

KSM Review – Recommendation

December 2014

Overview

After reviewing jurisdictional survey responses, the process recommended for the review of remaining KSMs differs slightly from that decided upon in May. Instead of voting on measures individually and then assessing remaining KSMs as a whole, it seemed more efficient to make some assumptions and present the re-categorized data as a whole and then revise categorization of individual measures if required.

The basis for the recommendation begins with a broader view of different KSM audiences and assesses measures based on overarching themes and, most importantly, on jurisdictional survey responses.

Measures have been distributed into 3 categories:

1. External KSMs;
2. Internal KSMs (WCB staff); and
3. KSMs to be discontinued.

Opportunity will be given for jurisdictions to voice concerns on where individual KSMs have been placed and adjustments will be made accordingly.

Background – KSM Review Subcommittee

When KSMs started, there was no mechanism built in to discontinue obsolete KSMs.

In May 2013, the CFO Committee struck a subcommittee to:

- Optimize current list of KSMs.
- Explore potential for reduction of published KSMs.

In September 2013, a survey was sent out to gather information to facilitate the KSM Review.

In November 2013, CFOs reviewed survey results and agreed on process to review all KSMs.

In May 2014, CFOs reviewed 9 KSMs and 9 Indicator Ratios and recommended 9 measures be discontinued and 1 made internal.

A second survey was sent out regarding remaining KSMs to facilitate reviewing all remaining KSMs by year end 2014.

Audiences

To be able to keep the most appropriate external measures, it is important to assess different audiences, how they consume KSM data and what their requirements are.

There are two main audiences of KSMs:

1. External (public)
2. Internal (all WCB staff)

External Audience

An external user could be any member of the public with varying understanding of workers' compensation.

Examples of external users are:

- Media
- Researchers
- Ministries of Labour
- OH&S organizations
- Safety associations
- Employers
- Workers Advisors

What data are they looking for?

- High level*
- For general use*
- Canada totals
- Comparisons between jurisdictions

*with exceptions, for example, research organizations, ministries, OH&S organizations may be knowledgeable and seeking more detailed information.

External users, because they may be less familiar with workers' compensation data, occasionally request data analysis and clarification of what measures mean from the AWCBC. This tends to happen more for injury data than financial data. Some examples relating to KSMs:

- Why is this measure decreasing and that measure increasing?
- What is included in this measure? How is this measure different from that measure?
- How much does workers' compensation cost each year?

Internal Audience (WCBs)

An internal user could be any staff member of a WCB. There may be another added level of internal user required for KSM submitters or CFOs, for example if a new KSM is being developed and is not yet ready for other internal users.

What data are WCB staff looking for?

- Detailed data (within their field of expertise)
- How their jurisdiction compares to other jurisdictions
- Trends
- Leading Indicators
- Identification of Best Practices

Themes / Categories

To be able to keep the most appropriate external measures, it is beneficial to look at how measures are organized, starting with what themes / categories of KSM data are available and how many measures are available in each category.

Currently, each KSM falls under a category and subcategory. Although data is currently categorized, it may be helpful to tweak the current categories / subcategories to segment better for varied audiences, particularly those less familiar with workers' compensation data.

Current Categories/Subcategories

The current categories / subcategories are:

1. Claim Data
 - a. Injury Frequency Related
 - b. Operational Measures
 - c. Severity
2. Self-Insured Employers
3. Financial Data
 - a. Current Year Financial Data
 - b. Basic Accounting Measures
 - c. Other Accounting and Financial Data
4. Indicator Ratios

Recommended Categories/Subcategories

The proposed new categories / subcategories are:

1. Claims / Injury Frequency
 - a. Claims Reported
 - b. Lost Time Claims
 - c. Fatalities
 - d. Injury Frequency
 - e. Coverage
 - f. Operational Measures / Timeliness to Payment
2. Severity / Return to Work
 - a. Duration
 - b. Impairment
 - c. Return to Work

3. Financial
 - a. Funding / Investment
 - b. Admin Costs
 - c. OH&S Costs
4. Benefits
 - a. Benefit Costs
 - b. Benefit Liabilities
 - c. Benefit Payments
5. Assessments
 - a. Revenue
 - b. Payroll
 - c. Assessment Rates

At the December 2014 CFO meeting, opportunity will be provided for jurisdictions to indicate whether they agree with the above re-categorization of themes.

