

# 2007

## Accountability Framework Report

Workers' Compensation Board - Alberta



Workers'  
Compensation  
Board

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*Alberta*

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# Introduction

## Accountability

Accountability is an obligation to answer for the execution of one's assigned responsibilities.

*Accountability is distinguished from terms such as responsibility and answerability<sup>1</sup>. A responsibility is the obligation to act or make a decision. Answerability is an obligation to provide information. Both are actions. Being accountable implies a relationship between people to account for responsibilities conferred. In other words, it is an obligation to demonstrate and be responsible for performance achieved in light of previously agreed upon expectations<sup>2</sup>.*

The Workers' Compensation Board – Alberta is accountable to stakeholders through a number of key performance reports that form the foundation of its Accountability Framework. These include the Annual Report, tabled at the Legislature; the Investment

Report, documenting WCB's investment performance and plans; the Corporate Scorecard Reports, published quarterly to report progress on the organization's annual business plan; and the Annual General Meeting with stakeholders, providing an interactive forum of results discussion.

Through the use of the Accountability Framework Report, Albertans can review additional measures that reflect key trends or information of interest to our diverse stakeholder groups. These measures reflect input from different stakeholder groups and may, in some cases, be duplicates of measures reported through other reports.

This report is provided annually to the Minister of Alberta Employment and Immigration by the Workers' Compensation Board - Alberta.

All aspects of WCB's Accountability Framework are available online at [www.wcb.ab.ca](http://www.wcb.ab.ca).

<sup>1</sup> *Achieving Accountability in Alberta's Health System (1998)*

<sup>2</sup> *Excerpt from Memorandum of Understanding (MOU) signed between WCB-Alberta and the Minister responsible for the Workers' Compensation Act.*

# Report of the Auditor General on the results of applying specified auditing procedures to performance measures

To the Minister of Alberta Employment and Immigration and the Workers' Compensation Board – Alberta Board of Directors

Management is responsible for the integrity and objectivity of the performance results included in the 2007 Workers' Compensation Board – Alberta's Accountability Framework Report. My responsibility is to carry out the following specified auditing procedures on performance measures in the Accountability Framework Report. I verified:

## Completeness

1. Performance measures matched those agreed to by the Minister of Employment and Immigration and the Workers' Compensation Board – Alberta. Actual results are presented for all performance measures.

## Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information used to calculate the actual results.
3. Information in reports that originated in the Workers' Compensation Board – Alberta matched information that was used to calculate the actual results. In addition, I tested the processes used to compile the results.

## Comparability and understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Workers' Compensation Board – Alberta in achieving its goals.



FCA

Auditor General  
Edmonton, Alberta  
April 16, 2008

# Communication

Goal: Improve communication by seeking stakeholder feedback on communication efforts.

## Measure

Percentage of stakeholders that responded to a survey and indicated satisfaction with format and content of:

1. Annual Report
2. Annual General Meeting
3. Online Policy Consultation process

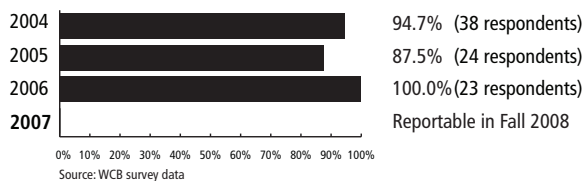
For greater detail see Appendix.

Responses to surveys are typically low in comparison to attendance and participation in activities and programs.

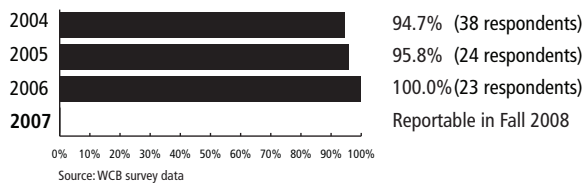
## Performance (reported annually)

