WorkSafeNB Annual General Meeting

July 17, 2019
Poll on cost drivers

• What is the biggest driver of claims costs to worker’s compensation systems across Canada?

A. Visits to emergency rooms, clinics, doctors, physiotherapists and other health professionals
B. Time away from work related to a workplace accident
C. Prescription drugs, hearing aids and other medical aids (crutches, wheelchairs, home & vehicle modifications)
Safety Share

Safety shares are an informal discussion or presentation that focus on various safety issues – because nobody wants to get hurt at work, right?
01 2018 Year in Review
02 Enhancing Accident Prevention
03 Financials
04 2020 Assessment Rate Guidance
05 Building a leadership position in health and safety
06 Next Steps
New members on the Board of Directors

Mike MacMullin
Saint John

Mel Norton
Chairperson

Donna McNeill
Fredericton
New faces on our team

We added talent to our team to help us as we continue our business transformation.

Perry Cheeks  
Chief Financial Officer

Sonia Lanteigne  
General Counsel

Susan Layton  
Associate General Counsel & Corporate Secretary

Jeff Sheehan  
Chief Information Officer

Larahg Dooley  
Director of Communications
Who we serve

- 15,000 registered employers
  - 30,000 workplaces
  - ≈ 80% of employers have <10 employees
  - ≈ 92% of employers have < 20 employees

- 320,000 workers
  - ≈ 5,900 claims per year where worker misses time from work due to workplace injury
  - ≈ 5,300 claims per year where medical treatment required for workplace injury but no time is missed from work due to workplace injury
Fully funded by employers

- Occupational Health and Safety Requirements
- Wage Loss Compensation
- Workers’ Compensation Appeals Tribunal
- Administration Costs
- Medical Care and Rehabilitation for Injured Workers

Premiums cover costs related to:
2018 – A busy year preparing for change

March

April

July

Nov.

Dec.

Report of the Task Force on WorkSafeNB
July 2018

VOTE HERE
VOTEZ ICI

STRATEGIC PLAN

Bill 2
Key findings

- Government diminished WorkSafeNB’s independence and impacted operations
- WorkSafeNB strategic plan needs improvement
- Board practices require improvement
- Compensation and benefits not aligned with government expectation
KEY RECOMMENDATIONS

- Return policy deference to Board of Directors
- Occupational health and safety improvements
- Eliminate three-day unpaid waiting period
- Enhance rehabilitation and return to work practices
- Enhance governance
Key findings

Overall, WorkSafeNB’s claims management framework is reasonable and policies are consistent with best practices.

• “Return to work” goal not embedded in WorkSafeNB processes
• Time sensitive treatments can be delayed
• Ineffective claims system lacks automation
New strategic plan – Four key pillars

- **Drive a safety-first culture**
- **Achieve effective recovery**
- **Protect system sustainability**
- **Build a workplace committed to superior service**
Financials
Financial Summary – Year End 2018

<table>
<thead>
<tr>
<th></th>
<th>2014 ($ millions)</th>
<th>2015 ($ millions)</th>
<th>2016 ($ millions)</th>
<th>2017 ($ millions)</th>
<th>2018 ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$7</td>
<td>-$126</td>
<td>-$114</td>
<td>-$134</td>
<td>-$272</td>
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<tr>
<td><strong>Assets</strong></td>
<td>$1,521</td>
<td>$1,520</td>
<td>$1,594</td>
<td>$1,709</td>
<td>$1,709</td>
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<tr>
<td><strong>Liabilities</strong></td>
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<td>$1,234</td>
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<td><strong>Funding Level</strong></td>
<td>137%</td>
<td>123%</td>
<td>112%</td>
<td>102%</td>
<td>88%</td>
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Benefit costs and revenue: assessed employers

Legislative change
April 1, 2015

Legislative change
December 2018

Expenses paid in year
Expected change in future payments
Assessment revenue
Investment revenue
Average rate
Legislative changes that impact cost drivers

**Bill 2 - Dec 2018**
- Return Exclusive Jurisdiction
- Elimination of unpaid 3-day wait period
- Clarification of work-related injuries only

