



*cutting through complexity™*

# **WSIB Adjudication & Claims Administration (ACA) Program Value for Money Audit Report**

## **EXECUTIVE SUMMARY**

# Table of Contents

<b>1. Value for Money Audit Overview.....</b>	<b>3</b>
1.1 Audit Approach	4
1.2 Adjudication & Claims Administration Program Overview	5
<b>2. Summary of Value for Money Audit Report.....</b>	<b>7</b>
2.1 Fundamental Principles & Objectives	8
2.2 Overall Opinion	10
2.3 Observations	12
2.4 Conclusions	17
<b>3. Recommendations &amp; Management Responses.....</b>	<b>19</b>
3.1 Recommendations & Management Responses	20

# 1.0 VALUE FOR MONEY AUDIT OVERVIEW

# 1.1 Audit Approach

KPMG LLP has conducted a value for money audit of the Adjudication and Claims Administration (ACA) Program at the Workplace Safety & Insurance Board (WSIB) of Ontario in accordance with the WSIB's request for proposal No. 2010-42-KH.

**SCOPE\*:** Provide an opinion as to whether current adjudication decision making and claims administration processes are being delivered in an efficient and effective manner. The audit focused on five key decision making functions, representing the highest impact areas of adjudication. They are:

- Initial Entitlement Decisions
- Non Economic Loss (NEL) Decisions
- Loss of Earnings (LOE) 72 month Lock-in Decisions
- Second Injury Enhancement Fund (SIEF) Decisions
- Recurrence Decisions

**ASSESS:** Assess a number of issues such as:

- Effectiveness of WSIB operational policies and guidelines in particular as to whether they provide adequate guidance to help ensure accurate, consistent and timely decisions are made in a financially responsible and accountable manner
- Administrative efficiencies of the adjudication and administration processes
- Adequacy of resources, information and systems to support cost effective and efficient decisions

Audit included inter-jurisdictional research related to workers' compensation boards in Canada that were similar in size. The research was focused on the five key decision making functions.

KPMG conducted the value for money audit in accordance with value for money audit standards recommended by the Canadian Comprehensive Auditing Foundation and accordingly included such tests and other procedures as we considered necessary. Due to relatively significant changes to the WSIB service delivery model, the focus of the audit was on calendar years 2008-2010.

*\*Occupational diseases and serious injuries are not included in the scope of this audit.*

## 1.2 Adjudication & Claims Administration Program Overview

Each claim submitted to the WSIB is received and registered in the Central Claims Processing (CCP) area. If submitted electronically by the employer, claims that require no lost time from work, and are simple and straightforward, can be system (or auto) adjudicated. All other straightforward claims, including those reported as having lost time from work, which can be allowed are adjudicated by a Primary Adjudicator. More complex claims, such as those with significant delays in reporting or where entitlement might not be granted, are adjudicated by an Eligibility Adjudicator.

If a return to work is not indicated at the time of the eligibility decision, the case moves to a Case Manager specializing in short term case management. Additional resources, such as that of a Nurse Consultant and Return to Work Specialist, assist in the recovery and return to work activities.

Cases where return to work has not been achieved and the worker has a permanent impairment are managed by a Case Manager specializing in long term case management. These Case Managers work with Nurse Consultants to assist with the worker's recovery and with Work Transition Specialists to assist with return to work with the accident employer or with activities to secure work with a new employer, where required.

A number of specialty teams are also in place within the ACA Program to assist with specialized decision making, including decisions regarding recurrences of an injury and entitlement to SIEF relief, where a pre-existing condition is delaying recovery.

## 1.2 Adjudication & Claims Administration Program Overview *(Continued)*

Decisions made within the ACA Program span a wide spectrum of entitlement considerations. Each year WSIB staff make well over a million adjudicative decisions including – but not limited to – initial claim entitlement, setting of wage loss benefits, health care and return to work.

In order to provide an audit opinion on the effectiveness and efficiency of the ACA Program, the VFMA undertook a detailed analysis of five key decision points in the life of a claim. These decision points were selected by the WSIB for review based on their complexity, associated cost factors and critical importance in the adjudication process and included:

- Initial Entitlement Decisions (Eligibility)
- Recurrence Decisions
- Second Injury Enhancement Fund (SIEF) Decisions
- Non Economic Loss (NEL) Decisions
- Loss of Earnings (LOE) 72 month Lock-in Decisions

The findings gathered from this analysis informed the VFMA's recommendations regarding the ACA Program's overall effectiveness and efficiency, while also identifying opportunities for improvements within each of the five key decision points themselves.

