



ANNUAL GENERAL MEETING

JULY 17, 2018

AGENDA

- Chairperson welcome
- Financial results – as at December 31, 2017
- Financial snapshot – as at June 30, 2018
- What has changed in our system?
- Why has our system changed?
- Upcoming issues
- Next Steps / Actions
- Forecast for 2019
- Q & A



**FINANCIAL
PICTURE**

YEAR ENDED DECEMBER 31, 2017

STATEMENT OF OPERATIONS

DECEMBER 31, 2017

	2017 (000s)	2016 (000s)	2015 (000s)
Income			
Assessments	\$135,188	\$97,273	93,548
Investments	\$132,368	\$105,152	55,362
Self-insured employers	\$122,553	\$115,404	61,147
	\$390,109	\$317,829	215,057
Expenses			
Claim costs incurred	\$466,036	\$376,767	291,721
Administration	\$52,454	\$48,747	43,730
Legislative obligations	\$3,865	\$3,402	4,115
	\$522,355	\$428,916	339,566
Excess of income over (expenses) for the year	(\$132,246)	(\$111,087)	(124,509)

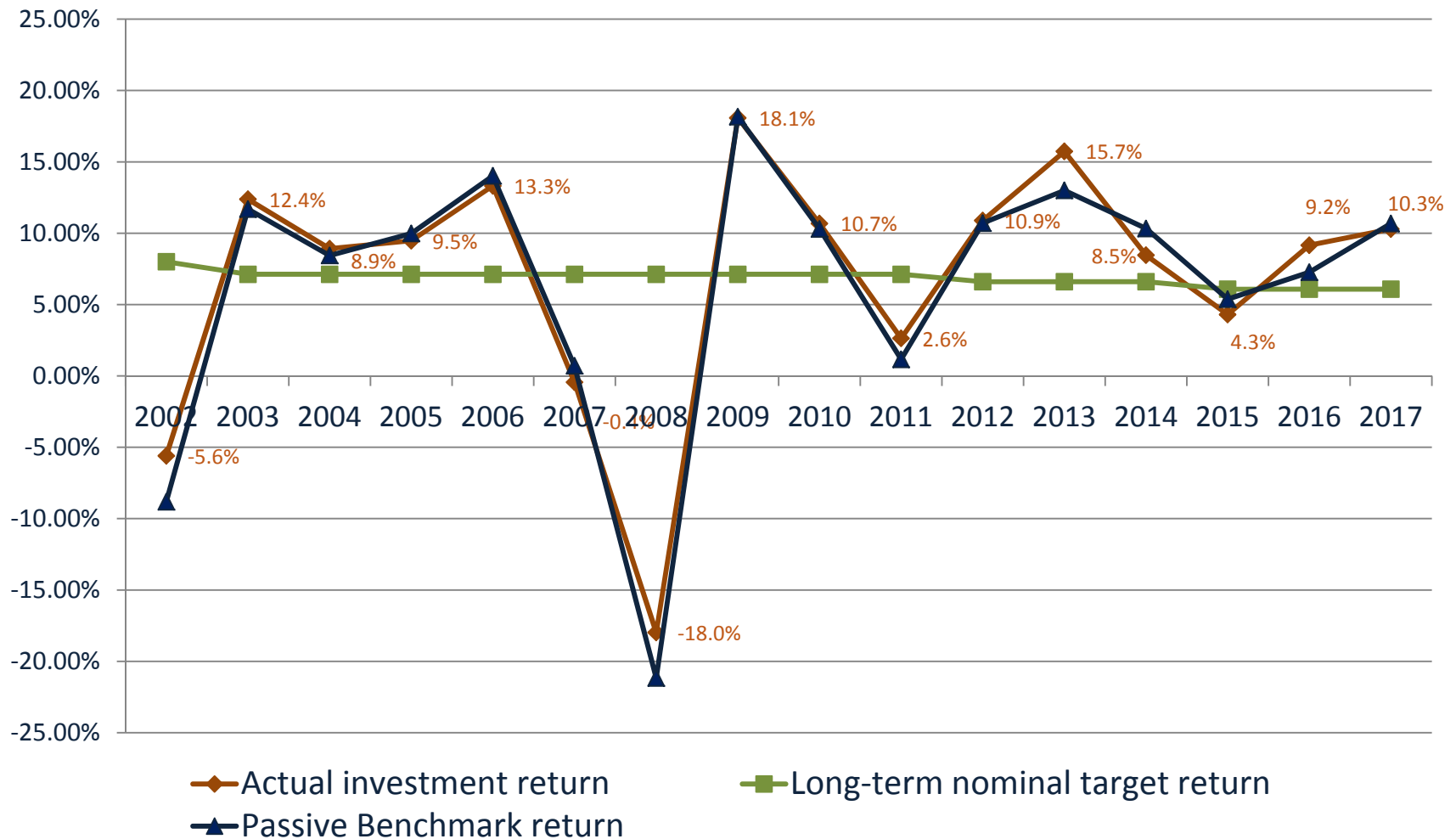
Total	<ul style="list-style-type: none"> \$ 466 Million
Budgeted + Self-Insured	<ul style="list-style-type: none"> \$ 295 Million
Cost exceeding budget	<ul style="list-style-type: none"> Duration driven \$102 M Hearing Loss \$ 69 M

BALANCE SHEET

DECEMBER 31, 2017

	2017 (000s)	2016 (000s)
Assets		
Cash and cash equivalents	\$72,634	\$144,690
Receivables and other	\$11,129	\$11,319
Recoverable benefits liabilities	\$282,760	\$221,773
Investments	\$1,330,993	\$1,205,983
Capital assets	\$11,046	\$10,376
	\$1,708,562	\$1,594,141
Liabilities		
Payables and accruals	\$16,372	\$21,508
Benefits liabilities	\$1,654,725	\$1,400,829
	\$1,671,097	\$1,422,337
Funding Level	102.2%	112.1%

STRONG INVESTMENT RETURNS

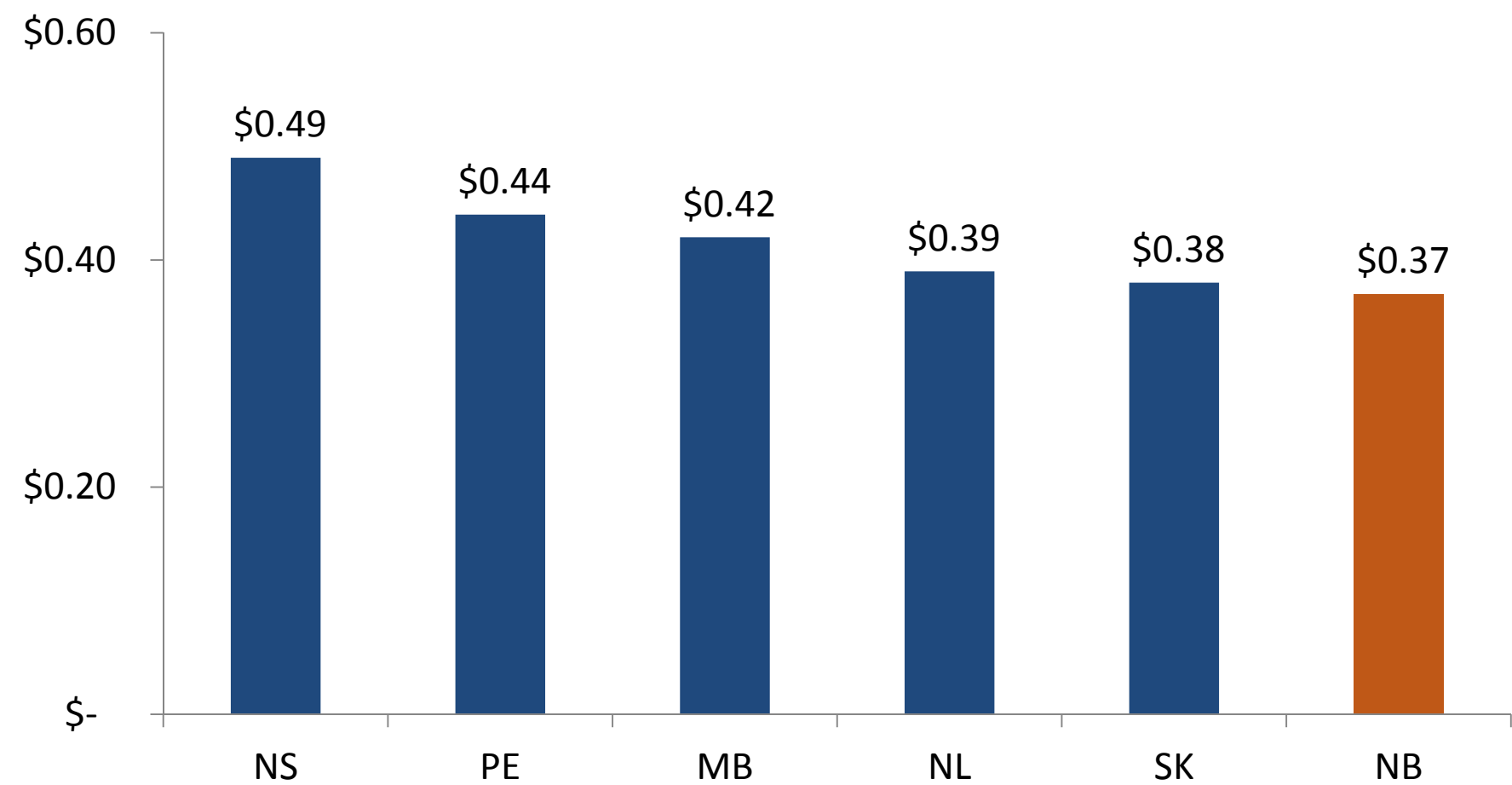


SUMMARY OF RESULTS

ASSETS AND LIABILITIES 2003 TO 2017 (\$ MILLIONS)

