying that it calculates your future costs for expected claims over 50 years, and the comment was made that compensation is payable only till the age of 65. I am the WCB claims manager for Alumna Systems and Brand Energy for BC, Alberta, Saskatchewan, and Manitoba, and I worked for WCB Alberta for a number of years, the actual board -- and with workers now working until the age of 71, in Alberta that statement isn't true. Because if a worker can prove that he would have paid a mortgage, for example, past the age of 65, compensation benefits are still payable. So, with our aging workforce and we are living longer, a lot of workers are working past the age of 65. I am just wondering, and I am trying to understand how you see it in Saskatchewan -- I am still learning about the legislation process of here -- and I am just wondering if that's the case in Saskatchewan, that it's 65.

Peter Federko

If you are on a long-term earnings replacement, so you have a permanent impairment, you have got permanent wage loss, under our legislation you are only entitled to continue to receive that to the year that you reach age 65. Now, if you are a mature worker, someone over 65 -- so you retire from your day, your regular job, and you take a career, working in a warehouse and you get injured, there are provisions within our Act that allow for a maximum two years of benefits if you are over the age of 65 and injured. If it's a fatality, there are spousal benefits that do apply as well. But with respect to long-term earnings replacement, and with the exception of, I thought, Quebec, I thought every other jurisdiction in Canada had the maxed 65 limitation on it. I know some of them have removed it. It has not been removed in Saskatchewan. You may know that that was challenged in the Supreme Court of Canada in terms of the constitutionality of that. The Supreme Court did not rule in favour of the appellants, so the 65 is still valid. Whether there will be a change in that legislation in the future, I don't think it's for us to determine. It would be the legislators who would determine that. So we do have provisions for mature workers only if they are injured after the age of 65, and only for two years.

Monica McHardy

Okay. But you are saying that if they are injured before the age of 65, the compensation benefits would end at age 65?

Peter Federko

The wage loss benefits in Saskatchewan. If there is ongoing medical that's required, so if they still need prescriptions, we will pay for that, but we won't pay any wage loss beyond the 65.

Monica McHardy

In Alberta the compensation benefits would, though, extend past the age of 65. If that worker could prove that he would have worked till the age of 71 or by way of that he still has a mortgage to pay, things like that, he would still continue to receive wage loss benefits past the age of 65, in Alberta. So that's why I was just -- Okay, that was just one of my questions.

Ken Ricketts

Now I am going to go to the potential for rebates. And you will notice I said 'the potential.' Has there been any thought on doing something like has been done in some of the other provinces, some of the other jurisdictions -- and by that I would mean federal, not Canada -- of taking that rebate and instead of just giving it back a few dollars here, a few dollars there, to -- what do we have now, 42,000 firms -- 45,000 -- and instead using it as an investment in prevention? If I was to give a case example, in Alberta they have done it twice now. When there were rebates to be given, the safety associations actually were asked to present a business case and they got the rebates for a capital investment in prevention. All right? Or has there been any thought for a safety management system investment as a revolving loan? I believe France and Germany both do that, where they actually will loan money to firms for a safety investment and then turn it around and it's repayable.

Or the other one that we look at is through the safety associations' prevention programs, oh, we will say like machine guarding, and that sort of thing, where we could actually hire an engineer to do, design machine guarding and copy it across the industry at a much less cost per firm.

Gord Dobrowolsky

Well, first of all, Ken, there has to be a surplus at the year-end -- in excess of 120%. So if there isn't, all your ideas and good suggestions are out the window. Having said that, if there is a

surplus, that's I guess something to consider. But I am going to turn that over to Peter, as well, because it's something that would be relatively new, you know, to WCB.