## 2.0 SUMMARY OF VALUE FOR MONEY AUDIT REPORT

## 2.1 Fundamental Principles & Objectives

Fundamental to the WSIB becoming a leading practice organization is the adoption of several key principles of disability prevention. The guidelines\* contained in the American College of Occupational and Environmental Medicine (ACOEM) paper on Disability Prevention provide a synthesis of current leading practice that are foundational for this change. Some of the key principles in the paper are as follows:

*“Only a small fraction of medically excused days off work is medically required – meaning work of any kind is medically contraindicated. The remaining days off work result from a variety of non-medical factors such as administrative delays of treatment and specialty referral, lack of transitional work, ineffective communications, lax management and logistical problems. ...Participants in the disability benefits system seem largely unaware that so much disability is not medically required.”*

*“Early intervention is the key to preventing disability...the odds of a worker ever returning to work drop by 50% by just the 12<sup>th</sup> week.”*

*“Unnecessary prolonged work absence can cause needless, significant harm to a person’s well-being. While on extended disability many patients lose social relationships with co-workers, self-respect that comes from earning a living, and their major identity component – what they do for a living. Many key players in the Stay at Work/Return to Work (SAW/RTW) process do not fully realize the potential harm that prolonged medically excused time away from work can cause. Many think that being away from work reduces stress or allows healing and do not consider that the worker’s daily life has been disrupted. With these attributes, system-induced disability becomes a significant risk.”*

*\*ACOEM Guideline: Preventing Needless Work Disability by Helping People Stay Employed*

## 2.1 Fundamental Principles & Objectives *(Continued)*

The review considered the fundamental principles that shape the WSIB and its service delivery objectives and models. The value for money generated by the program is in large part a function of the extent to which the program is designed and administered in a manner that is aligned with these principles.

Research conducted for the purposes of the review identified a number of fundamental performance objectives with respect to both the broader workplace compensation system and the adjudication and administration of individual claims. Fundamental system-level objectives, which are embedded in the purposes of the *WSIA*, would include:

- Minimizing the incidence of workplace injuries and illness
- Maximizing return to work and recovery outcomes
- Ensuring the fairness and equity of benefits as defined by the legislation
- Clear eligibility criteria and decision making rules
- Ensuring that system resources are applied through a risk-based framework
- Ensuring appropriate levels of customer service

The fundamental principles that relate to the adjudication and administration of individual claims are as follows:

- Fair and equitable outcome for all parties is for the worker to recover as fully as possible, and an early and safe return to his or her pre-injury job at full wage as quickly as possible
- Every effort should be made to alleviate the economic burden of the injury from the injured worker as quickly as possible in particular to allow the worker to focus on recovery and return to work efforts
- Return to work is most likely to occur at the pre-injury workplace and is an element of the recovery process, not a consequence of that process, so an integrated recovery/return to work plan should be executed
- Return to work will most generally occur within the first 3-6 months post-injury. Research suggests the probability of successful return to work drops significantly after that 3-6 month period has elapsed.
- Behaviour of all parties will be driven to a considerable extent by the structure of incentives created by the claim administration process – where incentives exist, whether intentional or unintentional, the various parties will act to take advantage of these incentives

## 2.2 Overall Opinion

The ACA Program provides value for money. The value generated by the program is evidenced in its ability to achieve positive return to work and recovery outcomes for the majority of injured workers, with over 85% of all lost time claims being resolved within three months of the injury date. This outcome is achieved while adjudicating large volumes of new claims annually, providing ongoing service to workers and employers for existing claims, and maintaining administrative costs that are consistent with comparator organizations. All of this occurs within a complex legislative framework which includes the administration of three distinct benefit schemes and the provision of compensation and services to a diverse stakeholder group.

The value for money generated by the program has been enhanced through a variety of recent reforms, in particular, the introduction of the New Service Delivery Model (NSDM) as evidenced by the early success observed in short term claim durations and the five decision making areas reviewed for the purposes of this report.

