



Modernization of the *Workers' Compensation Act and Occupational Health and Safety Act*

Acts modernization external advisory group meeting 1 - compensation issues

Gold Rush Inn, Town Hall

Thursday, October 31, 2019, 10:30 a.m. to 12:00 p.m.

Introduction

This is a summary of comments made by participants at the external advisory group session on October 31, 2019. For more information on the topics that were discussed [download](#) the compensation issues paper.

Method

Participants were divided into groups randomly and were asked to discuss acts modernization policy topics. Through group discussions that included Yukon Workers' Compensation Health and Safety Board (YWCHSB) staff, participants had their thoughts recorded on poster paper. The groups discussed three questions for each topic.

1. *What are the benefits to this approach?*
2. *What are the disadvantages/risks?*
3. *What are some other options to consider?*

The poster paper notes are reflected in this document.





Modernization of the *Workers' Compensation Act and Occupational Health and Safety Act*

Annuities

Proposal

The Government of Yukon proposes to permit the payment of all annuities as a lump sum, regardless of the amount a worker is entitled to receive. Workers would still have the option to purchase an annuity or other financial product if they so choose, however, it would no longer be a requirement under YWCHSB legislation.

Benefits

- In favor of no cap;
- Full payment makes funds immediately available to the recipient;
- Full payment is more flexible for the recipient;
- Immediate payment could alleviate potential hardships that a recipient may face;
- Easy to administer payment; and
- Provides autonomy to manage financial resources.

Risks and challenges

- Recipient may not be at a stage to responsibly manage funds;
- Lump sum payments can impact other benefits (e.g. income supplements, tax brackets etc.);
- Higher income may impact social supports available;
- Lump sum not acting like CPP benefit;
- Complications when a worker reaches retirement, but continues working;
- Lump sum has potential to increase stress;
- Financial acuity may be challenging; and
- Low income workers more likely to have immediate needs, yet less likely to seek financial advice.

Other options to consider

- YWCHSB offer financial advice to workers receiving an annuity in the event that a lump sum is paid out;
- Prior to payment of annuity, option for early payment if life expectancy decreases;



Modernization of the *Workers' Compensation Act and Occupational Health and Safety Act*

- Partial lump sum/partial annuity; and
- 3rd party advice mandatory and ensuring that resources are available to meet the needs of the recipient.



Permanent impairment benefits

Proposal

The Government of Yukon proposes to update the definition of permanent impairment and have all awards be paid to an injured worker as a lump sum only. This approach aims to provide clarity for workers and simplify the way this benefit is paid.

Benefits

- Simplified approach;
- More control to the worker;
- Not taxable;
- Impairment benefits can be reassessed and re-awarded;
- Financial freedom to manage finances as worker sees fit;
- If entitled, worker should have access to funds in addition to medical benefits;
- Flexibility and control for the worker to manage finances; and
- Continue to receive benefits as they are now.



Modernization of the *Workers' Compensation Act and Occupational Health and Safety Act*

Risks and challenges

- Workers may not have the resources or know how to manage lump sum;
- Other benefits may be impacted for low income workers; and
- AMA guidelines are very hard to understand, and may not be the most current model.

Other options to consider

- 3rd party resources available to workers to help manage funds;
- Financial advice should be made available; and
- Any other permanent impairment guidelines in addition to AMA.



Earnings loss benefits for low income earners

Proposal

The Government of Yukon proposes that earnings loss benefits for all workers whose pre-injury earnings are at or below the minimum amount be increased to 100 per cent of their pre-injury earnings, regardless of whether they are partially or totally disabled. This approach aims to enhance fairness and encourage an early and safe return to work.



Modernization of the *Workers' Compensation Act and Occupational Health and Safety Act*

Benefits

- Low impact on fund;
- Fair to lower income workers, less hardship;
- Avoid potential charter challenge due to current unfairness;
- Improve benefit outcome, so workers have more breathing room to recover;
- More fairness to those who are not deemed to be permanently disabled;
- Ensuring fairness for lower income workers can incentivize a return to work;
- There is negligible impact cost to the system;
- May reduce amount of complaints and appeals; and
- Easier for workers to focus on returning to work.

Risks and challenges

- Earnings Loss benefit calculation is 75% over 7 days. The formula is not as equitable for shift workers, who may not work on a 7 day rotation. It discourages return to work;
- Potential for people to earn more on compensation than when working;
- Unfairness may increase mental stress and reduce return to work rates;
- The switch from long term to short term can push some below the low income threshold;
- Consider how this applies to workers at or above minimum compensation
- Minimum compensation is below the minimum wage rate;
- More expensive for the employer; and
- 25% may be an arbitrary threshold.

Other options to consider

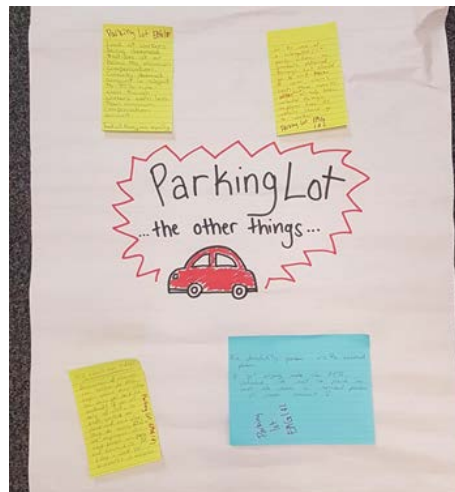
- Raise the minimum compensation benefit to be based on minimum wage rate;
- More return to work training for employers, with a focus on small business owners; and
- Basing benefit on the progressive tax system might help.



Modernization of the *Workers' Compensation Act and Occupational Health and Safety Act*

Parking Lot

When questions or statements arose throughout the meeting that were unrelated or were not covered by the topic under discussion, participants were encouraged to record thoughts on the “parking lot” poster paper.



A disability person vs a normal person

A disability person get injury more than 25%, calculated the cost to paid is not the same as normal person or same amount?

Look at workers being deemed that are at or below the minimum compensation =. Currently deemed amount is subject to 75% rule even though workers earn less than minimum compensation amount. Treat all those lower min. equally.