**Bill 27 - June 2019**
- Canada Pension Plan Disability Benefit clarification
## Financial Summary Q2 2019

<table>
<thead>
<tr>
<th></th>
<th>2018 year end ($ millions)</th>
<th>2019 Q2 ($ millions)</th>
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</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>-$272</td>
<td>$128</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>$1,709</td>
<td>$1,897</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>$1,943</td>
<td>$2,004</td>
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<tr>
<td><strong>Funding Level</strong></td>
<td>88%</td>
<td>95%</td>
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</table>
Benefits payments by year (first 6 months)
Hearing payments by year (first 6 months)
Benefit costs and revenue: self-insured employers

- In year costs
- Increase in future liabilities
- Costs in year
- Future liabilities

Legislative change
- April 2015
- December 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>In Year Costs</th>
<th>Increase in Future Liabilities</th>
<th>Costs in Year</th>
<th>Future Liabilities</th>
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<tbody>
<tr>
<td>2008</td>
<td>14</td>
<td>5</td>
<td>14</td>
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<td>2010</td>
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<td>32</td>
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<tr>
<td>2012</td>
<td>-4</td>
<td>-4</td>
<td>-4</td>
<td>-4</td>
</tr>
<tr>
<td>2013</td>
<td>-7</td>
<td>-7</td>
<td>-7</td>
<td>-7</td>
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<tr>
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<td>2015</td>
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<td>2019</td>
<td>68</td>
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<td>2020</td>
<td>46</td>
<td>46</td>
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</table>
Benefit costs and revenue: assessed employers

Expenses paid in year
Expected change in future payments
Assessment revenue
Investment revenue
Average rate

Legislative change
April 2015

Legislative change
December 2018

$2.05
$2.03
$2.08
$2.00
$2.00
$1.70
$1.61
$1.11
$1.11
$1.48
$1.70
$2.65

June 30
Driving a Safety-First Culture
Our ultimate goal is **ZERO**

- NB appears to compare well against other provinces
- There is more to the story…

**Lost-time Injury frequency**

- Source: Association of Workers’ Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Acute workplace fatalities

Our ultimate goal is zero.

*excludes heart attack & MVA
Acute workplace fatalities - MVA & Heart attack

![Bar chart showing acute workplace fatalities between 2009 and 2019. The chart compares MVA and Heart attack fatalities. MVA fatalities are represented in blue, while Heart attack fatalities are represented in orange. The chart indicates a fluctuation in fatalities over the years.](chart.png)
Occupational diseases can take years or even decades to develop and be diagnosed.
• 92% have less than 20 workers
• Not required to have JHSC
Lost-time (LT) Injury Trends by sector size

On average . . .

**LARGE**
- 4 LT claim / year
- 60% of LT accidents
- 42% of severe LT claims
- 600

**MEDIUM**
- 1 LT claim / 2 years
- 28% of LT accidents
- 34% of severe LT claims
- 2,400

**SMALL**
- 1 LT claim / 23 years
- 12% of LT accidents
- 24% of severe LT claims
- 12,000

We need to improve. Let’s talk about how we can do better, together...
Employer, Supervisor and Worker Duties and Obligations

- NB OHS Act is not as clear as legislation in other provinces on duties of employers, supervisors and workers.

- Supervisors have obligations and liability under both OHS Act and Criminal Code of Canada and many don't realize it.
Administrative penalties

- Monetary penalties issued for repeated non-compliance with OHS legislation
- Issued without having to involve court system
- Penalties range from
  - up to $500 for a worker in NS to
  - up to $662,000 for employers in BC
OHS Current issues

- NB commercial fishing
- Occupational hygiene regulation
- Psychological health and safety
- Cannabis
Guidance on Future Assessment Rates
2019 Rates by province

- NB: $2.65
- MB: $0.95
- AB: $1.08
- SK: $1.17
- BC: $1.55
- PE: $1.58
- ON: $1.65
- NL: $1.69
- NS: $2.65
Where are assessment rates headed?