These reforms have improved return to work outcomes and the quality, consistency and speed of decision making during the period under review. Major indicators of improvement are:

- Over 87% of all eligibility decisions are made within 14 days of claim registration compared to approximately 65% in 2008
- More timely decision making is associated with improved return to work outcomes in the early durations of a claim. From 2009 to 2010, the percentage of workers returning to work improved at 3 months, 6 months, 12 months and 24 months post-injury. This demonstrates the importance of resolving the eligibility issue quickly so that the focus can be placed on return to work. These earlier return to work outcomes appear to lead to more sustainable as suggested by the reduced number of active recurrences in December 2009 (5,082) compared to December 2010 (3,475).
- Improved work reintegration efforts in longer duration claims resulted in a reduction of the proportion of claims requiring full LOE benefits at lock-in. In 2009, 42% of lock-ins were awarded full wage loss while only 30% required full wage loss for cases locked-in in 2010.
- Ontario has the highest rate of SIEF relief in any Canadian jurisdiction. This has had a negative impact on return to work. In late 2009 the WSIB began to address the overuse of SIEF and by 2010 34% fewer costs were relieved than the previous year. The \$108M reduction in total relief incented employers to take injured workers back to work and contributed to the improved return to work outcomes, especially for the shorter duration claims.

## 2.2 Overall Opinion *(Continued)*

In spite of these improvements, a number of efficiency and effectiveness improvements are available across the ACA Program and are reflected in the various report recommendations. In particular:

- The current legislative and policy framework introduces significant complexity around issues of eligibility and limits the ability of the WSIB to bring resolution to a claim in a timely fashion. The complex policy framework provides multiple avenues for reconsideration and/or appeal of decisions and/or the reactivation of claims. Therefore, the current framework can encourage extended claim durations.
- The ACA Program has been less effective in managing certain high risk complex claims. Three injury types – low backs, shoulders and fractures – contribute close to 50% of total claim costs. These claims also require a disproportionate level of staff resources. These injury types result in poorer recovery and return to work outcomes.
- The claims administration process has not provided for sufficient discipline with respect to timely case management/claim adjudication decision making which has allowed complex claims to remain active for prolonged periods.
- ACA Program resources have key skill and training gaps and supporting information systems do not support the automation of key program processes and do not include critical case management functionality.

The report's conclusion is that while the recent improvements to the design of the program have increased its value by improving return to work and recovery outcomes and reducing program costs, additional changes are required in order to maximize program outcomes. The recommendations set out in the following pages are designed to improve administrative efficiency and program outcomes. The recommendations are also intended to build upon and leverage the initiatives currently underway at the WSIB. These recommendations are grouped into the following categories:

- High risk claim identification and management
- Claims administration processes
- Policies
- Resources – skill development and systems support
- Management oversight and performance monitoring

## 2.3 Observations

### High Risk Claims Identification and Management

High risk claims generate a significant amount of resource activity within the ACA Program and represent a disproportionately large share of ACA Program related benefit costs. High risk claims are those that do not result in return to work within the 3-6 month window of opportunity. High risk claims generally include the determination of a permanent impairment. The risk of an injury becoming a permanent impairment varies based on a number of factors, including the type of injury. For example, over 20% of WSIB claims relate to low backs. The average cost of a lost time low back injury that does not lead to a permanent impairment is \$5,800; however, the average cost of a lost time low back injury that results in a permanent impairment is \$310,000. In fact, three injury types (low backs, shoulders and fractures) comprise close to 50% of all WSIB costs.

The WSIB has been less successful at managing these more complex, long-duration claims. This lack of success can be attributed to a number of factors, including:

- Complex policy suite that provides multiple opportunities for the reconsideration of adjudication decisions
- Delays in the receipt and collection of medical and other claim-related information
- Gaps in the technical knowledge of adjudication decision makers, in particular with respect to the interpretation of more complex policies and the interpretation and application of medical evidence to adjudication decisions
- Dispute resolution culture that is biased toward managing stakeholder grievances by awarding benefits on the workers and offering some form of rate relief on the employer side
- Litigious culture that has placed pressure on the WSIB to extend decision making timelines to respond to ever-increasing demands by the representative community to ensure that all possible evidence is gathered and considered as part of the decision making process
- Inadequate risk triaging for high risk claims and the lack of high risk claim processes and specialized resources to identify and manage these high risk claims
- Lack of formal case management decision making timelines and management review and approval of all key decisions which allows decisions to be delayed

## 2.3 Observations (Continued)

### Claims Administration Processes:

In recent years, the WSIB has introduced through the New Service Delivery Model (NSDM) a variety of process and system improvements that have increased the efficiency of the ACA Program, including the introduction of automated claims registration and adjudication processes. In 2010, the WSIB adjudicated initial entitlement within 14 days in 87% of the claims registered; however, the average time from injury date to date of registration was 19.3 days. This means that it takes 4-6 weeks from the date of injury for a claim to be allowed. These delays are inconsistent with the principles of disability prevention and are unfair to workers, putting them at a financial disadvantage. Initiatives to automate claim registration and claim management processes have been in progress for the last decade. In spite of this, many processes remain significantly paper-based and routine activities have not been fully automated. Further action is needed to improve timely reporting to support the principle of early return to work.

