

**YUKON WORKERS' COMPENSATION
HEALTH AND SAFETY BOARD**

ANNUAL INFORMATION MEETING

HELD MAY 20, 2010

At the Yukon Workers' Compensation Health and Safety Board
Training Room

WHITEHORSE, YUKON

Summary Notes

Vicki Hancock, Alternate Chair

Barbara Evans, Representative of Workers

Don Austin, Representative of Workers

Gary Annau, Representative of Employers

Tamara Goepfel, Representative of Employers

Valerie Royle President/CEO, YWCHSB

Reporter:

Beyond Words Business Services

SUMMARY OF THE ANNUAL INFORMATION MEETING

HELD MAY 20, 2010 AT 3:00 P.M.

Call to Order and Introductions

Alternate Chair Vicki Hancock called the meeting to order at 3:00 p.m. and introduced the members of the Board of Directors who were present, the Board's President and CEO Valerie Royle, and Conrad Ferguson with Morneau Sobeco, the Board's actuarial firm.

Message from the Board of Directors

Ms. Hancock noted that the 2009 Annual Report is available in hard copy or on-line at the Board's website. The 2009 Annual Report was tabled in the Legislature on May 6. The time difference between the report being available to the public and this meeting was in response to stakeholder requests. People wanted to have time to review the annual report and prepare their questions and comments before coming to this meeting.

Highlights of 2009 activities were presented. The compensation system fared well in 2009 based on positive returns on investments, lower claims costs, and improved administrative efficiencies. The Board approved an average assessment rate in 2011 of \$2.49. This is a 15.6-percent decrease or 46 cents less than the 2010 average assessment rate of \$2.95. As a result, Yukon will no longer have the highest average assessment rate in Canada.

For industries that are showing continual improvement in workplace safety, return-to-work outcomes and decreasing claims costs, this could mean a lower assessment rate for next year. However, for those industries that continue to show high injury rates and growing claims costs, it's unlikely that they will receive any rate decreases. It's only fair that good performing industries are rewarded while poor performers are held accountable for their lack of due diligence in improving safety.

The Board will be announcing specific assessment rates for all industries in the fall of this year. It has taken five years of hard work by the Board and its stakeholder partners to accomplish this goal.

Morneau Sobeco Presentation

Conrad Ferguson, partner with the firm of Morneau Sobeco, made a presentation regarding Yukon's assessment rates for 2011 and progress made on some of the key indicators that the Board uses.

In 2005 the Board developed a strategic plan for five years with a focus to work with employers and workers to improve prevention and return-to-work outcomes. Prior to this, the costs of the system in the Yukon were high. The assessment rates were low and did not cover the cost of the system. In fact, in the early 2000s, Yukon had the highest cost in the country and the lowest rates.

The reason the rates were low was the Board had accumulated substantial investment surpluses in prior years and employers were being refunded those surpluses through their assessment rates. When those surpluses were depleted, there was a need to increase the assessment rate very rapidly. Faced with this situation, action was required to address the main cost drivers in the system, being the cost of the claims. Much progress has been achieved toward that goal over the years, thanks to the efforts of the Board's stakeholder partners — the employers, the workers, the Board of Directors and Board staff.

The Board has approved a 15.6-percent reduction in the average assessment rate. That is done without compromising the security of benefits to injured workers. The system is in a solid financial position and can afford those rate reductions. The 15.6-percent reduction equals 46 cents. It is a \$4.25-million reduction in the assessments. The detailed rates per rate group will come in the fall, and not everyone can expect a rate reduction. Those industries with high costs will not necessarily get a reduction. They may also get an increase.

Mr. Ferguson explained that assessment rates are determined by taking into consideration various components such as new injury costs, administration costs, total insurance costs and funding policy. The Board maintains reserves over and above the amount required to cover the liabilities for injured workers, to cover adverse events like the market crash of 2008 or unusual or catastrophic events. In 2010 when rates were set, the reserves were not full and there was a need to replenish those reserves. That's why there was a 14-cent adjustment in the rate to get to \$2.95. The expectation is that by the end of 2010, the reserves will be fully replenished so there is no need for a funding policy adjustment to the rates for 2011.

The 2009 return-to-work outcomes continue to track with the 2008 outcomes. New injury costs have been tracking at about the same level since 2008. There have also been substantial savings realized through return-to-work outcomes from prior-year injuries. Estimates of claims costs a few years ago were higher than they are actually turning out to be because return to work has been better.