### 1. Annual Report

#### Satisfied with format

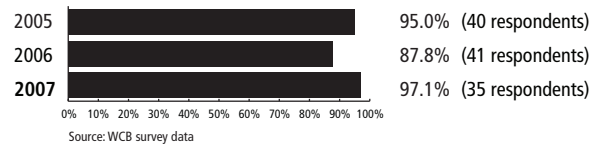


#### Satisfied with content

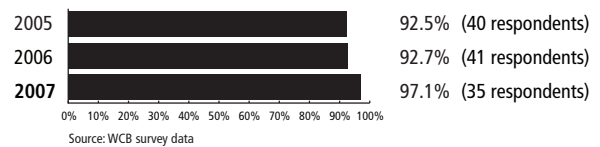


### 2. Annual General Meeting

#### Satisfied with format

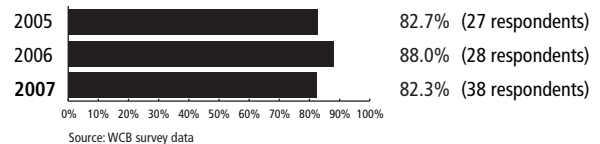


#### Satisfied with content

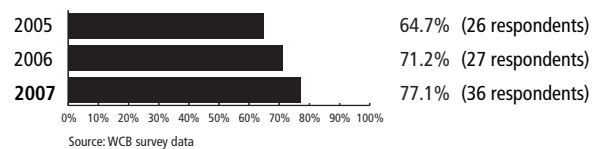


### 3. Online Policy Consultation

#### Satisfied with format



#### Satisfied with content



# Service and commitment to fairness

Goal: Demonstrate our understanding of customer issues and our commitment to fairness by making timely, appropriate and easy to understand decisions for both injured workers and employers.

## Measure

Percentage of customers satisfied with WCB-Alberta services and satisfaction with the fairness of our decisions in the claims process.

R.A. Malatest and Associates reports on the following measures:

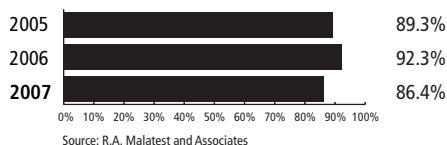
4. Employers' satisfaction with services from WCB
  - Percentage of overall satisfaction
  - Percentage of satisfaction with fairness of decision
5. Injured workers' satisfaction with services from WCB
  - Percentage of overall satisfaction
  - Percentage of satisfaction with fairness of decisions
6. Injured workers' overall satisfaction for claims lasting 1 to 14 days
7. Injured workers' overall satisfaction for claims lasting 15 days or more

For greater detail see Appendix.

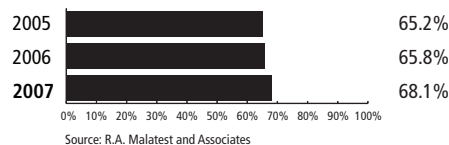
## Performance (reported annually)

### 4. Employers' satisfaction with WCB services

Overall satisfaction

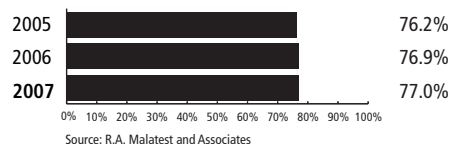


Satisfaction with fairness of decisions

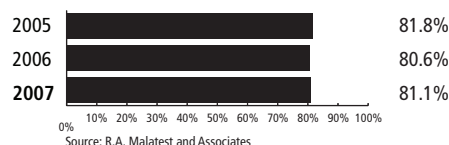


### 5. Injured workers' satisfaction with WCB services

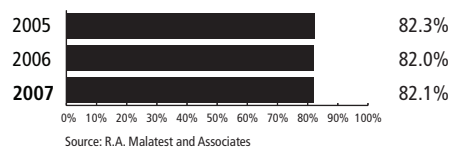
Overall satisfaction



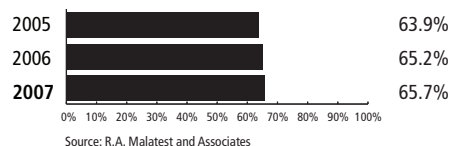
Satisfaction with fairness of decisions



### 6. Injured workers' overall satisfaction for claims lasting 1 to 14 days



### 7. Injured workers' overall satisfaction for claims lasting 15 days or more



# Clarity of decisions

Goal: Demonstrate our commitment to fairness by making appropriate and easy-to-understand decisions for both injured workers and employers.