Key audit observations are as follows:

#### i) Front-End Claims Registration & Adjudication:

- Channels available to register claims are limited and cumbersome. The current Employer's Report of Injury/Illness (Form 7) does not lend itself easily to electronic submission due to the number of fields and does not adequately support long term earnings basis calculations (required under legislation at 12 weeks).
- Auto-adjudication of claims is limited to No Lost Time (NLT) claims and only 30% of such claims filed via eForm 7 are currently auto-adjudicated. This percentage has been based on the rules established through the WSIB's risk assessment, which needs to be revisited. Although 40,000 claims were auto-adjudicated in 2010, there is significant opportunity to expand the use of auto-eligibility. This can be further supported by simpler adjudication rules.

#### ii. Permanent Impairment Assessments:

- The accuracy and timeliness of permanent impairment decisions drive clarity and fairness because they help define the nature and level of return to work support the injured worker needs going forward. In 2009 and 2010, significant improvements were made to the processes for assessing permanent impairment. This resulted in reduced turnaround times and lower costs.

## 2.3 Observations (Continued)

- Outcomes in Ontario with respect to permanent impairments are not consistent with peer organizations. In particular, Ontario grants:
  - a higher proportion of NEL Awards relative to lost time injuries compared with the WSIB's peer organizations
  - a higher average NEL Award percentage compared to the WSIB's peer organizations (2009: Ontario - 14.6%; Alberta - 9.6%; BC - 9.1%; Quebec - 8.7%)
- Current mechanisms to collect and share medical information with approved providers to support claims decision making are largely paper-based, time-consuming and resource-intensive.
- Guide used to identify and quantify permanent impairments (American Medical Association [AMA] Guide 3<sup>rd</sup> Edition) is outdated, not easily understood by those outside the medical profession and not specifically intended to deal with work-related disabilities.

### Policies:

The current legislative and policy framework does not encourage the final resolution of claims and provides for multiple opportunities for the reconsideration or appeal of adjudication decisions and multiple avenues for benefit entitlement and premium management. In addition, the complexity of this framework can lead to protracted and delayed decision making which ultimately drives costs and shifts the focus away from recovery and return to work objectives.

Loss of earnings benefits are paid as long as a worker continues to experience a wage loss related to the compensable injury. Under the *WSIA*, WSIB will render a final decision on LOE benefits and lock in this level of benefits to age 65 no later than the end of the 72<sup>nd</sup> month (six years) from the date of injury, unless the 72 month mark occurs while the worker is in a work reintegration or formal return to work program.

The legislative lock-in provisions are contrary to leading practice. There is no clear correlation between the lock-in provisions and leading practice for successful return to work. Ontario is the only jurisdiction in Canada that has a lock-in provision. The original intent was to bring finality to workers and employers. However, what was clear from the stakeholder community was that return to work has often become a secondary objective, while securing long term benefits has become a primary objective. This has resulted in multiple adjudications and appeals, extending the life of claims with negative economic, emotional and social consequences to the injured worker.

## 2.3 Observations *(Continued)*

The combination of the six year legislative lock-in and the three year NEER experience rating window creates a period between year three and year six post-injury where negative incentives exist for both workers and employers to pursue successful return to work.

The significant change in the age of Ontario's workforce is especially evident for the injured worker population. Between 2003 and 2010, the proportion of all lost-time injuries that were suffered by workers aged 51 years or older increased from 17.2% (2003) to 25.3% (2010). This represents an increase of 47%.

With an aging workforce comes a variety of age-related, non-compensable physical conditions. Most prominent of these is the degeneration of the spine, often referred to as degenerative disc disease. A number of WSIB policies need to be reviewed to determine the extent to which the WSIB either over-compensates workers or relieves costs to employers for age-related problems. With respect to its cost relief policy, the WSIB relieves a higher proportion of costs than any other province. In addition, policies exist which negatively impact incentives for workers and employers to achieve the best possible return to work outcomes. The absence of a sound policy renewal framework does not enable the WSIB to regularly refresh policy in an ever-changing environment.