Peter Federko

I'm going to talk about the safety association a bit first. I guess I'm not fully understanding that, because the governance that has been established for safety associations in this province is every -- and, Ken, I'm telling you stuff you already know, but -- safety associations are separate, non-profit organizations that have their own board of directors. With our encouragement, safety associations have developed strategic and operational plans laying out whatever it is they are anticipating doing over the next and over a three-year period. If approved by the board of directors of the safety association, that funding request comes to WCB, and as long as the initiatives are focussed on health and safety or return-to-work, we will approve that budget request. So, if the manufacturing sector needed to invest in hiring a safety engineer to design a better guard or something, the safety association only needs to put that in their request to us, in terms of additional funding, and through the premium dollars that we collect from manufacturing employers we would cover that for the manufacturing sector. To take money out of surplus and give that to the safety associations above the allocation that they are getting from employers in that industry means that other employers in industries who don't have safety associations would be subsidizing the cost of those industry-based safety associations. Because in our mind the surplus belongs to all premium paying employers, that's how the surplus was built. Did we manage it effectively? Maybe. And did that contribute to the growth in the surplus? But the fundamental base is the premiums that we have collected from all employers over all years.

Again, you are telling me something I did not know before: Alberta paid 500 million dollars in rebates last year to employers. I don't understand that they redirected that to the safety associations.

Ken Ricketts

In Alberta, the Alberta Construction Safety Association and the Manufacturers Health and Safety Association, collectively, I think over the last about five to seven years, it has been about five, a little over five million dollars. Now they used it for capital projects, built their buildings, that sort of thing.

Peter Federko

I can see if they withheld the rebates from the construction employers and gave it to the safety association instead. I can see, potential merits for that. But I guess what's just puzzling to me is why the safety association, if there was a need for that investment, why the safety association just didn't make the request in its original funding request because it's coming out of the same pot. Whether we pay it out as a rebate and it gets funnelled into the safety association or whether it collect it in premium and it gets funnelled to the safety association, it's still the same surplus amount.

The revolving loan idea, I hadn't really thought of us as a bank. But I guess if an industry had a strong case and there was no capital, banks would not lend for investment in health and safety that might be something that we would consider if it was of a capital nature. Not being a financial institution, though, if the bank's not prepared to take the risk, I am not sure why we would risk employer premiums to loan money to a company to invest in something that they should otherwise be doing. As I said in yesterday's session, and I tried to pull out today, we are not opposed to investing more heavily in health and safety, but for the WCB to invest in it as opposed to the workplaces where the work gets done, where the risks actually exist, is a little bit counterintuitive to me. For me to give Phil five more resources I am not sure is going to change the world, but if somebody in the workplace hired five more people or dedicated resources to safety management systems, that might make the difference. If we need to somehow assist in funding that, you need to tell us how we can better assist that. But throwing money at this thing I don't think is the answer.

The decision the board took with respect to our funding policy is the rebates will be cheques given to employers, returned. It will not be a subsidization of the rates, because we need to maintain the integrity of the cost of insurance. We think insurance is going to cost, on average, \$1.46 per hundred, next year. If there is excess money, you are just going to get a cheque. But I'm not trying to slam the door on any of these ideas, I am just saying these would be outside-of-the-box thinking in terms of -- and the consultation I think required in order to talk to all employers about the redirection of the money would certainly need to take place, but not impossible.

Ken Ricketts

On the occupational disease fund, does that include noise-induced hearing loss or is that part of the regular fund?

Peter Federko

The occupational disease liability, they looked at all things they defined as occupational diseases. So we had to provide information on the number of hearing loss claims that we have seen. It includes the asbestosis. All things that would fall in that occupational disease category, Ken, would be included in that occupational disease liability.

Pam Schwann

Pam Schwann, Saskatchewan Mining Association. Thanks very much for the presentation. I think its good news all around. I am a little cautious about maybe payroll increasing as much as it is, we have our session this afternoon, so we will make sure we touch base on that. Peter, I really just want to follow up on your comment on not being comfortable with some of the, injury rates numbers that are going down, because certainly one of the things that we are looking at as a sector across the country is that fatalities in mining, while still low overall, have been high this year, even though our injury rate is going down. And we are really questioning, whether or not the whole safety triangle is what we should be focussing on. Maybe more focus needs to be on the injuries that are causing the longer-term injuries and fatalities as opposed to the finger pinches type of thing. So I just wanted to share that with you as something that we really need to look at and not be complacent because there are still too many people that are having life-altering injuries to them. But maybe we need to maybe look at it a little bit differently and change our emphasis on how we are doing some things.