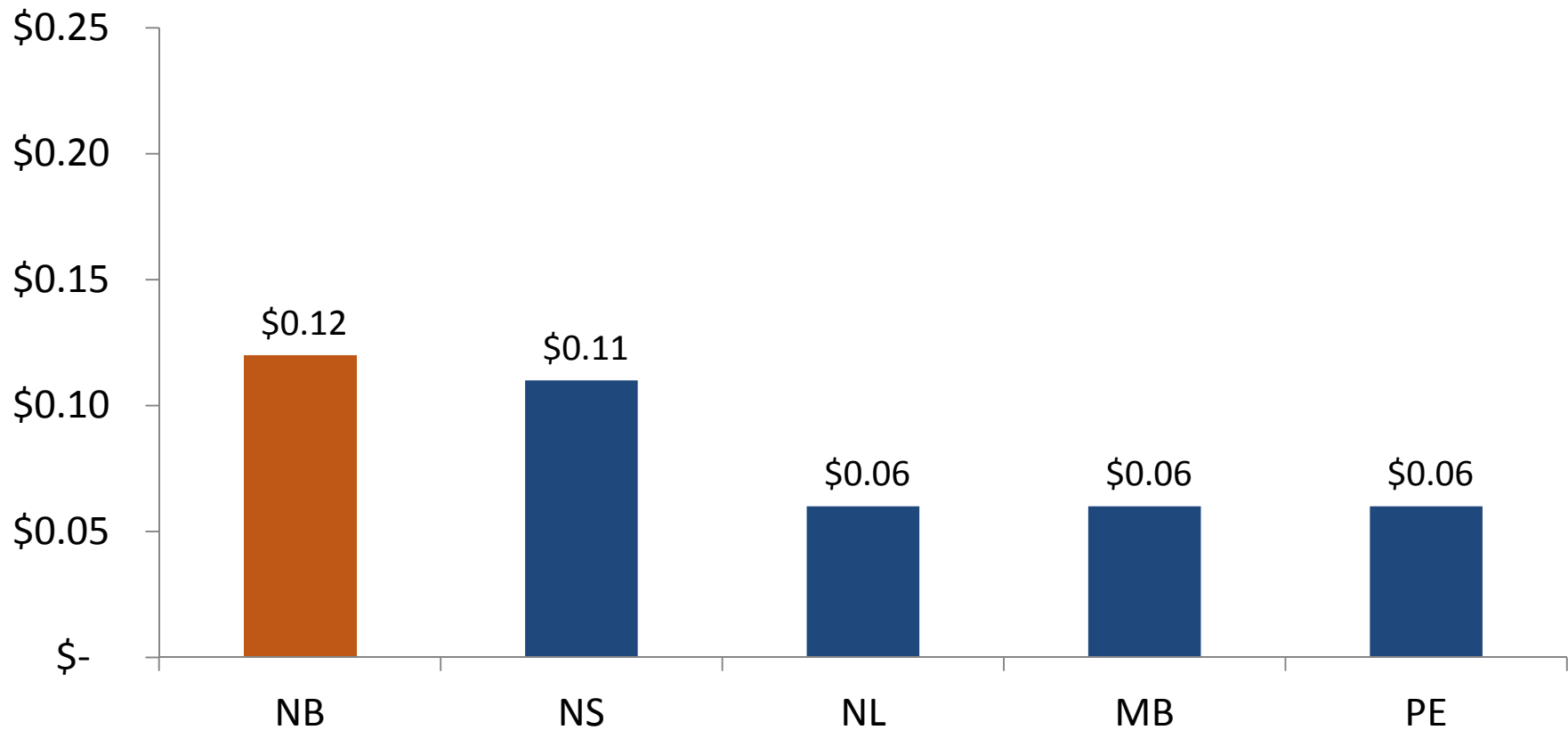


2017 CLAIMS ADMIN EXPENSES BY JURISDICTION



2017 OH&S EXPENSES BY JURISDICTION

ONLY NB HAS RESPONSIBILITY FOR COMPLIANCE





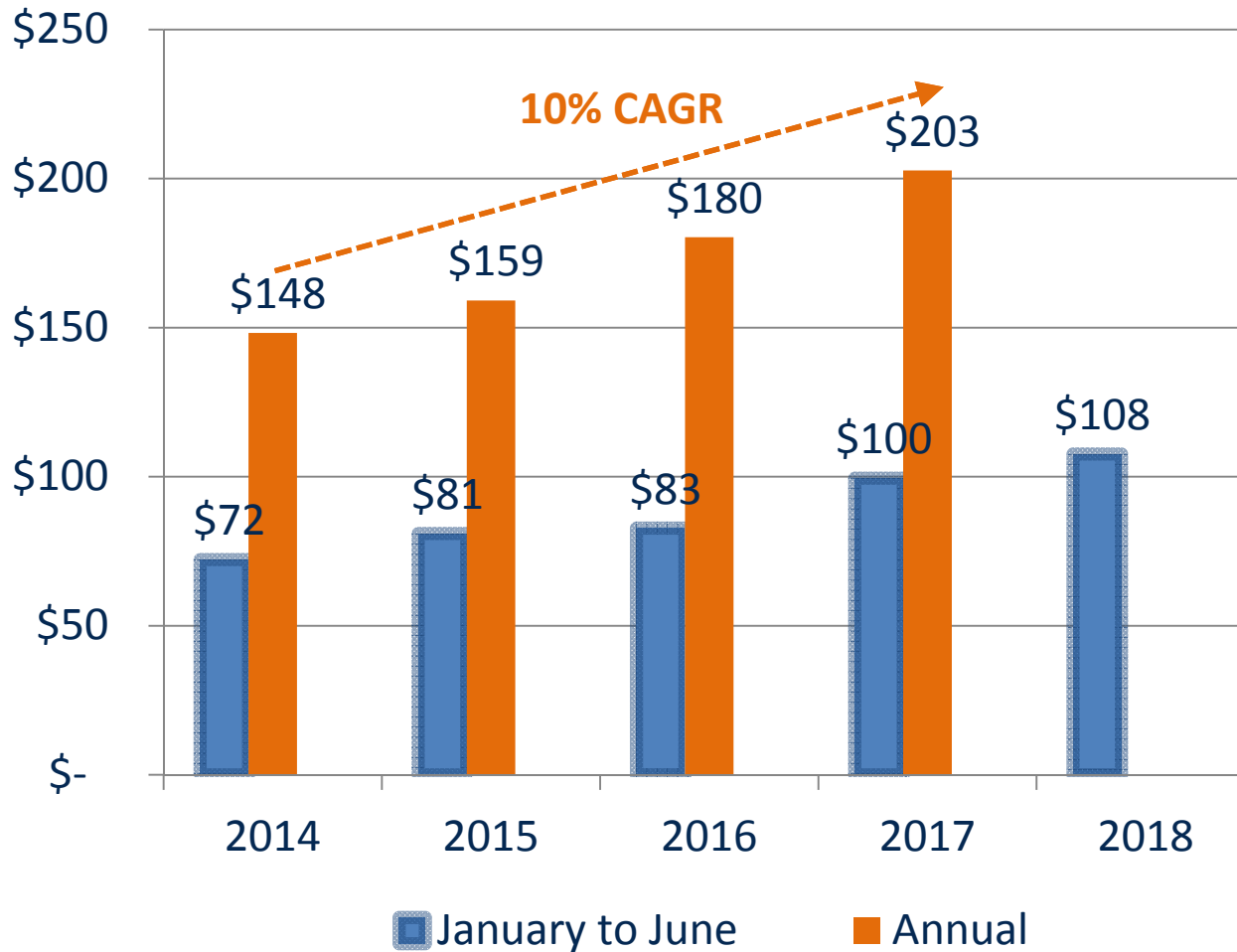
**FINANCIAL
PICTURE**

PERIOD ENDING JUNE 30, 2018

SECOND QUARTER – JUNE 30, 2018

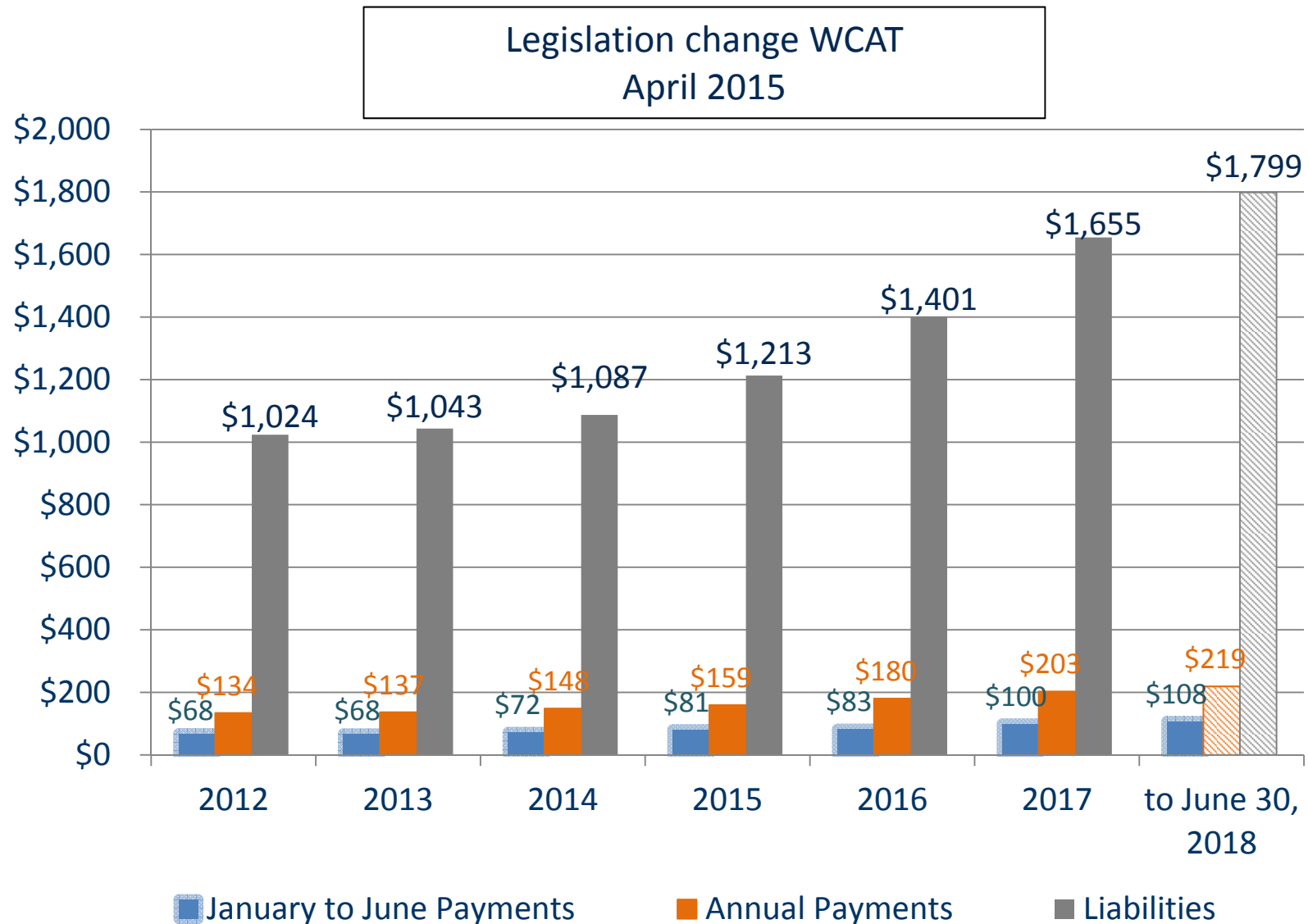
- Claim costs continue to increase in 2018
- Liabilities for future payments are also increasing
- Current funding position estimate as of June 30
 - approximately 97%
- If trends continue, funding level will continue to decline throughout 2018

COSTS CONTINUE TO RISE IN 2018



Costs for self-insured employers are rising 1.5 x the rate of assessed employers

COSTS CONTINUE TO INCREASE IN 2018



WHAT HAS CHANGED?

WHY ARE COSTS CONTINUING TO RISE?



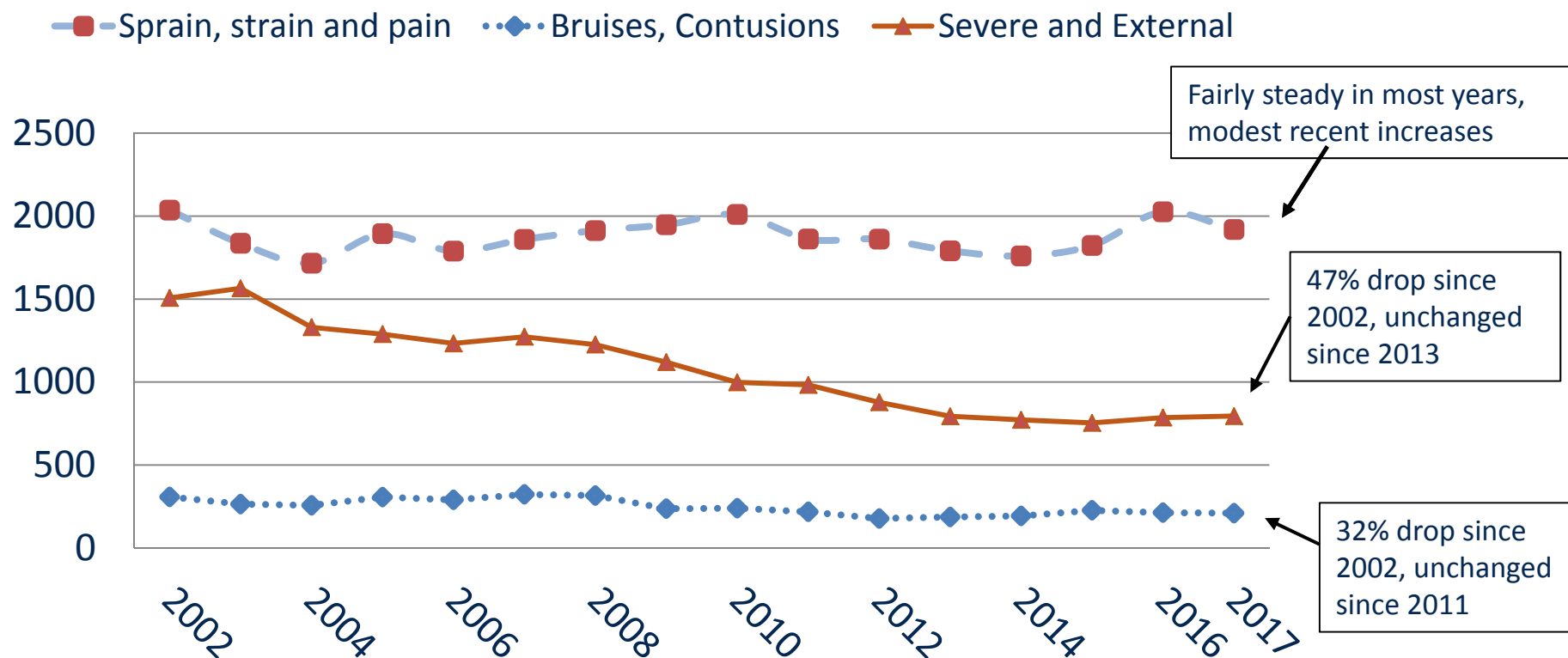
ARE WE LESS SAFE?