- Expenses paid in year
- Expected change in future payments
- Assessment revenue
- Investment revenue
- Average rate

Legislative change
April 2015

Legislative change
December 2018

Expenses paid in year: $2.05, $2.08
Expected change in future payments: $1.70, $1.11
Assessment revenue: $1.70, $1.70
Investment revenue: $2.92, $2.65
Average rate: $2.03, $1.11

June 30
2020 Rate Guidance

• Asset values

• Liabilities

• Funding target

• Bill 2 changes yet to be considered by the Board of Directors

  • Funding target increase from 110% to 120%
  • Deficit recovery period increased from 8 to 15 years
## A Few 2020 Rate Possibilities

<table>
<thead>
<tr>
<th></th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>As of June 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>↓ 20%</td>
<td>As of June 30&lt;sup&gt;th&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>As of June 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>As of June 30&lt;sup&gt;th&lt;/sup&gt;</td>
<td>↓ $80M</td>
</tr>
<tr>
<td><strong>Funding Position</strong></td>
<td>110%</td>
<td>120%</td>
<td>110%</td>
</tr>
<tr>
<td><strong>Amortization Period</strong></td>
<td>8 years</td>
<td>15 years</td>
<td>8 years</td>
</tr>
<tr>
<td><strong>Estimated Rate Change</strong></td>
<td>↓ $0.15 - $0.25</td>
<td>↑ $0.00 - $0.20</td>
<td>↓ $0.25 - $0.35</td>
</tr>
</tbody>
</table>
Can we improve benefits while lowering costs?

Typical NB rates vs benefits discussion...

Higher

Lower

Basic

Robust
Other provinces

Higher

Lower

Basic

Robust
Poll on cost drivers

What is the biggest driver of claims costs to worker’s compensation systems across Canada?

A. Visits to emergency rooms, clinics, doctors, physiotherapists and other health professionals
B. Time away from work related to a workplace accident
C. Prescription drugs, hearing aids and other medical aids (crutches, wheelchairs, home & vehicle modifications)
Breakdown of benefit costs

- Wage replacement: 48%
- Rehabilitation & medical expenses: 13%
- Medical service providers inc. hospital: 22%
- Other: 17%
Average benefit cost per lost-time claim ($thousands)

Source: Association of Workers’ Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Average days from workplace injury to registration of claim

Source: Association of Workers’ Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Average days from workplace injury to first payment

Source: Association of Workers’ Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Average duration of claims (days)

Source: Association of Workers’ Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Return to work outcomes at six months

Source: Association of Workers’ Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Return to work outcomes at 2 years

Source: Association of Workers' Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017
Other provinces

RATES

Higher

Lower

BENEFITS

Basic

Robust
### Other comparators by province

<table>
<thead>
<tr>
<th>Province</th>
<th>2019 Rate</th>
<th>Legislated RTW/Modified Duties Program</th>
<th>Incentive to Report Accidents on Time and Accurately</th>
<th>Maximum Insurable earnings</th>
<th>% of net wage reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>NB</td>
<td>$2.65</td>
<td>No</td>
<td>No</td>
<td>$64,800</td>
<td>85%</td>
</tr>
<tr>
<td>ON</td>
<td>$1.65</td>
<td>Yes - 2011</td>
<td>Yes</td>
<td>$92,600</td>
<td>85%</td>
</tr>
<tr>
<td>MB</td>
<td>$0.95 ($0.57)</td>
<td>Yes - 2007</td>
<td>Yes</td>
<td>$127,000</td>
<td>90%</td>
</tr>
<tr>
<td>AB</td>
<td>$1.08</td>
<td>Yes - 2018</td>
<td>Yes</td>
<td>_</td>
<td>90%</td>
</tr>
<tr>
<td>SK</td>
<td>$1.17</td>
<td>Yes</td>
<td>Yes</td>
<td>$82,627</td>
<td>90%</td>
</tr>
</tbody>
</table>
Working together on OHS – Next steps

1. Imbed good safety leadership practices in all workplaces
2. Clarify employer, supervisor and worker duties and obligations in legislation
3. Consider administrative penalties for repeated non-compliance of health and safety violations
4. Review assessment rate setting model to better align safety leadership behaviours
5. Enhanced health and safety focus on public sector
Working together on Return to Work – Next steps

1. WorkSafeNB to improve processes to ensure timely decisions on new claims and treatment plans
2. Through legislation and education, imbed “Return to Work” as a critical, healthy part of rehabilitation
3. Worker, employers and medical services providers to report injury claims faster and improve quality of information
   • Consider administrative penalties for late filing of claims
Questions and Wrap-Up

Questions?
THANK YOU