Peter Federko

Yeah, I think that's a great comment, Pam. Especially just focussing on one of those injury rates, as I said earlier, these are just indicators how things might be going, either good or bad. But, really, to deal with the root of the problem or the root of the issue, you need to get far more into exactly what it is that is going on and targeting resources to where you can truly make the biggest difference. We don't want to ignore the finger pinches, because as Phil Germain keeps reminding me, the difference between a finger pinch and the amputation is just a second or a millimetre. So those near misses are I think important from an internal safety management perspective, but should not be the focus of determining where we should target our resources. I

agree with you a hundred per cent.

Monica McHardy

I just had a comment. Was it Ken? I think what Ken was referring to, in Alberta we have what's called Partners in Injury Reduction, and it's in conjunction with WCB Alberta and the Alberta Safety Association. So at the end of the year, the employer will get a rebate for, if they have had a reduction in their injuries overall. And we have a very extensive modified work program in Alberta. Our no time loss claims don't start costing us on our employer premiums until they have reached \$1,001; the first one thousand dollars is forgiven. I am not sure if it works that way with WCB Saskatchewan, but I have talked to WCB Saskatchewan and pretty much been told that all no time loss claims are accepted without question, like they are just accepted across the board; is that correct?

Peter Federko

No.

Monica McHardy

Okay. Because I am kind of wondering where it comes in where the guy, maybe it's not work related, and the guy suffered the injury on the weekend, etc. But when I spoke to somebody at WCB, they said automatically all no time losses are accepted and the only the time loss claims would go to like a case manager or an adjudicator.

Peter Federko

No. There are some claims that are automatically adjudicated through technology. So a series of intelligent questions are built into the technology. If these criteria are met, then those claims are accepted. If they are not, it goes to an adjudicator, whether it's a no time loss or a time loss claim. We deny, on average, strictly on the basis, is it work related or not, between six per cent and seven per cent of all claims. And that has been consistent for the 20 years that I have been working here. I am not sure who is -- there are a certain bucket of claims that if they meet these criteria it just needs to get paid, it's just a medical and the medical gets paid and that's all there is to it, no time missed, whatever, but --

Monica McHardy

And the claims costs, do they start with no time loss from dollar one, or are they --

Peter Federko

We have no deductible in our system, so every dollar is charged to employer experience. But we don't have a Partners in Injury Reduction and that's not what Ken is talking about. Their PIR program is very similar to our Experience Rating program with one exception. They actually include in that a discount for getting your course certification. We do not have that –

Monica McHardy

Yeah, that was part of the criteria, is you have to have your COR in order to be part of PIR in Alberta.

Peter Federko

Yeah. So we -- but that's different than what Ken is talking about.

Monica McHardy

Oh, okay. And so, then, with your time loss claims -- like in Alberta -- we recently had a claim last year, in Saskatchewan here, and because the worker was involved in an extensive return-to-work program that was over six hours a day, the claim initially was no time loss and then flipped to a time loss because of the timeframe. That wouldn't have happened in Alberta. If the employer in Alberta continues to offer the modified work program to the worker, it would remain as a no time loss. It doesn't flip to a time loss just because the duration that this worker is going to be in program has changed. I just see that Saskatchewan could be reducing some of their time loss claims costs.

Peter Federko

Here is the reality of the situation. If an individual was working eight hours a day, has an injury, and they only work four, can only work four hours a day, that their medical or physical restrictions limit them to half a day's work --So they are getting half a day pay from the employer and half a day pay from WCB. Is there time loss associated with that?

Monica McHardy

Not in Alberta, because –

Peter Federko

No forget about jurisdiction, just the facts. Has the worker lost any time?

Monica McHardy

Not if the employer is continuing to pay his wages for the whole day.

Peter Federko

WCB is responsible for half of the wage loss. Whether they are on payroll continuance or not is a different issue.

Monica McHardy

Well, the way it works in our province is as long as the worker is being offered modified work and the employer is continuing to pay his entire wages –it would remain as a no time loss.

Peter Federko

Yeah, that's not how it works in Saskatchewan. So even partial days are counted as time loss claims because there is missed time. Whether they are getting a cheque from the employer or getting a cheque from WCB, there is still lost time. You could make the statistics look better by changing the definition of several things. It doesn't change the fundamental facts of the situation.