## Measure

Percentage of customers satisfied that decision letters are easy to understand.

R.A. Malatest and Associates reports on the following measures:

- 8. Employer satisfaction that case manager decision letters are easy to understand
- 9. Injured worker satisfaction that case manager decision letters are easy to understand

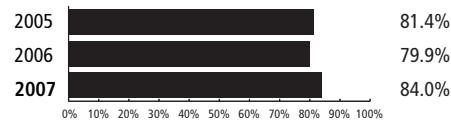
WCB reviews appeal volumes and overturn rates from Appeals Commission reports. The Appeals Commission is an external independent body responsible for hearing and deciding appeals from WCB decisions. Their data is used to report:

- 10. Number of decisions overturned by the Appeals Commission
- 11. Percentage of appealed decisions overturned by the Appeals Commission

For greater detail see Appendix.

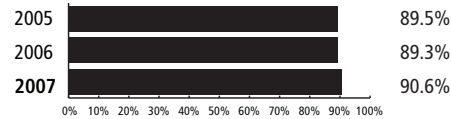
## Performance (reported annually)

### 8. Employer satisfaction that case manager decision letters are easy to understand



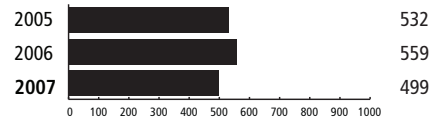
Source: R.A. Malatest and Associates

### 9. Injured worker satisfaction that case manager decision letters are easy to understand



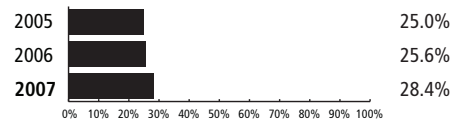
Source: R.A. Malatest and Associates

### 10. Number of decisions overturned by the Appeals Commission



Source: Appeals Commission for Alberta Workers' Compensation

### 11. Percentage of appealed decisions overturned by the Appeals Commission



Source: Appeals Commission for Alberta Workers' Compensation

# Timeliness of service

Goal: Encourage employers to report accidents within 120 hours from notification of the incident. Once reported, WCB-Alberta strives to ensure workers receive benefits in a timely manner.

## Measure

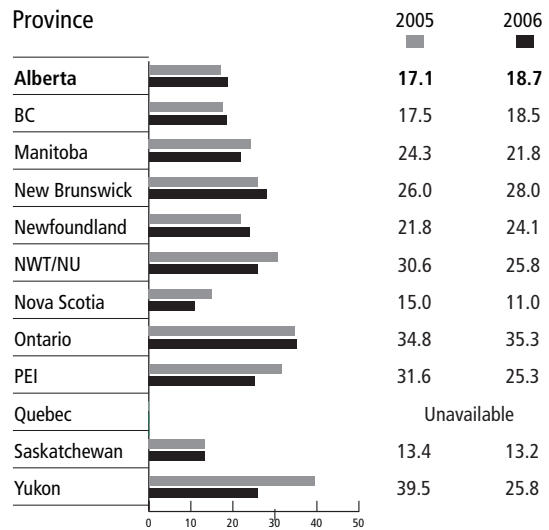
WCB-Alberta's internal data and the reports issued by the Association of Workers' Compensation Boards of Canada (AWCBC) are used to report:

12. Cross-Canada comparison of number of days from claim registration to first payment to the injured worker
13. WCB-Alberta's average days between claim registration (when claim is reported) and first payment to the injured worker
14. Percentage of employer reports received within the 120-hour time frame

For greater detail see Appendix.

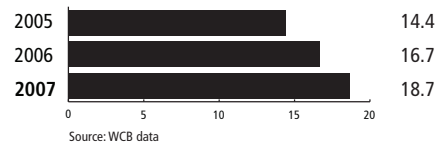
## Performance (reported annually)

### 12. Cross-Canada comparison of number of days from claim registration to first payment to the injured worker



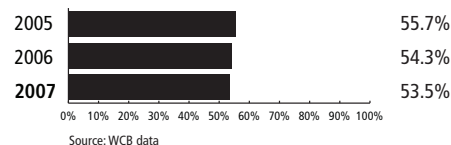
Source: AWCBC. The AWCBC calculation uses claims registered in the calendar year and payments made before March 31<sup>st</sup> of the following year.