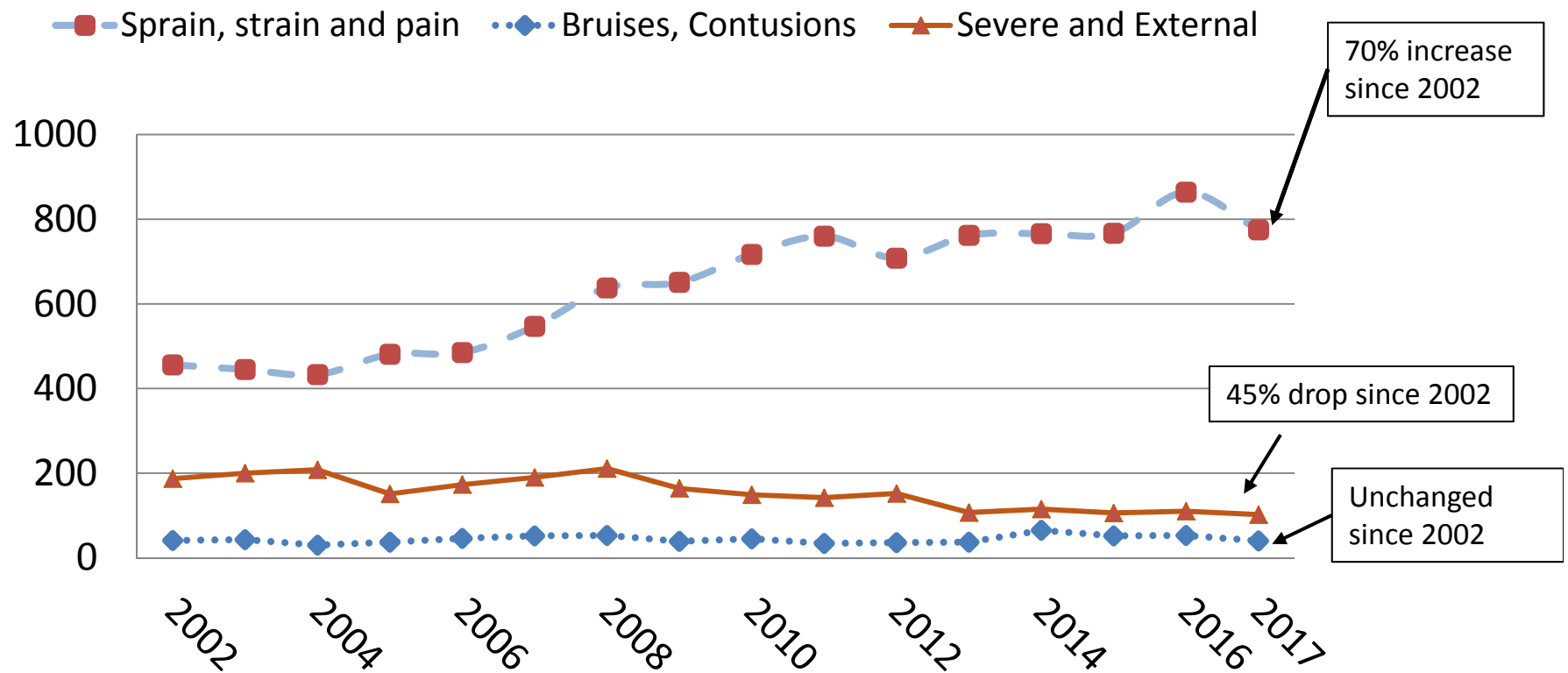
**HAS WORKSAFENB CHANGED
BENEFIT LEVELS
DRAMATICALLY?**



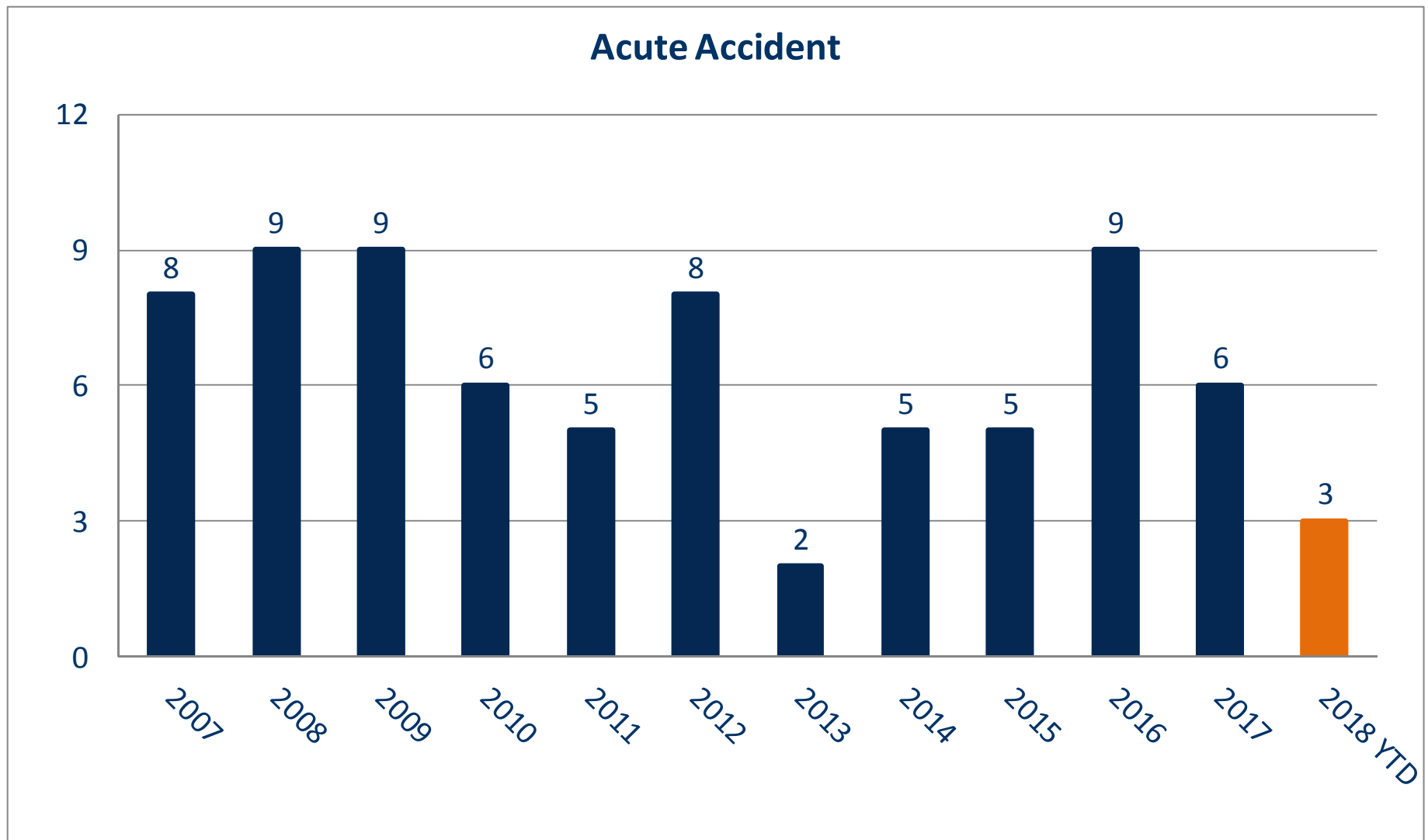
LOST TIME CLAIMS – ASSESSED EMPLOYERS



LOST TIME CLAIMS – SELF INSURED EMPLOYERS

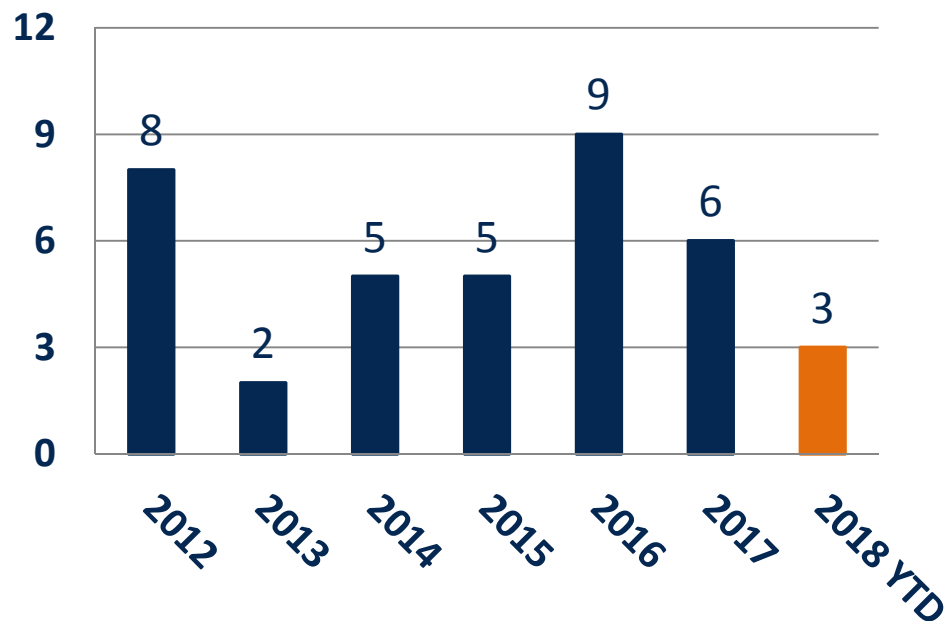


FATALITY PREVENTION REQUIRES MORE ATTENTION

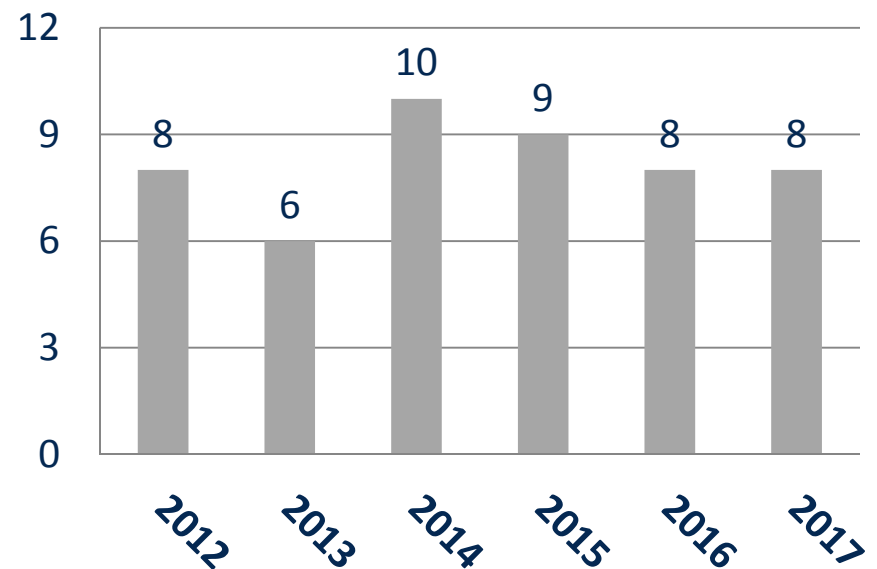


IN RECENT YEARS, MORE WORKERS ARE DYING FROM OCCUPATIONAL DISEASE THAN BY ACUTE INJURIES

Acute Accidents



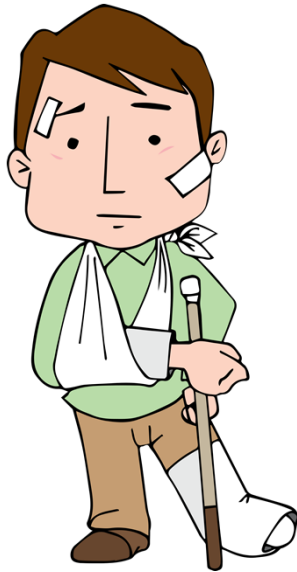
Occupational Disease



TWO PRIMARY ISSUES DRIVING COSTS HIGHER

Longer Claim Duration

- Virtually all related to sprains, strains and pain
- More LTD



Hearing Loss Claims



WHY IS CLAIM DURATION INCREASING?