Monica McHardy

No, but WCB would just be reimbursing the employer for the amount that they paid the worker.

Peter Federko

Precisely. So we are still paying -- out of that fund, we are still paying compensation benefits to somebody. Whether it's going to the employer to reimburse them or going to the worker, it's still a wage loss payment.

Monica McHardy

So there no money being lost if the employer is the one paying the worker the full benefits. Because our Saskatchewan worker was actually from Manitoba, or the Saskatchewan claim was a worker from Manitoba, and he actually benefited because we went by how we do things in Alberta and we paid his total wages. So he wasn't reduced to the \$55,000 compensation rate that WCB Saskatchewan would have paid him, he made his regular wages while he was on his no time loss claim. Do you see what I am saying? So I just think that claims costs could be reduced for the time loss claims if the employer were allowed to continue to pay that worker for

his full wages. And as long as he is offering him modified work, even if he is in a four-hour return-to-work program, it still remains a no time loss.

Peter Federko

Within our legislation there is nothing preventing an employer from keeping the worker on what we call payroll continuance. As a matter of fact, in several unionized workplaces their collective agreements actually require employer top-up. We have a responsibility in our legislation, though, to reimburse an employer if they do provide that payroll continuance. There is nothing preventing an employer in Saskatchewan from continuing to pay wages. Whether there is claims costs associated with it or not, I think still fundamentally it is based on did an injury actually happen and has there been a reduction in the capacity of that individual, not where the cheque is coming from. If you don't think the legislation should function that way, we have a legislative process called Committee of Review. Every four years a stakeholder committee is formed and receives submissions from anybody who wants to, and makes recommendations for any changes in legislation or policy or practice. You could certainly make a submission to that Committee of Review to have them reconsider particular provisions of the legislation.

Monica McHardy

It just confuses me that if the worker is fit for some type of work, which is the modified work program, the incentive to the employer to keep it in a no time loss is to offer modified work duties to their injured worker, right, keeping it a no time loss, thereby paying the workers full wages and thereby reducing the cost of the time loss wages which directly affects their employer experience account.

Peter Federko

If an employer has bona fide legitimate work to reemploy that worker in an accommodated manner such that they are continuing to earn their pre-injury wage, it will be a no time loss claim for us. If the worker is only capable of working half a day, and there is half a day of lost time, it will be a time loss claim.

Monica McHardy

Even if that lost time is in a return-to-work program?

Peter Federko

If the worker in the return-to-work program is only capable of working half a day, and there is half a day time lost, it will still be a time loss claim.

Monica McHardy

I was just wondering about if the return-to-work program was part of a rehabilitative, where he is actually in a medical facility.

Peter Federko

It doesn't matter.

Monica McHardy

Yeah. Okay.

Peter Federko

If they are half day receiving rehab and half day working, we are going to be paying the rehab costs, we are going to be assuming that's a loss time claim because half the time they are in medical rehab. So it really doesn't matter where they are that half day of nonworking. For us, it would continue to be a loss time claim. I mean it's just, it is the way that it is. I think if you want to have that changed, you need to make your submission with the reasons and arguments of exactly what it is you want to see changed.

Monica McHardy

No, I'm just trying to understand how it works in Saskatchewan because it's the direct opposite in Alberta.

Gord Dobrowolsky

Thank you for your comments and we are available after, for sure, for other comments or questions. Any other comments or questions?

Shanna Thiele

Shanna Theile, Mosaic. I am sure that this question has been asked before, but one of the struggles that we have is medical treatment, timing of medical treatment. Does WCB look at lobbying any action in that regard? And, secondly, with the possibility of privatization of MRIs,

does WCB have any lobbying in that regard, as well?

Gord Dobrowolsky

Before you sit down, tell us the good news, what's been in Mosaic the last couple of months.

Shanna Thiele

Well, in the last couple of months we have developed a return-to-work program and it will be rolling out shortly. So that's been what I been doing.

Gord Dobrowolsky:

Great. Thank you, Shanna.