### 13. WCB-Alberta's average number of days between claim registration and first payment to the injured worker



Source: WCB data

### 14. Percentage of employer reports received within the 120-hour time frame



Source: WCB data

# Return-to-work programs

Goal: The safe, healthy and appropriate return of workers to the pre-accident or a new employer. Workers' compensation insurance provides wage replacement while a worker rehabilitates from a workplace injury. This compensation ends when a worker is fit to return to work.

## Measure

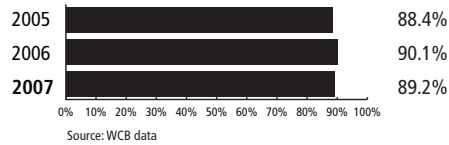
WCB-Alberta internal data is used for reporting:

- 15. Percentage of injured workers that return to work with their pre-accident employer
- 16. Percentage of injured workers that return to work with a new employer

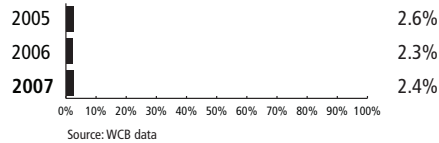
For more detail see Appendix.

## Performance (reported annually)

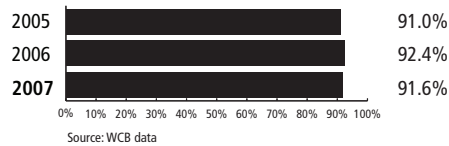
### 15. Injured workers that returned to work with pre-accident employer



### 16. Injured workers that returned to work with new employer



### Return to work totals



# Ability to meet financial obligations

**Goal:** The financial stability of the organization leads to stable premium rates, cost-effective risk financing for employers, and safeguarded benefits for injured workers.

Factors within WCB-Alberta's control are financial and disability management policies and practices, premium rates and funded position, percentage of overall administration costs, the investment portfolio asset mix and executing the portfolio management strategy.

The following factors, outside WCB-Alberta's control, may impact those measures within our control: economic, socio-economic, and appeals factors; strategies and results of other WCB's in Canada; overall costs; and poor capital market performance.

## Measure

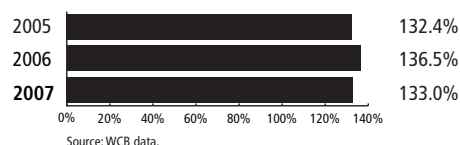
Using WCB-Alberta internal data, Association of Workers' Compensation Boards of Canada (AWCBC) report information and the Towers Perrin annual report on investments to WCB-Alberta, the following measures are reported:

- 17. Funded position (percentage of assets that exceed liabilities)
- 18. Cross-Canada comparison of funded positions and employer premium rates
- 19. Percentage of overall cost devoted to administration
- 20. Rate of return on investments

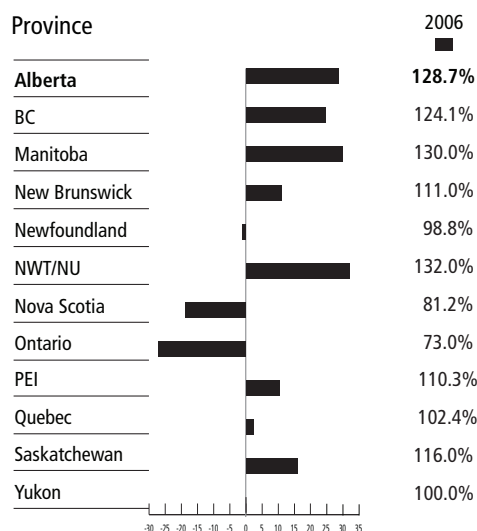
For more detail see Appendix.