Recommendation – Measures Recommended by Audience

Individual KSMs have been grouped based on:

1. Categories / themes
2. Audience requirements
3. Jurisdictional survey responses

At the December 2014 CFO meeting, opportunity will be provided for jurisdictions to indicate whether they agree with the individual KSM recommendations. Recommendations for individual KSMs can be found in the Appendices and a summary of jurisdictional survey responses will be provided as meeting materials to facilitate discussion.

External Measures

External measures are available to any member of the public, as well as WCB staff. The recommendation for external audiences is, to avoid clutter and confusion, only provide one or two measures per subcategory. If there are 2 similar measures, a layperson may not understand subtleties of definitions.

See Appendix A for recommendation of measures to be kept external.

Internal Measures

WCB staff understand the subtleties between similar measures, so additional measures should be provided to WCBs providing it is of added value/interest. This should be balanced with additional effort required to produce the measures.

If WCB staff is logged on to AWCB's website, these additional measures would be available to them (in addition to external measures).

At the December 2014 CFO meeting, there should be discussion on:

1. General philosophy for internal KSMs:

Should all (or most) KSMs not marked as external generally be kept as internal, since the WCB audience can understand subtleties between similar measures and since measures are currently already being produced?

2. Healthcare and Vocational Rehab KSMs:

Can/should healthcare be separated out from vocational rehab? If healthcare can be separated out, should these measures be kept, and if so should they be internal or external?

3. Percentage of Wage-Loss Claims off Compensation at X days:

Are all 6 time intervals necessary? If not, which time intervals should be kept external, which kept internal and which discontinued?

4. Indicator Ratios:

5 indicator ratios were recommended to be discontinued in May 2014. Given these are automatically calculated, should they be reconsidered for inclusion as internal KSMs for WCB staff only.

See Appendix A for recommendation of measures to be available internally to all WCB staff. Note, this also includes external measures.

KSMs to be discontinued

Based on the above analysis, some KSMs are recommended to be discontinued entirely (i.e. not kept externally or internally). See Appendix B for recommendation of measures to be discontinued.

Trends / Commentary

Coming out of the December 2014 CFO meeting, there will be a revised list of KSMs. At this point, as the next level of presenting data, it may be worthwhile to assess whether there is the necessity and/or desire to provide trends and/or commentary along with the data. If so, should this be done for external users and/or WCB users? Would data be presented similar to QuikStats? Are jurisdictions interested in using data to present positive trends (such as declining injury rates)? What are the opportunities and what are the apprehensions?

At the December 2014 CFO meeting, there will be opportunity for general discussion on embarking on providing trends and/or commentary along with the revised list of KSMs.

APPENDIX A – Recommended External and Internal Measures

Measures recommended to be available externally to all public users appear below in white. Measures recommended to be available internally to all WCB staff are highlighted in green below.