SOME KEY CHANGES TO THE *WORKERS' COMPENSATION ACT* OCCURRED IN 2015

- 21(9) In an appeal the Appeals Tribunal **shall**
 - b) apply a policy approved by the Commission that is applicable in the case, to the extent that the policy is **not inconsistent** with this Act
- 21(12.2) If the Appeals Tribunal determines that a policy approved by the Commission is inconsistent with this Act..., the decision **binds the Commission** in respect of any matter before the Commission.

LEGISLATIVE CHANGE IMPACTS

- Changes to the legislation were required
 - An external Appeals Tribunal is essential to ensuring fairness in decision-making
- Unintended consequences surfaced
 - There were gaps between the existing legislation and WorkSafeNB policies
 - The impact of these gaps given the new legislation was not fully understood by all parties, WorkSafeNB included
- Let's explore some examples...

POLICIES FOUND INCONSISTENT WITH LEGISLATION

- Legislation
 - 38.11(14) Compensation pursuant to this section is payable until the loss of earnings ceases or until the worker attains age sixty-five, whichever occurs first

Policy Before September 2015	Policy After August 2015
Loss of earnings ceases (worker returns to work)	Loss of earnings ceases (worker returns to work)
Worker turns 65	Worker turns 65
Another illness (not work related) is primary reason for off work	
Retirement removing themselves from workforce	
Relocating outside of province removing themselves from workforce	
Not fully participating in rehabilitation	

INJURED WORKER RETIRES

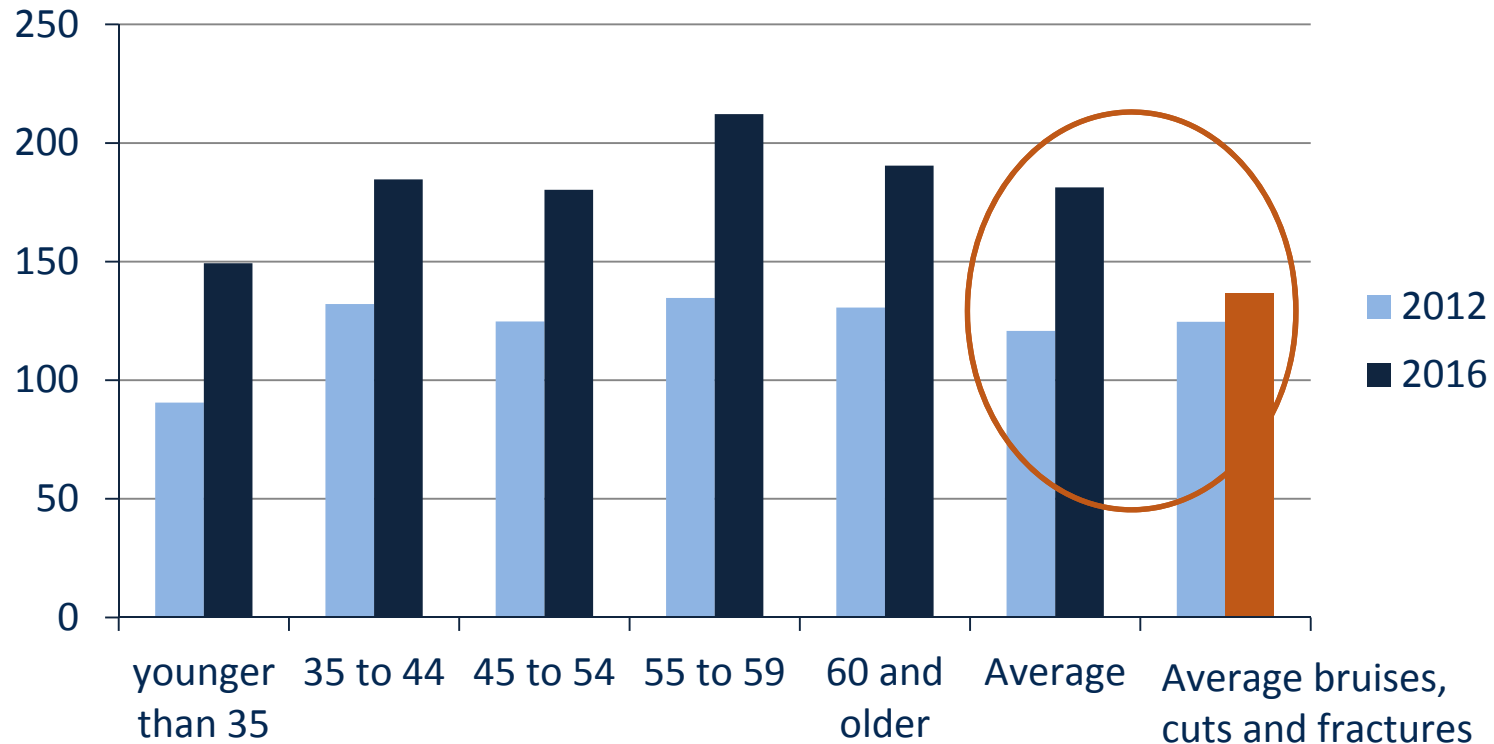
1. Employee injured and is receiving 85% of net income from WorkSafeNB.
2. Employee decides to retire before age 65.
3. With the policy being struck down as inconsistent with legislation, compensation now continues to age 65 in addition to any pension benefit.

IMPACT OF NON-COMPENSABLE INTERVENING CONDITION

- Employee injured and receiving wage loss compensation
- During rehabilitation, injured worker is diagnosed with a non-work related illness such as cancer
- Employee is rehabilitated but cancer treatment becomes the primary reason the employee can not return to work
- With the previous policy being struck down **as inconsistent with legislation**, wage loss compensation now continues to age 65 or the Loss of Earnings ceases to exist (employee returns to work)
- **Additional claim costs are distributed to all employers**

DAYS PAID PER CLAIM

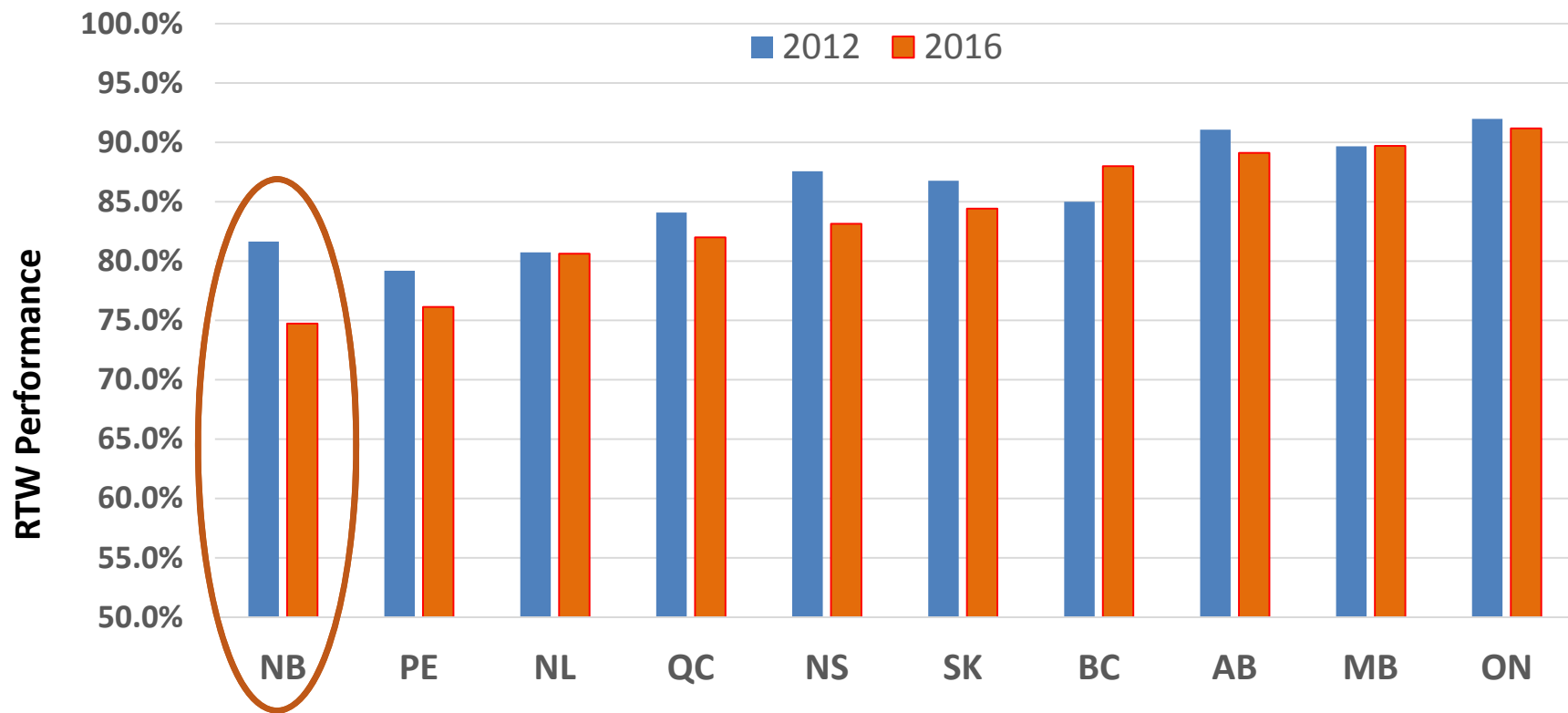
CLAIMS MORE THAN 30 DAYS – SPRAINS, STRAINS AND PAIN



Significant increase in days lost – all age groups

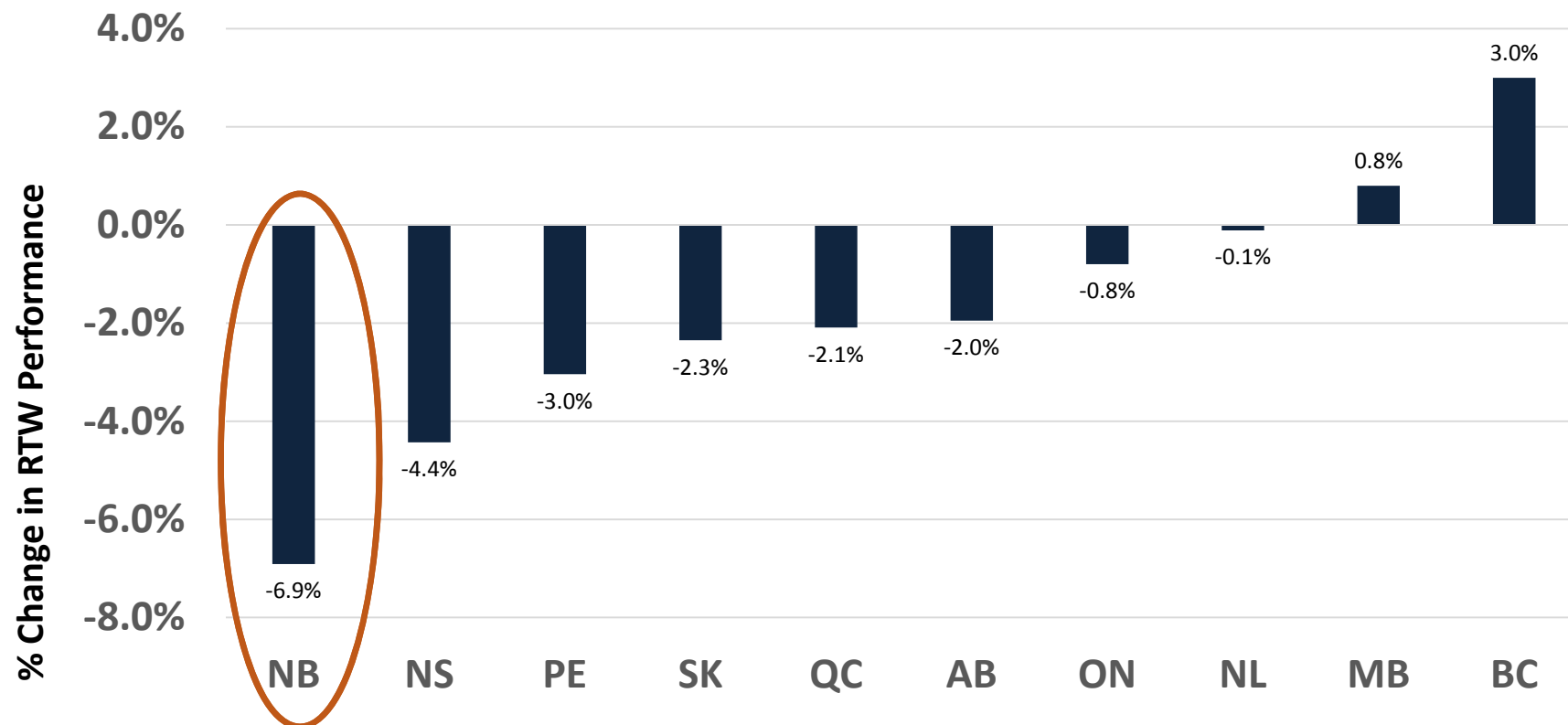
50% increase in average duration for sprains and strains vs a 10% increase for bruises, cuts and fractures