### **Resources – Skills Development and Systems Support:**

The implementation of the New Service Delivery Model (NSDM) involved job changes for approximately 1,500 front-line staff and managers. Because of the pressure to “run the business”, the process of upskilling staff has not been fully completed and we identified a number of gaps that remain. This is especially timely given the policy development and implementation that is being recommended in the Audit Report.

The NSDM has better aligned the ACA Program's resources to priority activities (e.g. Eligibility Adjudicator, Return to Work Specialist) and highlighted a number of key skill and training gaps of staff, particularly with respect to the understanding and application of more complex adjudication policies and the interpretation and application of medical evidence to adjudication decision making.

## 2.3 Observations *(Continued)*

The ACA Program's current claims administration roles and responsibilities and resourcing model does not include sufficient subject matter expertise to support adjudication decision makers. Operations Managers have struggled to balance their responsibilities around case management decision support and personnel management.

Despite ongoing efforts to increase the automation of claims administration, many processes remain heavily paper-based and require significant manual intervention. In addition, current claim information systems do not include critical case management capabilities.

### **Management Oversight and Performance Monitoring:**

Management oversight mechanisms have improved in the ACA Program since the introduction of the NSDM. For example, over 48,000 manager reviews were conducted on eligibility decisions in 2010. Also in 2010, requirements were established for management approvals of all 100% locked-in awards and SIEF decisions granting over 50% cost relief. In addition, a formal process for periodic manager case file reviews was just implemented in 2011 and a formal requirement for manager level review of referrals for PI Assessments relating to low backs has also been implemented. However, there are opportunities to formalize timelines and broaden the level of oversight across the entire claim lifecycle.

## 2.4 Conclusions

### **High Risk Claims Identification and Management:**

The lack of a high risk claims management process contributes to delays in adjudication decision making, extended claim durations and increased benefit liabilities for complex claims.

A risk assessment and triage function must be done at the initial stages of a claim to ensure that high risk or complex cases are given special attention and follow disability prevention leading practice specific to the nature of the injury in order to facilitate return to work and thereby minimize the likelihood of a permanent impairment.

### **Claims Administration Processes:**

#### **i. Front-End Claims Registration & Adjudication:**

- WSIB claims administration processes remain heavily paper-based, which results in administrative delay and extends decision making timelines. In addition, lack of timely reporting on the part of the workplace parties contributes to the overall delays. Delays in reporting, adjudication and management of claims can undermine the worker's wellbeing and increase the likelihood of longer term disability. Time and resources devoted to claim processing activity could be better allocated to more high value, adjudication decision making and case management activities.

#### **ii. Permanent Impairment Assessments:**

- Changes made by the WSIB to its NEL process in 2009 and 2010 have contributed to efficiency gains. Further opportunities for improvement exist in relation to the effectiveness of the flow of up-to-date medical information to the case manager in order to reduce time delays and improve the accuracy and quality of decision making. In addition, some of the differences between Ontario and peer organizations relate to Ontario's use of the AMA Guide 3rd Edition to rate permanent impairments. The guide is out of date, not user friendly and not specific to occupational injuries.

## 2.4 Conclusions *(Continued)*

### **Policies:**

The current policy suite introduces significant complexity around issues of eligibility and limits the ability of the WSIB to bring resolution to a claim in a timely fashion. The complex policy suite provides multiple avenues for reconsideration and/or appeal of decisions and/or reactivation of claims. Therefore, the current policy suite can encourage extended claim durations.

The policy making process at WSIB has been strongly influenced by a plethora of competing and conflicting stakeholder demands, including rate relief pressures from employers, benefit expansion pressures from injured worker representatives, and a broadening of the WSIB's mandate to address wider range of disability, employment and employment equity issues.

Various policies have become more problematic within the context of an aging workforce and have contributed to the expansion of cost relief provided to employers and the expansion of eligibility potentially beyond the scope envisioned by legislation.

### **Resources – Skills Development and Systems Support:**

WSIB adjudication decision makers have difficulty applying complex adjudication policies and understanding and interpreting medical evidence to support adjudication decision making. This can result in inconsistent adjudication decisions and/or delay adjudication decision making.