	AB	BC	MB	NB	NL	NS	NT/NU	ON	PE	QC	SK	YT
Claims / Injury Frequency												
Claims Reported												
1-Number of Claims Reported	149281	145126	37008	22429	14125	25050	3935	232249	3783	109588	37344	1537
Lost Time Claims												
2-Total number of Lost-Time Claims	28132	50209	15024	3872	3769	6083	899	54430	890	67687	10519	419
2.1-Number of New Lost-Time Claims for Assess employers	27108	48416	13043	2777	3431	5506	879	41508	836	66203	10230	419
2.2-Number of New Lost-Time Claims for Self-Insured	1024	1793	1981	1095	338	577	20	12922	54	1484	289	N/A
Fatalities												
3-Number of Fatalities Accepted	188	128	24	12	30	26	6	266	0	184	35	3
3.1-Number of Fatalities Accepted - Occupational Disease	99	67	17	9	25	15	1	181	0	121	13	2
3.2-Number of Fatalities Accepted - Injury	89	61	7	3	5	11	5	85	0	63	22	1
Injury Frequency												
21-Injury Frequency (per 100 workers of assessable employers)	1.34	2.29	3.12	1.13	1.78	1.92	2.21	0.95	1.22	1.82	2.57	1.87
Coverage												
22-Percentage of Workforce Covered	92.1	95.32	74.89	91.37	97.64	72.82	-	73.55	96.46	93.13	73.33	99.76
Operational Measures / Timeliness to Payment												
16-Avg Calendar Days from Injury to First Payment Issued	23.5	28.3	26.9	37.8	33.6	27	26.21	33.81	34.54	N/A	39.16	34.13
17-Avg Calendar Days from Registration to First Payment Issued	19.62	22.2	21.1	29.1	26.87	19	13.73	25.18	17.2	N/A	30.48	29.85
Severity / Return to Work												
Duration												
18-Average Composite Duration of Claim	58.43	75.9	51.61	69.83	114.76	98.73	36.36	-	91.8	103.61	50.93	32.04
Impairment												
19-Average New Impairment Award Percentage	10.78	10.1	5.7	8.7	14.09	8.84	8.9	9.88	5.19	9.76	9.12	6.8
20-Proportion of Claims Awarded Impairment Benefits	9.98	11.1	7.61	12.38	13.42	18.83	14.42	6.88	13.72	22.22	5.69	5.18
Return to Work												
24.1-% of LTCs Receiving Wage-loss Benefits at end of 2nd yr aft	2.02	1.83	1.22	3.75	5.26	4.1	4.92	2.1	6.75	5.12	1.12	1.14
24.2-% of LTCs Receiving Wage-loss Benefits at end of 6th yr aft	0.76	0.46	0.79	2.54	4.15	4.61	0.65	4.27	2.76	2.9	0.19	1.38
25.1-% of Wage-Loss Claims off Compensation at 30 days	-	-	-	-	-	-	-	-	-	-	-	-
25.2-% of Wage-Loss Claims off Compensation at 60 days	-	-	-	-	-	-	-	-	-	-	-	-
25.3-% of Wage-Loss Claims off Compensation at 90 days	-	-	-	-	-	-	-	-	-	-	-	-
25.4-% of Wage-Loss Claims off Compensation at 120 days	-	-	-	-	-	-	-	-	-	-	-	-
25.5-% of Wage-Loss Claims off Compensation at 180 days	-	-	-	-	-	-	-	-	-	-	-	-
25.6-% of Wage-Loss Claims off Compensation at 360 days	-	-	-	-	-	-	-	-	-	-	-	-