RETURN TO WORK OUTCOMES AT SIX MONTHS 2012 VS 2016



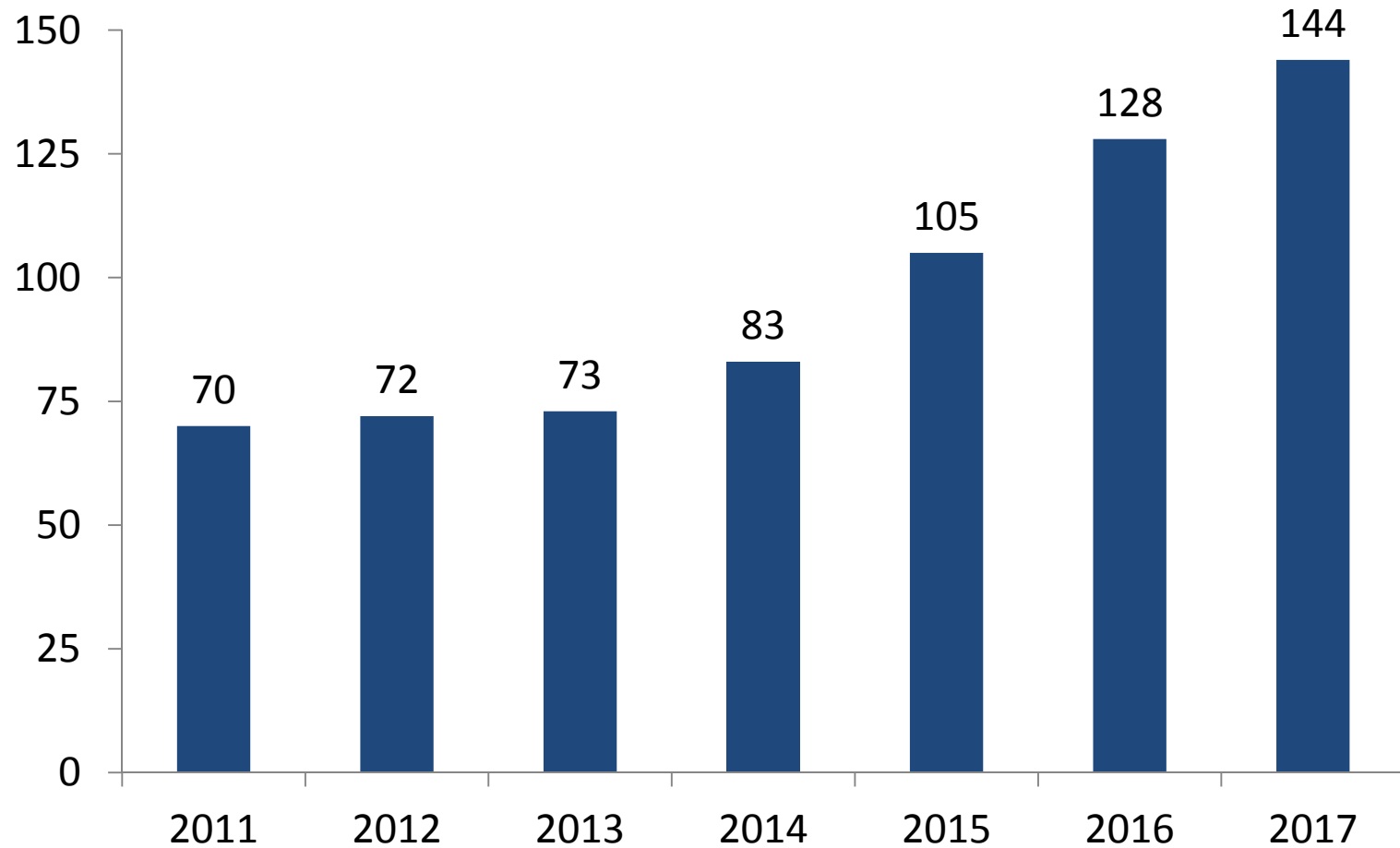
Source: Association of Workers' Compensation Boards of Canada

CHANGE IN % RETURN TO WORK AT SIX MONTHS 2012 TO 2016



Source: Association of Workers' Compensation Boards of Canada

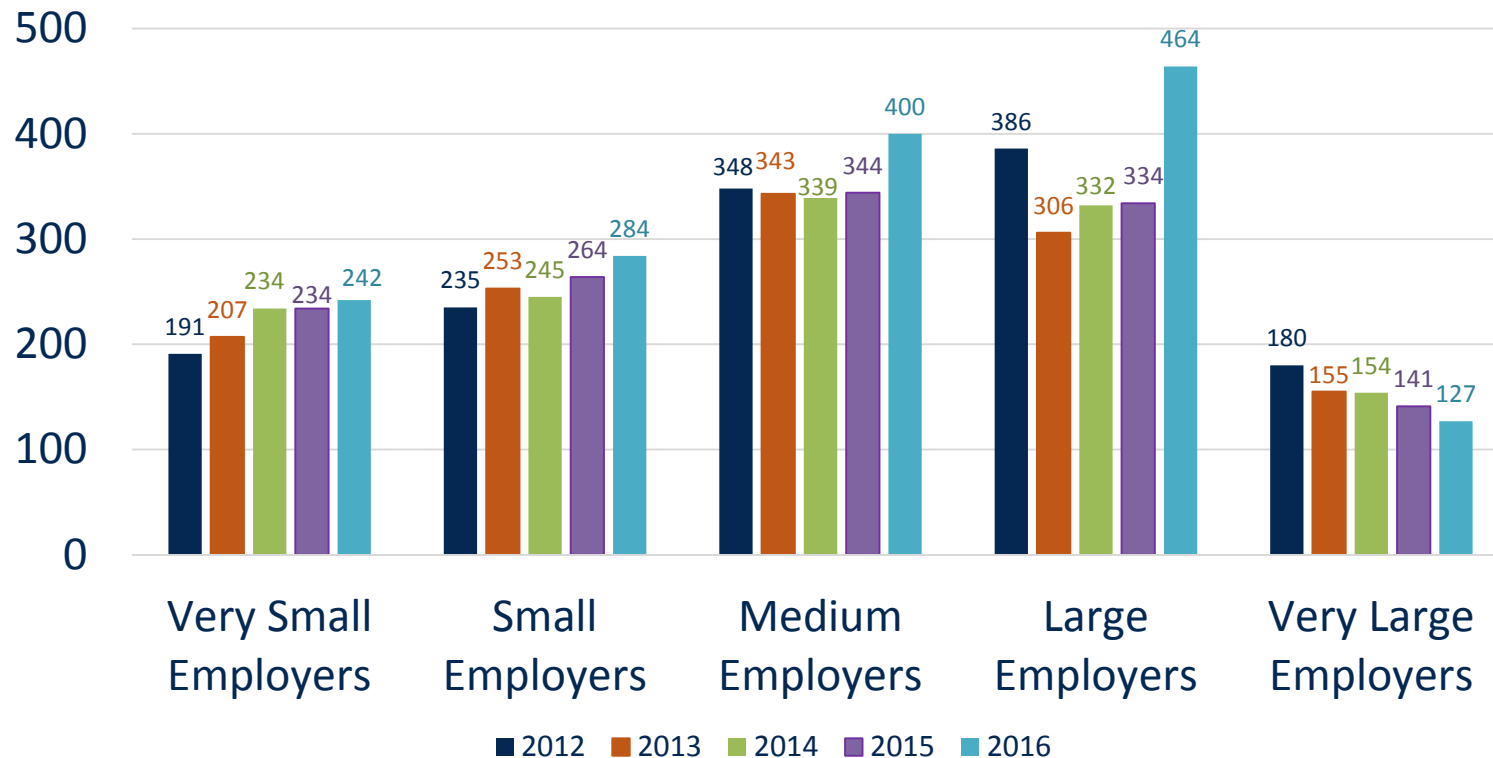
FULL LTD CLAIMS INCREASING AS ALTERNATIVE WORK OPTIONS LIMITED



GENERAL EMPLOYERS STATISTICS

Employer Size By Assessment	Number of Employers	
Very Small (Less than \$5,000)	11,940	78%
Small (\$5,000 to \$19,999)	2,330	15%
Medium (\$20,000 to \$99,999)	780	5%
Large (\$100,000 to \$499,999)	180	1%
Very Large (More than \$500,000)	20	0.1%
	15,250	100%

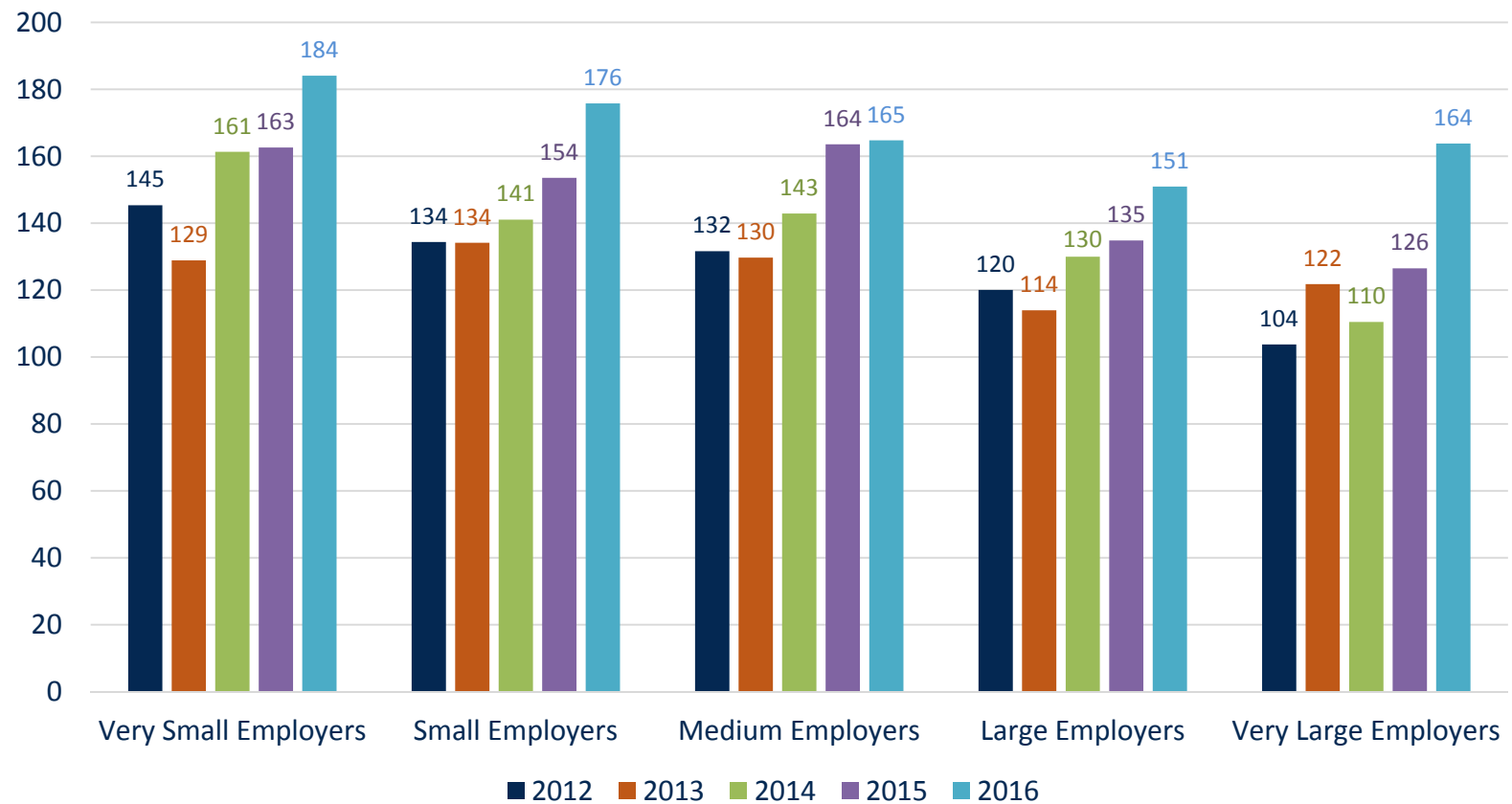
NUMBER OF LOST TIME CLAIMS MORE THAN 30 DAYS