WSIB information systems lack the capability to increase the administrative efficiency of the claim administration process. In addition, these systems provide limited case management decision support capability for decision makers. The systems are also weak with respect to capturing and reporting key performance indicators for adjudication and case management.

### **Management Oversight and Performance Monitoring:**

Although significant progress has been made in this area, it is important that the WSIB develop a comprehensive framework covering its critical decision making functions. There are key decision points in the claim lifecycle, including MMR and some NEL Award decisions, for which no formal decision making timelines or manager level review requirements and authorities have been established. Therefore, there are opportunities to formalize timelines and broaden the level of oversight across the entire claim lifecycle.

## 3.0 RECOMMENDATIONS & MANAGEMENT RESPONSES

## 3.1 Recommendations & Management Responses

### High Risk Claims Identification and Management:

**RECOMMENDATION #1:** WSIB should enhance its current case management by developing a comprehensive risk assessment framework to identify all high risk claims and by developing specific processes and procedures to manage these claims more quickly, in order to improve recovery and return to work outcomes and reduce the benefit duration of high risk claims.

**Management Response:** *WSIB agrees with the recommendation. The WSIB will implement new internal processes for the management of the three highest risk injuries (low back, shoulders and fractures) by the end of Q4 2011. The WSIB is committed to developing a robust front-end risk assessment process to differentiate other high risk cases based on injury type and other risk factors by the end of Q1 2012.*

**RECOMMENDATION #2:** WSIB should establish a new work stream model within the Long Term Case Management (LTCM) Program which differentiates services to high leverage cases from those cases where only maintenance activity is required. For example, claims with adjusted long term LOE benefits would be streamed to a different unit supported by a separate staffing model.

**Management Response:** *WSIB agrees with the recommendation. In Q2 2011, a new Permanent Benefits Services Branch will be established to provide ongoing claims administration functions for cases in receipt of Future Economic Loss (FEL) and LOE lock-in awards.*

*To further enhance focus on cases requiring active management to improve recovery and return to work outcomes, the WSIB will implement a separate work stream for pre lock-in cases where Labour Market Re-Entry/Work Transition services have been completed and LOE payments have been adjusted. This will be in place by the end of Q1 2012.*

## 3.1 Recommendations & Management Responses *(Continued)*

### Claims Administration Processes:

**RECOMMENDATION #3:** WSIB should improve the time to registration by enhancing electronic registration channels, and expand the use of auto-adjudication in order to expedite eligibility adjudication and facilitate earlier claims management. WSIB should pursue regulatory and/or policy change to increase the level of the administrative penalty that can be assessed for late reporting and the timeline for reporting.

**Management Response:** *WSIB agrees with the recommendation. Under the WSIB eClaim Services Project, work is currently in progress to improve the online reporting to increase uptake of the WSIB electronic claim reporting channel. This will result in more efficient claim registration, expanded use of auto-adjudication and improved routing of claims for timely decision making and better return to work outcomes. Implementation to occur by the end of Q3 2011.*

*The WSIB will pursue regulatory and/or policy change to improve compliance with statutory reporting obligations. Any necessary policy changes will be implemented by the end of 2011 and submissions to the government on any required regulatory changes will be made by the end of 2011.*

## 3.1 Recommendations & Management Responses *(Continued)*

**RECOMMENDATION #4:** WSIB should improve the collection of medical information to support more timely decisions on Maximum Medical Rehabilitation (MMR) and improve the accuracy and efficiency of permanent impairment ratings. WSIB should also seek efficiency opportunities to allow for the electronic exchange of medical information with approved providers. WSIB should reassess its application of the AMA Guide 3<sup>rd</sup> Edition, in order to establish easily understood, less generic and more occupational-injury based guidelines to assess permanent impairments using accepted objective standards.

**Management Response:** *WSIB agrees with the recommendation and will take the following action:*

- *Revise standardized health care provider reports to include better information regarding MMR and PIs, with implementation to occur in Q4 2011.*
- *Seek efficiency opportunities to allow for the electronic exchange of medical information by expanding its eServices program. The first priority is the exchange of information with contracted providers will be implemented by the end of Q4 2011.*
- *Using the AMA Guide as a foundation, WSIB will develop new guidelines for assessing permanent impairments that will represent a more appropriate application of this general disability guide to work-related injuries. The new guidelines will be in place by the end of Q1 2012.*

## 3.1 Recommendations & Management Responses *(Continued)*

### Policies:

**RECOMMENDATION #5:** WSIB should examine the value of the six year lock-in window in supporting effective return to work and recovery outcomes for injured workers and promoting efficient resolution of claims, and develop an options paper assessing the benefits and costs associated with eliminating this provision to be provided to the government.