## Performance (reported annually)

### 17. Funded position (including Occupational Disease Reserve of 6%)



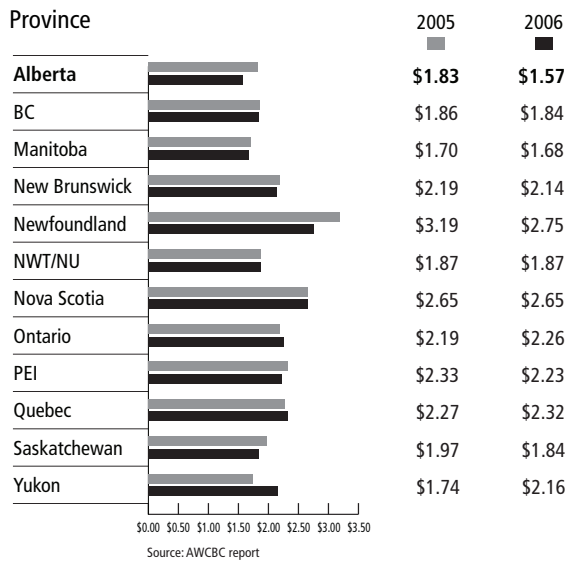
### 18. Funded position – Cross-Canada comparison of funded positions



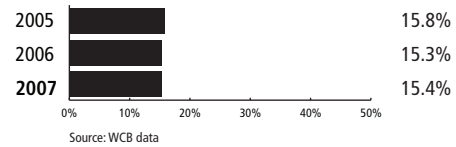
Source: AWCBC reports. The information contained from the AWCBC report is based on accepted national definitions and may not be the same as statistics published in WCB-Alberta Annual Reports. Additional information on these statistics can be found at: [www.awcbc.org](http://www.awcbc.org).  
2007 funding data not yet available from AWCBC.

### Cross-Canada comparison of premium rates

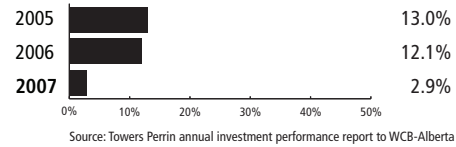
Average Premium Rate (per \$100 of insurable earnings).



### 19. Percentage of overall costs that are administration costs



### 20. Rate of return on investments



# Effectiveness of prevention activities

Goal: Improve the safety of Alberta worksites. Alberta Employment and Immigration is responsible for investigating and penalizing employers for unsafe worksites. WCB-Alberta focuses on ensuring employers who invest in safer worksites are rewarded with lower workers' compensation insurance rates.

## Measure

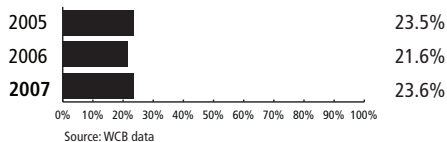
WCB-Alberta's internal data is used to report:

21. Percentage reduction in the claims costs for Partners in Injury Reduction (PIR) participants versus non-participants
22. Percentage of workers covered by WCB-Alberta that work for a PIR employer
23. Number of reported injuries:
24. Time-loss claims (workplace injury that results in a worker missing at least one day of work)
25. No-time-loss claims (workplace injury that does not lead to time off work)
26. Work-related deaths

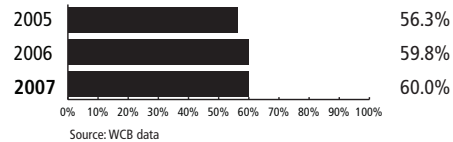
For more details refer to Appendix.

## Performance (reported annually)

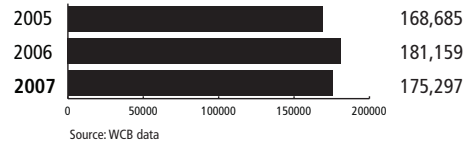
### 21. Percentage reduction in claims costs for Partners in Injury Reduction (PIR) participants versus non-participants



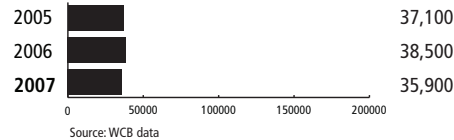
### 22. Percentage of workers covered by WCB-Alberta that work for a PIR employer



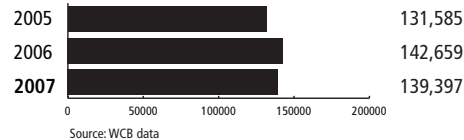
### 23. Number of reported injuries



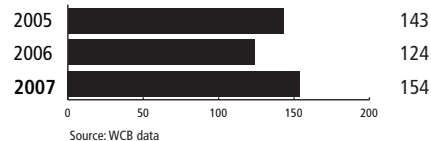
### 24. Time-loss claims (TL)



### 25. No-time-loss claims (NTL)



### 26. Work-related deaths



## Communication

There are three formal communication channels for WCB-Alberta to share and receive information from stakeholders (employers, workers and general public): The Annual Report, Annual General Meeting and On-line Policy Consultation.