- Very large employers experienced a 29% improvement
- Very small, small, medium and large employers experienced higher claim volumes by 27%, 21%, 15% and 20% respectively

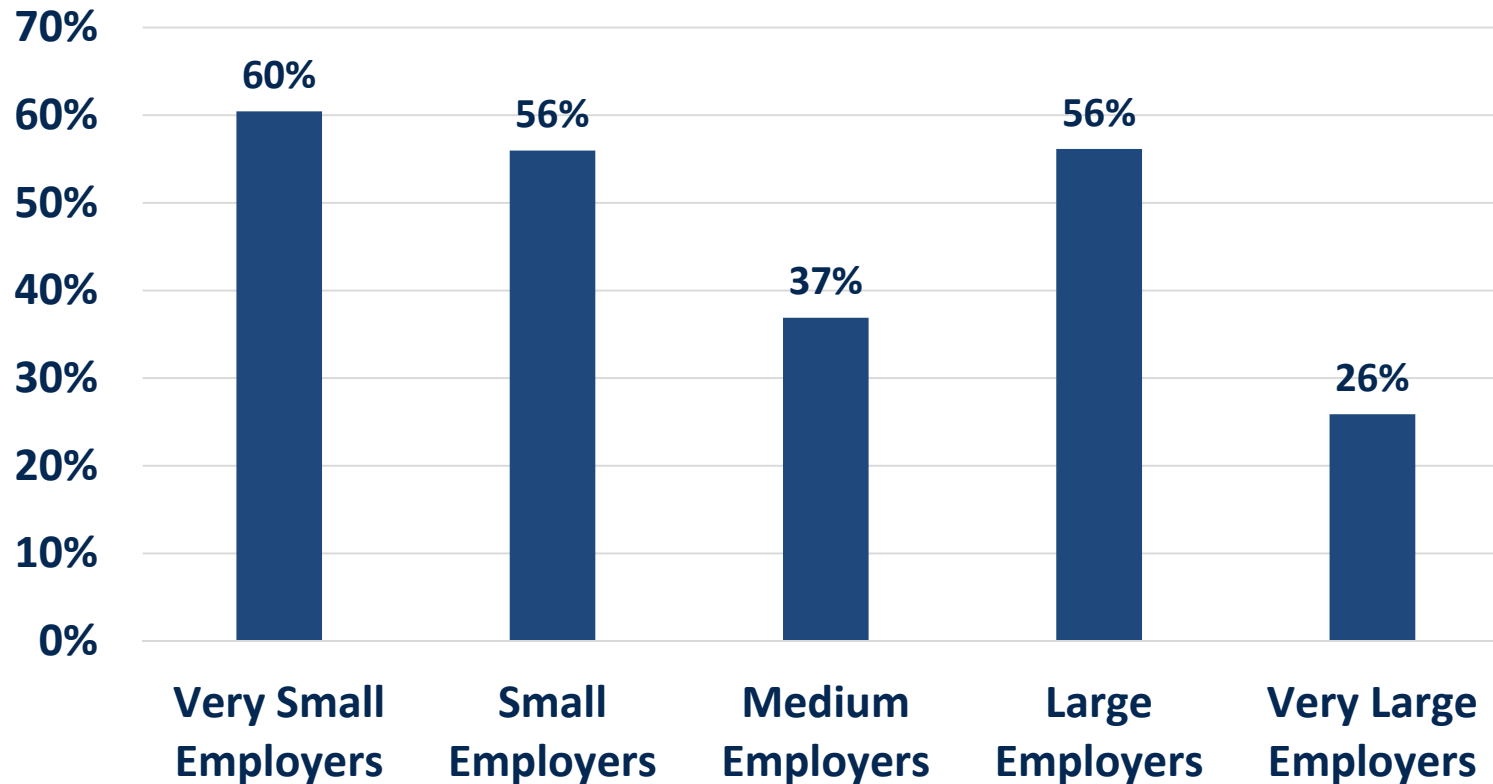
DAYS PER CLAIM

CLAIMS MORE THAN 30 DAYS



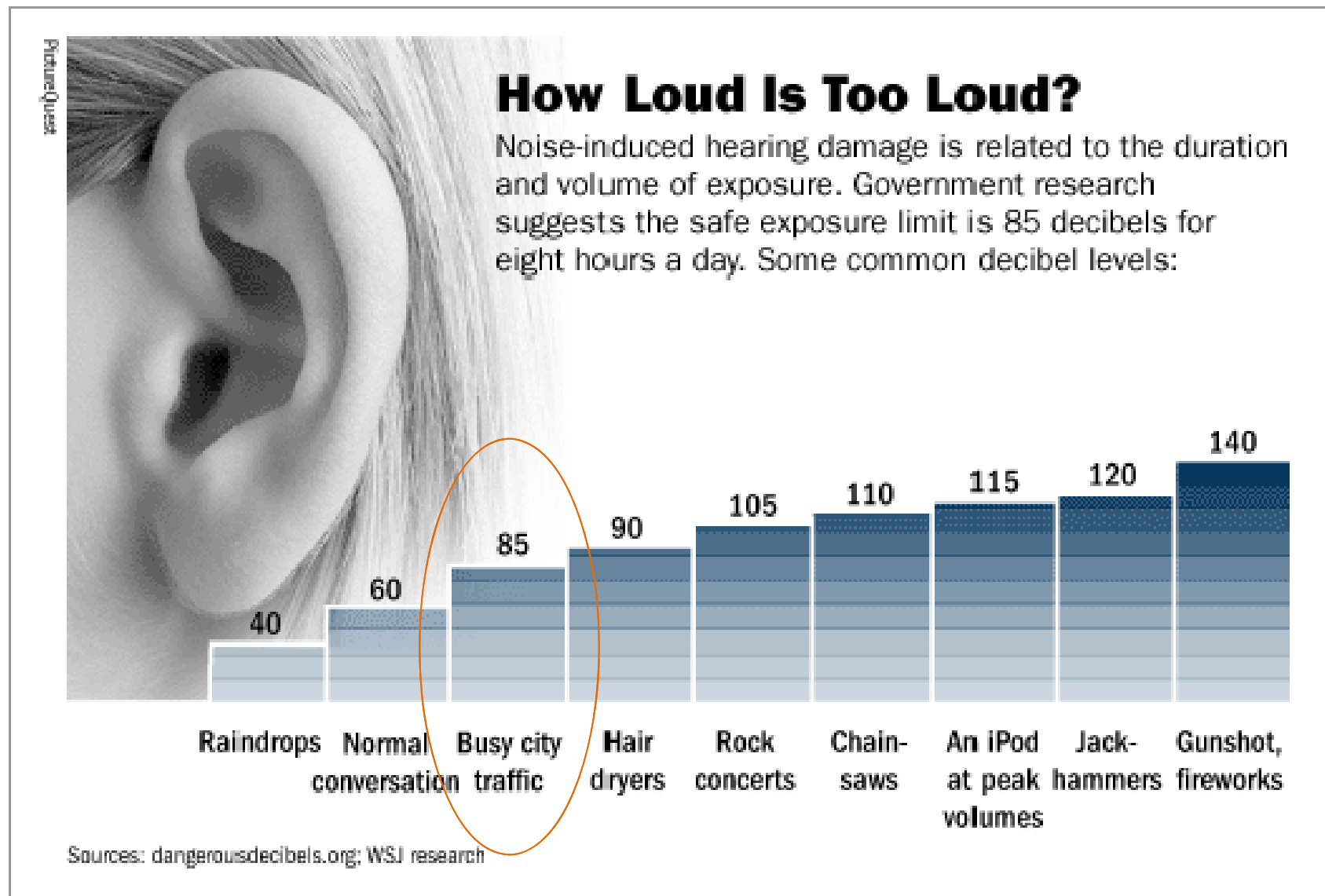
INCREASE IN PAYMENTS – 2016 VS 2012

LOST TIME CLAIMS LASTING MORE THAN 30 DAYS

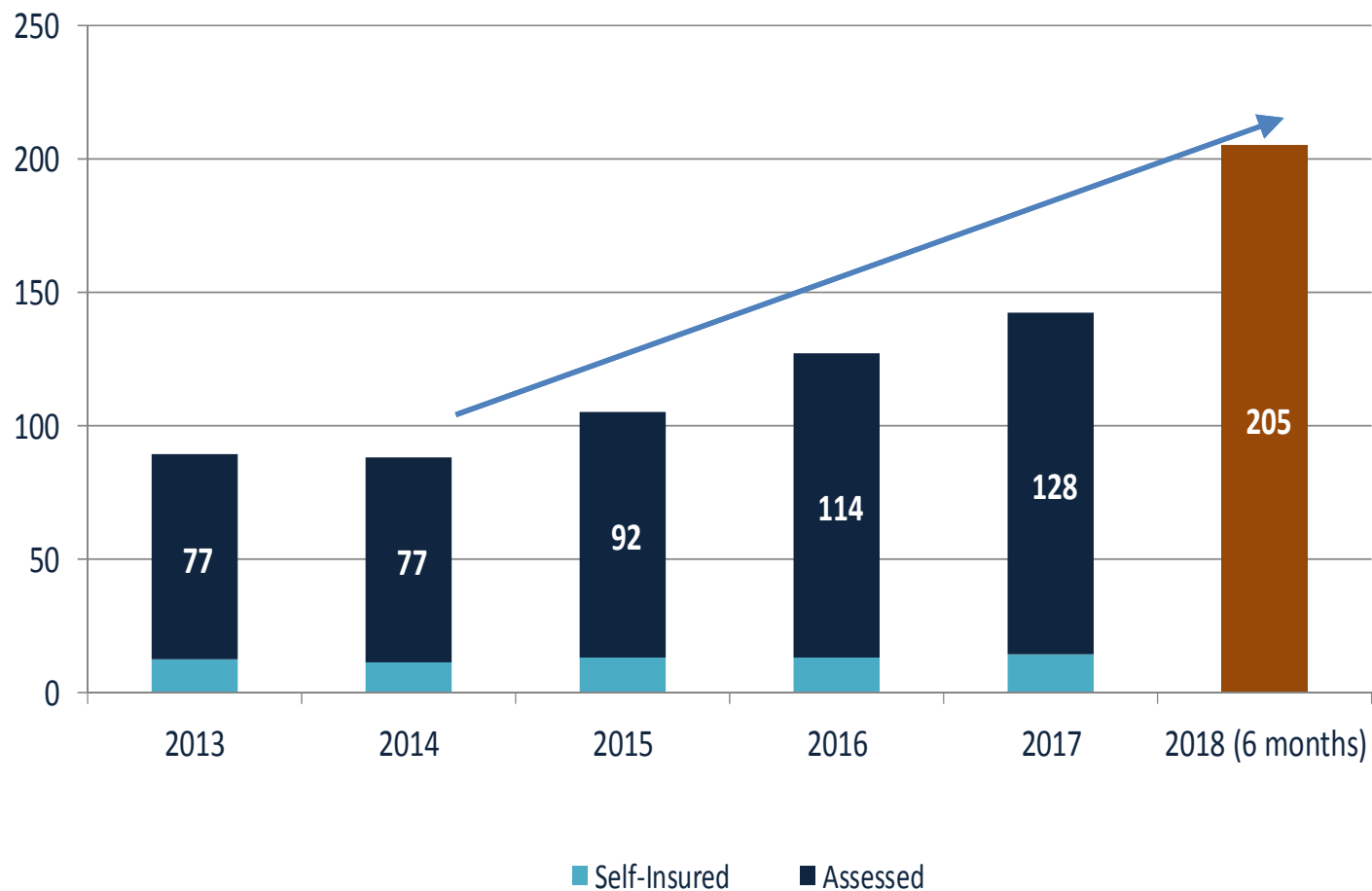


LET'S EXAMINE HEARING LOSS

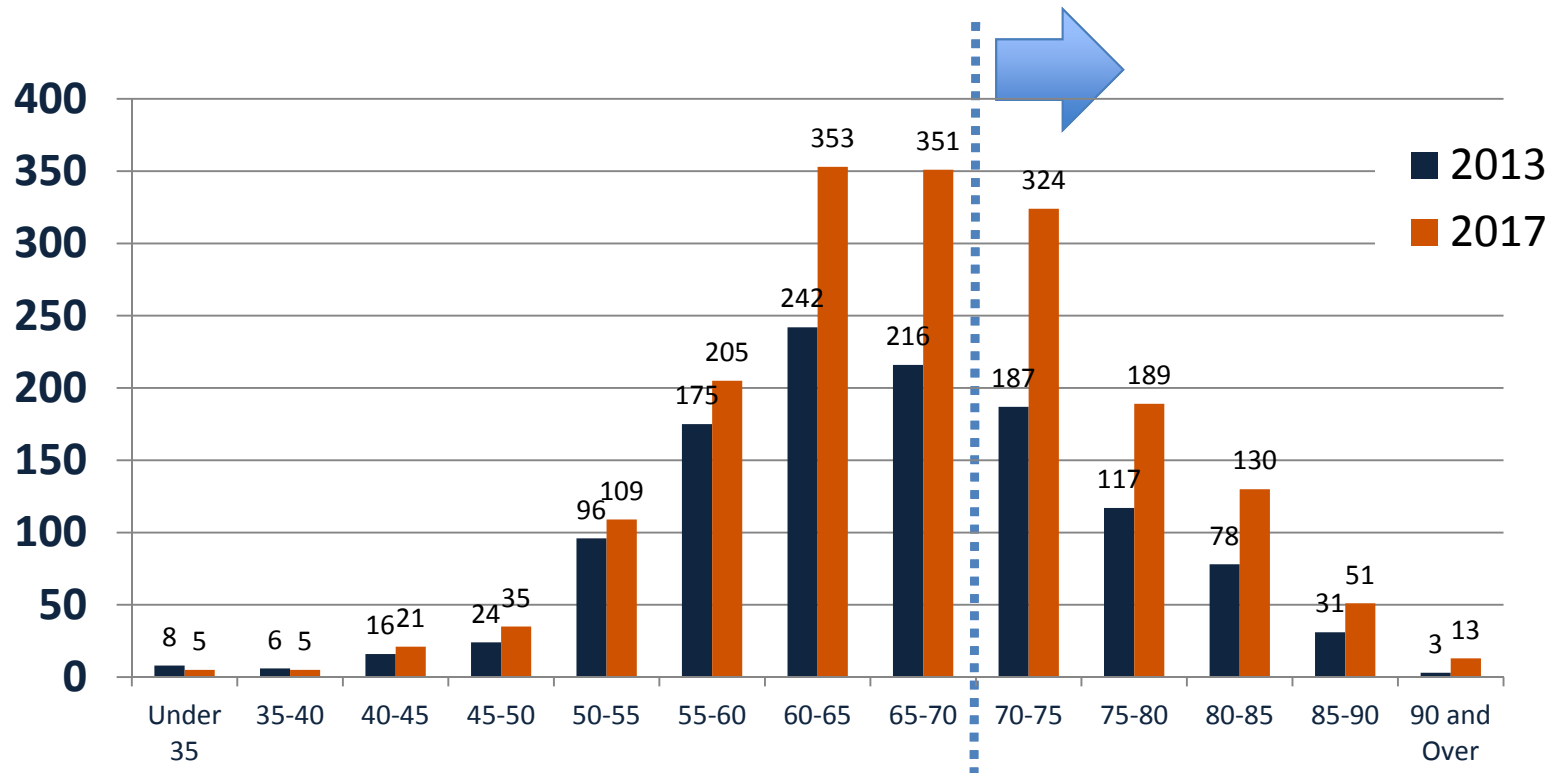
WHO IS AT RISK?



AVERAGE MONTHLY HEARING LOSS CLAIMS INCREASED 133% OVER FIVE YEARS



HIGHER HEARING LOSS CLAIMS AS WORKERS AGE



- When hearing loss claims opened 5+ years after employment ceases, costs are distributed to all employers
- Hearing claim liabilities increased \$161M from 2015 to 2017
- 1,793 new claims at age 70+ in the past three years
- Over \$1M in payments every month on hearing loss payments

NB HEARING LOSS CLAIM VOLUMES ARE RUNNING 3X - 4X THE RATE OF OTHER JURISDICTIONS

- Other jurisdictions
 - Have thresholds to determine compensation for hearing loss imbedded in legislation/regulation or in policies.
 - Have clarity on how to adjust compensation to reflect typical age-related hearing loss.
 - Policies are owned by the Board.
- In New Brunswick
 - No clear thresholds. Some parts of WorkSafeNB regulations specify that age-related hearing loss shall not be a consideration.
 - Parts of our policy have been struck down, others are under appeal.
 - How evidence is weighed has changed in recent years.

STANDARDS OF EVIDENCE

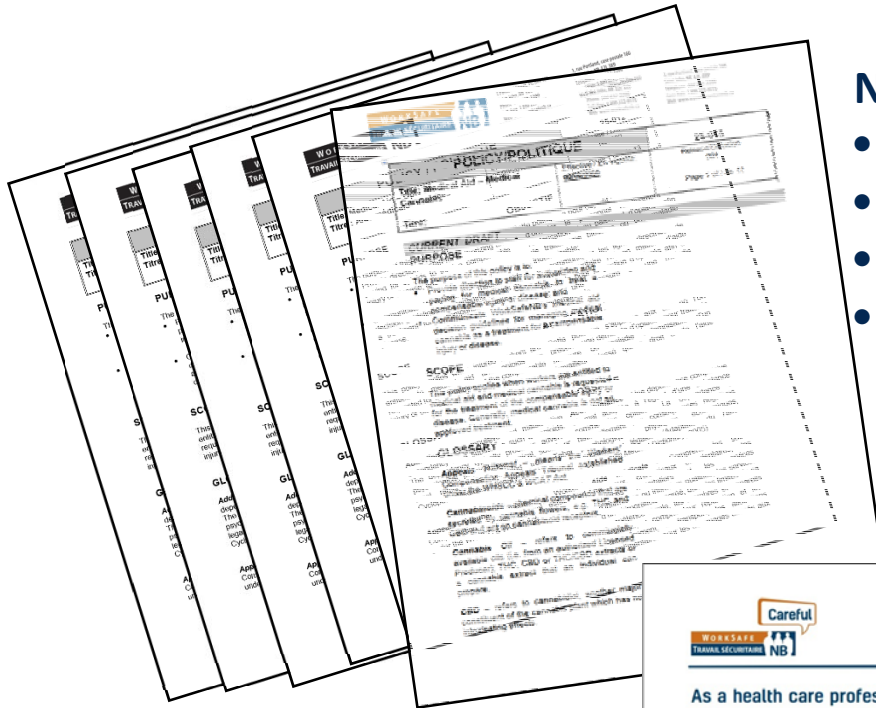
Section 7 (2)

*When the accident arose out of the employment, in the absence of **any evidence to the contrary**, it shall be presumed that it occurred in the course of the employment....*

- 1993 NB Court of Appeal (Potacan Mining)
 - The presumption applies if there is no evidence on this question, **if the evidence only raises a doubt** or if the evidence is consistent with the presumption
- 2011 NB Court of Appeal (VSL Canada Ltd) ruled that
 - Evidence must be determined on the **balance of probabilities**
- Without clear thresholds, more presumption is being applied. More claims accepted, costs rise.



CANNABIS



New Policy

- Facilitates cannabis approval for five conditions
- Strict monitoring and evaluation
- Low THC levels
- Low dosage < 3g

Health and Safety

- Public awareness and education initiatives
- Training staff
- Tools (OHS App)
- Health & Safety Conference (Oct 4 & 5)

As a health care professional, here are 5 things you need to know about our new medicinal cannabis policy

- WorkSafeNB generally doesn't approve medical cannabis as medical aid. However, it may be approved to treat a compensable injury or disease in the following situations:

 - Symptoms encountered in palliative/end of life care setting;
 - Nausea and vomiting while receiving chemotherapy as part of treatment for cancer;
 - Loss of appetite due to treatments for cancer or AIDS;
 - Spasm and spasticity due to central nervous system injury; and
 - Chronic neuropathic pain.

Medicinal cannabis may also be considered for harm reduction when the injured worker's dosage of opioids is over the maximum daily limit recommended in WorkSafeNB's Policy 25-012 Medical Aid – Opioids.
- As tetrahydrocannabinol (THC) is the cannabis component that causes impairment, authorization must be for cannabidiol (CBD) rich medicinal cannabis, with the maximum THC content being less than 1%.
- The daily dosage should start at the lowest possible quantity to improve or maintain function, with the maximum daily dosage limited to three grams or less.
- To be approved, medicinal cannabis must be administered through a non-smoking related route.

Max 3 grams **Max 1% THC**
- In some instances prescribers must provide evidence of having followed the management recommendations from the College of Family Physicians of Canada (CFPC) and Canadian Pain Society (CPS), including evidence of failure for separate 12-week trials for tier 1 and tier 2 medications. This can be demonstrated by completing the Canadian Consortium for Investigation of Cannabinoids Checklist for the Medical Assessment of the Patient Asking about Medical Cannabis (or equivalent), along with a baseline SF-36 (or similar) functional assessment form.

Read the full policy: *Medical Aid – Cannabis (Marijuana) for Medical Purposes*
Read the Stakeholder consultation summary report

Connect with us!