**Management Response:** *WSIB agrees with the recommendation and will assess the issue.*

**RECOMMENDATION #6:** WSIB should design a policy renewal framework that ensures the timely identification of policies that are inconsistent with the first principles of recovery and return to work. In addition, the policy framework should focus on encouraging adjudication decision making finality and more timely resolution of active cases. Such a framework would also reasonably balance stakeholders' need to be consulted with the WSIB's obligation to respond to changing circumstances and emerging needs in a timely manner and in order to effectively manage the system. In addition, through this framework, WSIB should review its current adjudication policy suite and prioritize policy changes required to support the achievement of return to work principles. The review should also consider the impact of an aging workforce on the effectiveness of its current policy suite. An objective of the new framework should be to simplify policy language wherever possible.

**Management Response:** *WSIB agrees with the recommendation. The WSIB has developed a draft framework for policy development and renewal that will be released for public consultation in July 2011. The document outlines what is policy, the role of policy at the WSIB and the process for developing/renewing policies, including the internal and external consultations that may be necessary before a policy is finalized. An annual policy agenda with a five year rolling plan will accompany the policy framework and will set out the policy priorities for 2011/2012. Implementation of the new policy framework will occur by the end of Q3 2011.*

## 3.1 Recommendations & Management Responses *(Continued)*

**RECOMMENDATION #7:** WSIB should immediately address the following policies negatively impacting on return to work and recovery outcomes. WSIB should review and revise the following policies:

- SIEF (subject to Arthurs' review mandate)
- Aggravation Basis Entitlement
- Work Disruptions
- Recurrences
- CPP LOE Benefit Offset
- Assessing Permanent Impairments
- Claims Reporting
- Reimbursement for Health Care Travel Expenses
- Relevant Experience Rating windows

**Management Response:** *WSIB agrees with the recommendation. These policies will be included in the policy priorities for 2011/2012.*

## 3.1 Recommendations & Management Responses *(Continued)*

### Resources – Skills Development and System Support:

**RECOMMENDATION #8:** WSIB should identify and address knowledge gaps and develop additional technical support capabilities. This would include emphasizing technical training related to policy and administrative decision making, expanding technical advice capabilities and identifying and addressing the most significant limitations of current claim information systems over the next six to nine months. WSIB should conduct a strategic review of its current information management strategy.

**Management Response:** *It is well recognized that WSIB must make eligibility decisions in a complex medical, policy, social and legal environment. To this end, we are renewing and simplifying our policy suite as recommended in other sections of this audit report, to provide our adjudicators with as much guidance and clarity as possible. In addition, as this audit report acknowledges, 'key' decision points in the ACA process have been considerably strengthened through the creation of specialized roles and training to handle the more complex adjudication stages of a claim. As well we have instituted increased oversight by experienced managers. These specialized areas include initial entitlement, SIEF, permanent impairments, recurrences and LOE lock-in decisions.*

*Starting in Q1 2011, the WSIB established a new Skills Development Branch within the Operations Cluster to ensure the continuous improvement of staff skills and knowledge, including the development of effective desktop tools for decision makers.*

## 3.1 Recommendations & Management Responses *(Continued)*

### Management Oversight and Performance Monitoring:

**RECOMMENDATION #9:** WSIB should assess its timelines with respect to all critical adjudication activities to ensure appropriate review deadlines have been established to support timelier decision making with respect to recovery and return to work.

**Management Response:** *WSIB agrees with the recommendation. In Q1 2011, the WSIB established and began installing operational benchmarks (process measures) that describe all critical adjudication activities with corresponding management measures and targets for all phases of a claim. Full implementation is expected to be completed by the end of 2011.*

**RECOMMENDATION #10:** WSIB should strengthen its management oversight by developing a formal review and approval framework for key decisions, including all referrals for PI Assessments.

**Management Response:** *WSIB agrees with the recommendation. In addition to existing manager reviews and touch points, the WSIB will establish an oversight and approval framework to ensure an appropriate level of quality, consistency and risk management in relation to key decisions. This would include all referrals for permanent impairment assessments. The framework will be implemented by the end of Q4 2011.*