	AB	BC	MB	NB	NL	NS	NT/NU	ON	PE	QC	SK	YT
Financial												
Admin Costs												
8-Administration Costs for Assessable Employers	175941	268636	54832	25834	32365	35320	20531	-	7448	320328	50059	7165
IR1-Administration Costs Per \$100 of Assessable Payroll	0.17	0.33	0.34	0.31	0.43	0.37	0.81	-	0.43	0.25	0.27	0.66
IR6-Administration Costs per Lost-Time Claim	6490	5548	4204	9303	9433	6415	23357	-	8909	4839	4893	17100
OH&S Costs												
9-Total OH&S Costs Paid by Boards During Year	57784	73437	14230	9332	-	9993	-	-	1211	175221	23777	2964
IR4-OH&S Costs paid by Boards per \$100 of Assessable Payroll	0.06	0.09	0.09	0.11	-	0.1	-	-	0.07	0.14	0.13	0.27
Funding / Investment												
14-Market Rate of Return	10.6	12.4	13.6	15.73	15.85	15.7	13.77	-	15.73	12.83	17.5	16.2
15-Percentage Funded	134.26	124.6	134	138.2	106.6	71.4	116.4	-	135.3	95.3	148.8	152.6
Benefits												
Benefit Costs												
4.1-Current Yr Benefit Costs Incurred for Assessable employers	768937	1039445	143962	78560	88214	171544	23537	-	19497	1644228	164692	11998
4.1.1-Current Yr HealthCare+VocRehab Benefit Costs Incurred for Assess Employers	393912	433460	52921	37588	30441	49754	6702	-	6160	463844	75702	4539
6-Benefit Costs Incurred	834	1676	260.7	163.4	145.5	260.4	33.3	-	32.4	2390.5	275.5	22.3
IR2-Current Yr Benefit Costs Per \$100 of Assessable Payroll	0.76	1.28	0.88	0.95	1.17	1.78	0.92	-	1.12	1.27	0.87	1.1
IR5-Current Year Average Benefit Cost per Lost-Time Claim	28366	21469	11037	28290	25711	31156	26777	-	23322	24836	16099	28634
Benefit Liabilities												
7.1-Total Benefit Liabilities for Assessable employers	5856	10168	832.1	900.7	911.3	1769.6	-	-	152.3	11686.7	1035.5	116.6
7.1.1-HealthCare+VocRehab Benefit Liabilities for Assess Emp	2328	2705	225.2	264.3	270	354.7	-	-	32.8	2936.3	350	18.6
23-Real Rate of Return to Discount Fully Indexed Benefits	3	3	3	4	3.5	3.5	-	-	3.5	3.75	3.25	3.4
Benefit Payments												
5.1-Benefit Payments for All Yrs Paid During the Yr for Assess em	694814	1256893	166227	112193	130981	220153	-	-	22418	1880792	192293	13215
5.1.1-HealthCare+VocRehab Benefit Payments for All Yrs Paid During the Yr for Assess Employers	324549	442366	49775	38957	40229	55590	-	-	6705	472817	77075	5036
Assessments												
Revenue												
10-Assessment Revenue for Assessable employers	1130.2	1214.5	245.7	115.9	191.3	260	-	-	35	2687.6	301.4	22.6
11-Total Premium Revenue	1130.2	1243	265.8	158	201.1	296.8	-	-	36.4	N/A	304.6	23.1
Payroll												
12-Assessable Payroll for Assessable employers	100980	81433.7	16360	8272.4	7568.9	9627.3	-	-	1738	129000	18851	1090
Assessment Rate												
13.1-Actual Average Assessment Rate for Assessable employers	1.13	1.55	1.5	1.44	2.71	2.66	-	-	1.97	2.08	1.57	2.07
13.2-Provisional Average Assessment Rate for Assessable emplc	1.12	1.63	1.5	1.44	2.75	2.65	-	-	1.97	2.08	1.58	2.34

APPENDIX B – Recommendation of KSMs to be Discontinued

The following measures are recommended to be discontinued entirely.

	AB	BC	MB	NB	NL	NS	NT/NU	ON	PE	QC	SK	YT
Severity / Return to Work												
Return to Work												
26-Percentage of Lost-Time Claims Awarded Long-Term Wage-Loss Benefits	-	1.3	1.2	3.65	N/A	4.29	-	-	-	-	-	1.19
Benefits												
Benefit Costs												
4.2-Current Yr Benefit Costs Incurred for Self-Insured employers.	2818	18034	24391	23755	855	33708	155	-	-	N/A	1526	N/A
IR2.1-(HealthCare+VocRehab) Current Yr Benefit Costs per 100\$ of Assessable Payroll	0.39	0.53	0.32	0.45	0.4	0.52	0.26	-	0.35	0.36	0.4	0.42
Benefit Liabilities												
7.2-Total Benefit Liabilities for Self-Insured employers.	0	263	123.3	142.8	N/A	N/A	1.8	-	-	N/A	0	N/A
IR3-Benefit Liabilities Expressed as a Multiple of Benefit Payments made in the Year	8.43	8.09	5.01	8.03	6.96	8.04	8.3	-	6.8	6.21	5.39	8.83
IR3.1-(HealthCare+VocRehab) Benefit Liabilities as Multiple of (HealthCare+Rehab) Pa	7.17	6.11	4.52	6.78	6.71	6.38	5.18	-	4.9	6.21	4.54	3.7
IR8-(HealthCare+Vo Rehab) Liabilities as a Percentage of Total Benefit Liabilities	39.8	26.6	27.07	29.34	29.6	20.04	13.67	-	21.6	25.1	33.8	16
Benefit Payments												
5.2-Benefit Payments for All Yrs Paid During the Yr for Self-Insured employers.	0	26475	27574	31343	7665	33708	539	-	1041	N/A	3258	N/A
IR7-(HealthCare+VocRehab) Payments as a Percentage of Total Benefit Payments	46.7	35.2	29.94	34.72	30.7	25.25	21.9	-	29.9	25.1	40.1	38.1