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 1-800-531-0976

worksafemb.ca



HARASSMENT AND VIOLENCE IN THE WORKPLACE

- Proposed amendment to regulation under the *OHS Act* addressing the prevention of workplace violence and harassment
- Effective date yet to be announced
- Focus on high risk workplaces and workplaces with more than 20 employees
- Training necessary on conflict resolution and mediation
- Assessment rate impact - \$0.01 to \$0.07

STUDIES AND REPORTS

- Task Force Report on WorkSafeNB released earlier today
- Auditor General Report on WorkSafeNB Phase II
 - Work is ongoing and the report is anticipated once the legislative committees are re-established following the fall 2018 election



AUDITOR GENERAL REPORT – PHASE I

- Working with the Department of Post-Secondary Education, Training and Labour to implement all recommendations focused on governance
- Commenced work on a new strategic plan
 - Completion by year-end
 - Incorporate new mandate from government post-election
 - Key issue relates to upgrading IT infrastructure
 - Claims management system is 30+ years old and doesn't meet today's essential business needs

ENHANCED FOCUS ON PREVENTION

- Our ultimate goal is to have every worker go home at the end of every shift in the same condition in which they left home
- New position reporting directly to CEO
 - Responsible for prevention, education and compliance
- Particularly important as new legislation is enacted
 - Cannabis
 - Harassment and violence in the workplace

IMPROVE CLAIMS MANAGEMENT PROCESS

- Significant change is required in this part of the organization
 - **Claims management system is antiquated and must be replaced**
 - Training of case managers to be enhanced
 - Standardize decision-making process
 - Streaming of cases so that experts address more complex cases
 - Make decisions faster so that treatment starts faster
 - Do not compromise quality of decisions
 - Issues Resolution Office (IRO) to expand to hear all decision complaints prior to proceeding to the Appeals Tribunal
 - Establish better key performance indicators and enhance the monitoring to take quick action

ORGANIZATIONAL CHANGES

- Realign organization to ensure end-to-end accountability for desired outcomes
- Two senior executives to solely focus on:
 1. Prevention, Education and Compliance
 2. Rehabilitation, Benefits and Return to Work
- Appoint a Chief Information Officer to lead IT transformation
- Established a department responsible for performance excellence (continuous improvement) and the client experience

STAKEHOLDER COMMUNICATIONS

- Communications team to enhance focus on stakeholder relations, media relations and government relations
- Improve quarterly updates to stakeholders
- Continue these Annual General Meetings
- Continue to enhance WorkSafeNB's Annual Health and Safety Conference to appeal to all stakeholders at every level
- Build our social media presence

WORKSAFENB ACTION ON HEARING LOSS CLAIMS

- Short term (urgent)
 - Policy is be revised to provide greater clarity
 - Best evidence to be used in decision-making being outlined
 - Training for decision makers to be enhanced
- Medium term (also urgent)
 - Regulation updates – thresholds similar to other jurisdictions
 - Legislation updates

LARGEST IMPACT – LEGISLATIVE CHANGE

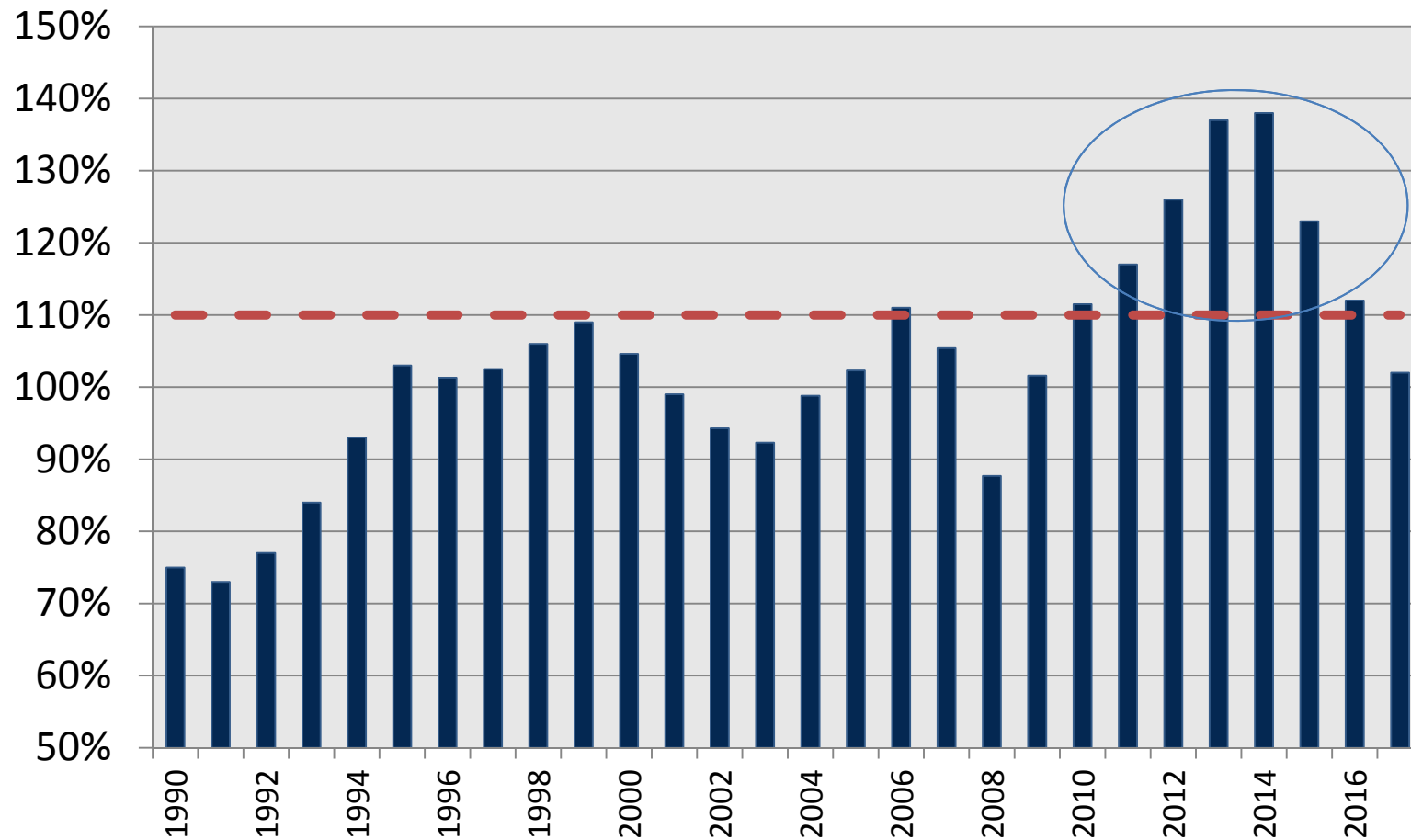
- Current Legislation originally passed in 1973 with numerous updates since then
- Legislation isn't easy to understand
 - Issues are covered in multiple sections
 - Links to Employment Standards and Human Rights
 - Gaps in certain areas leave room for various interpretations
- Task Force has outlined areas of improvement
- Work with government / department on change process

LATEST INFORMATION AND RATE PROJECTIONS

2018 STATUS

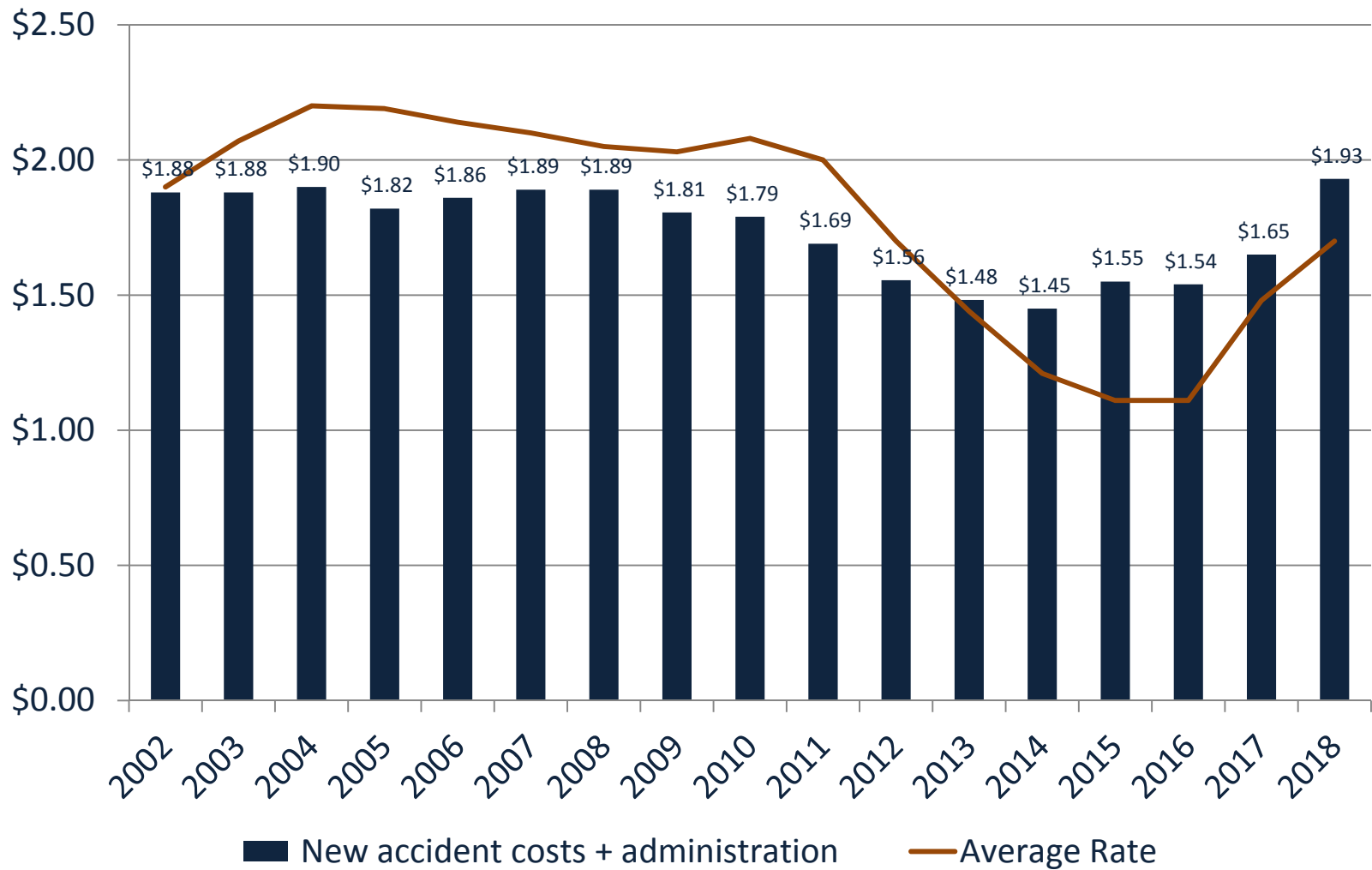
- Funding level
 - Reduced funding level target from 110% to 100% for 2018
 - Temporarily deferred \$160M in funding requirements (\$0.23)
- Costs have continued to rise – contrary to optimistic forecast adopted during prior year rate setting process
- Stock market returns are approximately 2% YTD
- Higher risk that an overdue market correction will materialize in foreseeable future

FUNDING LEVEL RELATIVE TO 110% TARGET



AVERAGE ASSESSMENT RATES

2002 TO 2018



CHANGE IN FUNDING POSITION

	2012	2013	2014	2015	2016	2017	2018 Q2	2018 Trend
Liabilities	\$1,043	\$1,064	\$1,108	\$1,234	\$1,422	\$1,671	\$1,799	\$1,943
110% target	\$1,147	\$1,170	\$1,219	\$1,357	\$1,565	\$1,838	\$1,979	\$2,137
Assets	\$1,322	\$1,470	\$1,521	\$1,520	\$1,594	\$1,709	\$1,753	\$1,790
Ratio	127%	138%	137%	123%	112%	102%	97%	92%
Gap to 110%	\$174	\$300	\$302	\$163	\$30	\$-130	\$-226	\$-347

PROVISIONAL ASSESSMENT RATES

PRELIMINARY ESTIMATE

		2018	2019*	
New Accident Costs		\$1.47	\$1.62 to \$1.80	Preliminary range To be revised based on 3rd quarter results
Administration Costs				
- General		\$0.37	\$0.40 - \$0.44	
- Compliance, Prevention and Ed.		\$0.12	\$0.10 to \$0.12	
– Appeals Tribunal		\$0.02	\$0.02	
Funding Level Adjustment	(\$0.23) since funding level target was reduced from 110% to 100% for 2018 (\$0.03) reduction from excess funds for administration in 2018	\$ (0.26)	Approx. \$0.50 ?	To go from current 97% to 100% in one year
New Legislation			\$0.01 to \$0.07	Violence in the Workplace
Total		\$1.70	\$2.69 to \$2.95	Significant Increases

* All projections subject to change

CLOSING REMARKS

- Current situation is unsustainable
 - Internal continuous improvement efforts are important but will not have desired effect on overall rates
- Legislative change is critical
- Given the recommendations contained within the Task Force Report, we will work with the Department of Post-secondary Education, Training and Labour to determine next steps for legislative change.

THANK YOU

QUESTIONS?