Peter Federko

Most topical, it's in the paper again this morning, the privatization of MRIs, has zero effect, impact, on WCB. We have an exemption under the Canada Health Act where -- while we can access, make available access through the publicly-funded system, we have an obligation under the legislation to provide medical treatment as fast as possible for whatever the worker requires. We have for the last five, no, probably ten years, we have been relying on even out-of-province providers to provide us with expedited diagnostic and treatment due to arrangements that we have with, places like -- the Surgical Centre here in Saskatoon, the Regina Qu'Appelle Health Region, Saskatoon Health Region, we have expedited access to MRIs, so we can get our injured workers in for an MRI basically within 24, max 48, hours using surplus hours in any of those facilities. For example, Mayfair in Regina does work for us, we get direct billed from them, we have a contract with them, we pay them -- and so if more MRIs are added through private clinics or the public health care system, it's really not going to change how we do business.

In terms of lobby, we have no ability to lobby for anything, and I am not sure that we would necessarily want to. With respect to timeliness of medical services, though, we are on that like white on rice because we need to find out the diagnosis of that individual so proper treatment can be provided, so we understand what medical restrictions might be in play, so that we can facilitate an effective and early, safe return-to-work. We have contracts with the doctors, we have contracts with the physical therapists, chiropractors, so on and so forth, that actually specifies standards that we expect in terms of reporting and all of those kinds of things.

Where we see it stuck through our health care services and our medical officers, we can try and advance that through the system because of the contracts and relationships that we have. But it is a struggle in terms of getting -- and not necessarily getting the treatment or diagnostic, but actually getting the medical restrictions to facilitate a return-to-work can be particularly difficult, especially in rural areas.

Greg Galbraith

I'm Greg, Greg Galbraith with ASL Paving. We are a road construction company working in Alberta and Saskatchewan, and one of our biggest struggles is the doctors either not believing or not being aware of or not interested in our return-to-work program and just marking down...I think this is an ongoing struggle with the medical community -- marking down two weeks off or something for a rather minor injury that could easily be accommodated, and I am wondering -- I know that Workers' Compensation has done work in the past trying to educate the doctors, and from my perspective, anyway, it's not working very well. And I am wondering if there is any new ideas you guys have or something different you can do to get the doctors more onside with return-to-work programs?

Peter Federko

Greg, it just continues to be a bit of a problem with a very few number of the doctors. And while we continue our educational efforts -- well, we were successful, and I don't know how many years ago now that it was, in actually getting the Saskatchewan Medical Association, the College of Physicians and Surgeons, actually taking a policy statement that obligates doctors to participate in return-to-work. Effectively, if they don't participate, they would be subject to discipline just like any other malpractice. That's how strong that policy statement is. I have been told by other employers where they have actually copied the policy statement, put it in a letter, sent it to the doctor, with no different result. We have got where the College won't discipline because of noncompliance. All we can continue to do -- I mean, I was only kind of half joking -- is influence them to change what it is that they are doing by helping them understand that it's actually to the patient's benefit. Because they are stuck on this, their primary responsibility being advocacy for the patient. Now what we try and do -- and, you know, maybe stuff is falling through the cracks at our place from a process perspective, but if we get one of those notes that says two weeks off, we are supposed to be all over that and having someone in Healthcare Services or Case Management contact that doctor to say, "The employer is telling us they have the ability to accommodate. This simply isn't acceptable." Now if we get the same response you

get, really, there isn't a whole lot that we can do about that. Continue to educate, continue to, try and get at the ones that seem to have the greatest difficulty in understanding the importance of them participating. The only thing I would ask, Greg, is if there are ones in particular who appear to be problematic, that you make that known to us so that we can get our medical officers or our Healthcare Services to reach out to them in an educational way, to try and deal with that particular issue. If we are not doing our job, you need to give us a little nudge here and say, "Hey, what about this one?"

Greg Galbraith

Okay. Thank you.

Gord Dobrowolsky

In my previous life as chair of a health region, long before I knew I would be chair of WCB, that was one of the issues before the board at that time, not the WCB board but the health board, in that health region. So I am familiar with what you speak and there are challenges there, for sure.

Thank you for your attendance, thank you for your comments and questions. And if you have further comments or questions, be sure to reach WCB either by phone or email.

We wish you a good and safe day.