### 1. Annual Report

All stakeholders receiving WCB-Alberta's Annual Report can provide feedback. The Annual Report, issued every June, has a survey enclosed that can be either mailed or faxed back to WCB. The Annual Report is distributed to all participants of the Annual General Meeting (AGM) and mailed to stakeholders.

The surveys are completed either in paper format or online. The two questions asked are as follows:

- Overall, I am satisfied with the format of the WCB-Alberta Annual Report.
- Overall, I am satisfied with the content of the WCB-Alberta Annual Report.

Responses are based on a five-point satisfaction scale where 1 is Strongly Disagree, 2 is Disagree, 3 is Neither Agree or Disagree, 4 is Agree and 5 is Strongly Agree. 'Satisfied' scores are a compilation of 'Agree' and 'Strongly Agree'.

### 2. Annual General Meeting

The Memorandum of Understanding states this measure is for 'Satisfaction with Information Sessions', the Annual General Meetings are used as a proxy to provide feedback on information sessions.

All stakeholders attending the Annual General Meeting (AGM) can provide feedback.

The AGM has stakeholders in attendance at the meeting and via the Internet. Guests include:

- Respondents to ads placed in newspapers
- Stakeholder groups and associations
- WCB employees

The meeting is webcast and allows real-time participation of the Internet audience in the question and answer session. Paper forms are distributed to meeting participants and an online survey is part of the webcast audience sign-off from the Internet site. Participants can choose not to complete a survey. All responses are anonymous.

The surveys are completed either in paper format or online. The two questions asked are as follows:

- Overall, I am satisfied with the format of the WCB-Alberta Annual General Meeting.
- Overall, I am satisfied with the content of the WCB-Alberta Annual General Meeting.

Responses are based on a five-point satisfaction scale where 1 is Strongly Disagree, 2 is Disagree, 3 is Neither Agree or Disagree, 4 is Agree and 5 is Strongly Agree. 'Satisfied' scores are a compilation of 'Agree' and 'Strongly Agree'.

### 3. Online Policy Consultation

Early in each year, WCB seeks feedback from stakeholders on the preceding year's web-based policy consultation activities. Satisfaction is measured through an online questionnaire, which is available on the WCB website. The same questionnaire is used from year to year in order to provide comparable results.

Three questions solicit feedback on the format of the web-based consultation process and ask respondents to indicate their degree of satisfaction on a five-point scale (from Strongly Agree to Strongly Disagree). Overall 'Satisfied' scores are a compilation of the 'Agree' and 'Strongly Agree' responses to each of the three 'format' questions.\*

Two questions solicit feedback on the content of the web-based consultation process; specifically the adequacy of the information provided and the ease of locating the proposed policy changes.\* Satisfied scores are a compilation of 'c) just right' for question 1 and 'a) clearly identified' for question 2.

\*Questions are as follows:

#### Format

- The email notice, announcing that a new policy is posted for consultation, is helpful.
- It is easy to navigate through the different pages of the Policy and Legislation web pages of the WCB website.
- The questionnaire format is easy to complete and submit.

#### Content

- The information provided in Stage 1 is usually: [check one]
  - a) too brief to understand the issue and offer input;
  - b) more lengthy than required to understand the issue and offer input;
  - c) just right in order to understand the issue and offer input.
- In Stage 2, the proposed changes to a policy are usually: [check one]
  - a) clearly identified, making the changes easy to find;
  - b) poorly identified, making the changes difficult to find.

## Service and commitment to fairness

4. Employers' satisfaction with services from WCB
5. Injured workers' satisfaction with services from WCB
6. Injured workers' overall satisfaction for claims lasting 1 to 14 days
7. