

Title: THE PROBLEM OF LONG DURATION WORK INJURY CLAIMS IN ONTARIO, CANADA

Authors: Sheilah Hogg-Johnson*, David Tolusso, Cynthia Chen, Emile Tompa, Benjamin Amick

All authors based at:
Institute for Work & Health
481 University Ave., Suite 800
Toronto, Ontario, Canada
M5G 2E9

* **S Hogg-Johnson** (presenter) contact information:

Telephone: 416-927-2027 x2130
Fax: 416-927-4167
E-mail: shoggjohnson@iwh.on.ca

Topic Track: The State and Disability Management: Lessons Learned from Government Initiatives and Reforms

1-2 Sentence Descriptive Abstract: Recent increases in claims durations among injured workers in Ontario are causing concern. We examine the contribution of a policy change to the increasing durations.

Extended Abstract

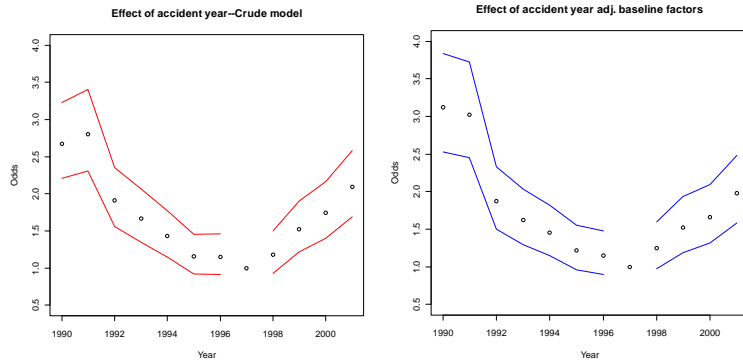
Rationale: Over the last decade in Ontario, there has been a dramatic increase in the number of total compensated days per lost time Workplace Safety & Insurance Board (WSIB) claim and an increase in the rate of claims remaining active and open - namely increases in claims persistence. The trend is in contrast to a declining claim rate experienced over much of the 1990s. The proposed research is designed to investigate why there has been a trend of increase in persistence of lost time claims. Our proposal has been guided by four hypotheses. The *denominators hypothesis* suggests that increases in compensated days are due to increases in the number of claims in the system and/or the number of workers in the labour force. The *increasing claims severity hypothesis* suggests there has been a change in the types of injuries being claimed over time with more severe claims requiring longer time away from work becoming more prominent. Another possible explanation is the *changing work environment hypothesis*. As the economy moves from one reliant on manufacturing and natural resources to one built on skill and information based work, there may be new challenges for injured workers to return to the workplace and new challenges for employers to accommodate injured workers in the work environment. Finally, the *policy change hypothesis* posits that changes in legislation and policy introduced in 1998 may have led to changes in the practices of claim adjudication and management that might contribute to increases in the time on benefits.

Research Questions: 1. Is there a marked increase in persistency concurrent with the policy changes of January 1998 under Bill 99? 2. Could changes in the size of the labour force, worker demographics, injury characteristics, workplace characteristics account for observed changes in claims outcomes over time?

Policy Change: The Workplace Safety & Insurance Act replaced the older Workers' Compensation Act in Ontario on January 1, 1998. The change in policy was primarily aimed at reducing the unfunded liability which sat at around \$10 billion in 1997. There were several policy and operational changes introduced at this time. For instance, the wage replacement rate was reduced from 90% of net wage to 85% of net wage. There was an increased focus on prevention of work injury including expansion of experience rating programs and an expansion of the sector based Health & Safety associations in the province. Responsibility for return to work was shifted away from the WSIB and toward employers and workers, this being called a model of self-reliance. Vocational rehabilitation services were no longer provided by the WSIB, but were outsourced to third party providers. Finally, the adjudicator roles were consolidated, taking away adjudicators specialized to make certain types of decisions and moving to a one-person service delivery model.

Methods: Claimants to the Ontario Workplace Safety & Insurance Board with an allowed lost-time work-injury claim with date of accident between January 1, 1990 and December 31, 2001 from a schedule 1 firm were eligible for inclusion. Excluded were claims for fatalities, serious injuries or occupational diseases. Inclusion ended at year 2001 to allow complete follow-up for locked-in status for all claims at the time of data extraction. A stratified random sample of claims – 10% of claims randomly drawn from each accident year – was drawn and used for analysis. Two outcome measures were considered: total compensated days on 100% benefits and whether a workers claim is “locked in” to a specified benefit rate until age 65 years. Baseline covariates considered include: year of accident, worker age, sex, occupation, pre-injury wage, geographic region, previous claim history, part of body injured, nature of injury, firm size and industrial sector. In addition, we examined claims milestones such as time to initial adjudication, shifts in claim status from no-lost-time to lost-time and use of the second injury enhancement fund (SIEF). Descriptive statistics of all variables under study were examined by year of accident. For locked in status, logistic regression models were used to analyse the relationship between the covariates and the outcome. For cumulative duration on 100% benefits, the log-normal model was used to analyze the relationship between the covariates and the outcome.

Results: There were 126,709 claims included in our 10% sample of Schedule 1 lost-time allowed claims. The percentage of claims locking in was 3.7% for 1990 claims, gradually reducing year by year to 1.5% for 1997 claims, and then increased year by year to 3.0% for 2001 claims. The unadjusted and adjusted odds ratios of locking in by year of accident are shown in the figure below using 1997 as the reference year. There was an increased likelihood of locking in for workers of older age, females, nature of injury concussions, inflammations and herniated discs, part of body back and neck and for workers from smaller firms.



There were similar findings for the cumulative duration outcome. On the other hand, markers of claims adjudication and management showed significant relationships with claims outcomes and also diminished the year to year differences in outcomes when accounted for. For example, the odds ratio of locking in for a claim with SIEF compared to a claim without SIEF was 3.63 (95% CI (3.01, 4.37)) after adjusting for the year of accident, baseline characteristics and % permanent impairment.

Conclusion: There is a year-to-year trend in claims outcomes hinged at accident year 1998, showing decreasing durations and decreasing likelihood of locking in from 1990 to 1997 and increasing durations and increasing likelihood of locking in from 1998 to 2001. These differences cannot be explained away by changes in denominators, changes in attributes of the injured workers (e.g., aging workforce), changes in injury characteristics or workplace characteristics. We are left concluding that changes in policy in 1998 are one likely explanation for increasing claim duration. Claims management practices and decision milestones in the life of the claim appear to have a more important role in determining claim durations.

Relevance to Disability Management: This study addressed the role of the state in disability management and presents some lessons that can be learned from government initiatives and reforms. The change in legislation in Ontario was intended to reduce the unfunded liability by increasing prevention efforts (and therefore decreasing the work injury rate), and improving early and safe return-to-work as well as long-term claim outcomes through improved vocational rehabilitation. Instead, it unwittingly increased durations among the longest of the long claims. One important lesson to be learned is the importance of ongoing monitoring of disability outcomes to quickly identify issues as they arise.