There is also increased vigilance in terms of investigations that have led to cost savings.

The Board embarked on its plan five years ago, which was designed to improve prevention and return to work. There were changes in the act that were part of the plan. There were increased investigations and employers were told that if there was success in achieving these cost savings, rates would be lower. The result after five years is that all claims outcome indicators have improved.

The changes to the act that were made in 2008 reduced the cost of claims by 13 cents per \$100 of payroll. That was already included in the rates for 2009 and 2010. Investigations led to one-time estimated savings of \$6 million — \$2 million in 2008 and \$4 million in 2009, providing more assets to cover benefit liabilities.

There has been a strong commitment from all players — workers, employers, the Board — to helping injured workers to return to work as early and as safely as possible. There is a prevention focus and assessable payrolls are still growing at a reasonable rate. Sustainable net savings in the system arise from fewer injuries and lower costs per injury to enable workers to return to work sooner. Prevention and effective return-to-work strategies are critical. The road to injury cost savings requires collaboration between the workers and the employers. It doesn't happen by itself. Everybody has to work at it every day.

Other sources of potential reductions include lower benefits under legislation and increased administration efficiencies. Mr. Ferguson noted that there is a need for a certain minimum to operate a system like this effectively. It's a complex system and it requires a lot of attention to make it work properly. It's potentially more expensive to put too much attention on administrative cost savings because it can result in inadequate claims management and longer lasting claims and higher costs in the long term. It also means that injured workers and employers may not get the support they need when they need it.

Much good work has been accomplished over the past five years. Going forward, it's important to stay focused on what has worked, to improve what has not worked so well and to see further improvements wherever possible. That is how lower assessment rates are achieved.

Message from the President and CEO

Valerie Royle provided handouts that included Yukon return-to-work indicators compared to the national average and the national comparison of the new injury costs.

A question-and-answer session followed, which included the following highlights:

- Investigators were working on prior-year claims, which would see a reduction of the benefit liability. The fact that this went down is quite significant and is directly attributable to the work of the investigators and that the same rate of people is not being put onto long-term liability because they are going back to work.
- When the annual report was released on May 6, there was discussion about increasing the fines for certain OH&S infractions; names will also be published for those receiving fines in June.
- Higher assessments are not the result of one or two employers within an industry who are driving up the rates for others in that industry.
- The CHOICES program offers employers who are doing the right things a rebate on their assessment rates.
- Individual employers will be advised what their rates will be in 2011 in September or October, depending on the amount of work involved and whether the Board will need to change any industries or classifications.
- For the businesses that don't get the decrease, or actually even get an increase, effort will be made to inform them of how they can change that, breaking down the rate into its various components.
- The time-loss target is one. Money is being invested in prevention and OH&S. The last five years have really focused on collaboration and cooperation. The current 2.3 compares quite favourably to the national statistics. Yukon is probably in the lower half, but there is room to improve.

Highlights from the 2009 Annual Report

Valerie Royle pointed out some highlights from the 2009 Annual Report including:

- There are fewer charts and graphs in this report than in prior years to avoid duplication when reporting for the national workers' compensation boards. A statistical supplement will be published in the fall.
- The reported incidents category has been eliminated because this statistic no longer includes incidents involving no medical or time-loss costs as they are not claims for compensation.
- The Board has a \$20.3-million operating surplus; there's a 14-percent return on investments.
- The administration costs increased, which is directly attributable to increasing the number of investigators from one to two and increasing costs in OH&S due to being fully staffed.

- The costs for the Appeal Tribunal are down, which is directly proportionate to the number of appeals.
- The Workers' Advocate office costs were significantly lower in 2009 than 2008.
- Reserves are back up to a healthier level than in recent years. The target for reserves is 125 percent — 100 percent for the benefits and 25 percent for reserves.

Vicki Hancock reported that the downside in 2009 is that there were four fatalities. OH&S has had to investigate those and unfortunately they will need to investigate another fatality this year. The Board offered sincere condolences to the families and friends of those workers. It is critical to focus on safety in the workplaces.

Participants were thanked for attending the Annual Information Meeting. If more questions come to mind, attendees were encouraged to contact the Board or staff for more information.

Adjournment

The meeting adjourned at 4:00 p.m.