2019 AGM

-Participant questions and answers-

1. **How can I get involved in policy consultations in the future?**
   We post all policy consultations on our website. You can also email mailbox.pd.policy@wcb.ab.ca to receive policy update emails straight to your inbox.

2. **How do the legislative changes introduced in 2018 compare to legislation in other jurisdictions?**
   Interim relief was the only new benefit introduced last year that is new to workers' compensation. All other benefit enhancements and responsibilities exist in some capacity in other jurisdictions.

3. **How does a large employer start the process for determining undue hardship?**
   A conversation with the case manager is a great place to start. Undue hardship is treated on a case-by-case basis to determine whether there's a reasonable path for the specific employer to reasonably return their employee to either their job or a modified job. The case manager may arrange for a return-to-work specialist to consult with the worker, employer, and, if needed, the worker's physician or other treatment provider to discuss the situation in detail and determine if the undue hardship criteria is met.

4. **How does an industry opt out of Industry Custom Pricing after its been part of the program?**
   Industry Custom Pricing (ICP) is an industry-based pricing option that can only be chosen if the majority of the industry agrees to participate. Employers in the industry are polled, and if 50 per cent of the industry (as measured by insurable earnings) votes in favour, the ICP program will start the next rate year. Industry Custom Pricing (ICP) lets the employer take greater control of the premiums they pay. Employers doing well will likely pay less, and those who are doing poorly will pay more.

   If a currently participating industry can demonstrate interest that they would like to be re-polled, WCB will undertake a re-polling of the industry (the process is described in Policy 07-02 Part II Application 7). WCB will support the employers interested in re-polling by sharing information about the industry make-up, contact information for all employers in the industry as well as the impact of ICP on the industry as a whole.

5. **What is the anticipated deficit from rate setting for 2019?**
   For 2019, WCB budgets a deficit from rate setting of $227.4 million, which represents a subsidization of the average premium rate of 21 cents (average budgeted collected rate of $1.08 versus an average fully funded required rate of $1.29).

6. **Of the $561M deficit, how much is attributed to legislative changes?**
   The legislative changes were not a significant contributor to our 2018 deficit. It's important to note that the majority of the current overall operating deficit is due in large part to lower investment returns and actuarial losses (vs. claim costs and lower premium revenues). Going forward we estimate roughly $100M/year of cost (approximately $0.09 on the average premium rate) related to the legislative and review panel enhancements.

7. **Are employers going to receive a surplus distribution based on current funding?**
   No. WCB ended 2018 with a funded ratio of 118.3%, which is within its target range of 114-128%. Based on WCB's funding policy, the Board of Directors may only distribute excess funding if WCB ends a year above that funding range (i.e., above 128%).

8. **If there is a surplus, will WCB give funds for safety and prevention?**
   WCB ended 2018 with a funded ratio of 118.3%, which is within its target range of 114-128%. Based on WCB's funding policy, the Board of Directors may only distribute excess funding if WCB ends a year above that funding range (i.e., above 128%). When a year-end funding ratio exceeds 128%, the Board of Directors may allocate excess funding to employers to fund approved health and safety initiatives.

9. **Was the majority of the increase of lost-time claims in 2018 due to lack of initial injury reporting by the employee to the employer, or the severity of the injury itself with no modified work available by the employer?**
   The lack of initial reporting would not be a factor in the increase of lost time claims. However, you may be correct that fewer modified work options could be a factor. It's difficult to say with certainty exactly what is driving the increase, but we do know that there were simply more injuries last year that led people to miss time from work. This includes the volume of claims, as well as the slight uptick we saw in the lost-time claim rate.

10. **When claim costs rise as in 2018, which costs rise in a percentage basis versus the actual amounts paid directly to workers? I ask this knowing that overall administration costs are stable. It has been 20+ years since the pension system was replaced. Average employer premiums have declined for decades. Should all stakeholders have greater expectations on what WCB can deliver the day after the injury, when it is needed the most?**

    When there is a rise in overall claim costs, we see the effects in a number of different areas of spending. There is direct compensation to workers, which would include short-term and long-term disability payments, as well as survivor benefits to the families of workers who are fatally injured. We also see rises in costs related to rehabilitation and health care, which as you would expect, increases along with increasing claim volumes and inflation.

    Finally, there are the claims management expenses (administration costs). These can rise if, for example, we require more case managers to manage the rise in claim volumes. Typically though, we will always look first to find efficiencies in our business, and leverage those efficiencies before looking to hire more people. As you correctly point out, this has helped WCB keep administration costs stable over time (though I'd add that employer premium rates have actually risen each year since 2015).

If you're interested in the details, WCB publishes our financial statements publically each year in our Annual Report. 2018's financial statements are available here.

11. **There are cases where an employee had one higher than normal earnings year. If that employee reports an injury from that year where wage replacement is being provided, that employee then gets wage replaced at a rate higher then what workers who are at work are earning. This not equitable to anyone, workers or employers. Will this be addressed?**

    We generally use the past twelve months of earnings to set compensation rates, as this is usually the period of time that most fairly represents a worker's earnings. We will however, consider a longer retroactive period if a client believes it would be more appropriate. We do not however, consider future earnings when setting these rates (except in the case of an apprentice), as this would be speculative. In some cases, this means that following an injury, the economy may change and the worker's rate may end up higher, or lower, than what they may have earned had they still been working. As we cannot predict these future circumstances, it does not factor into our rate setting.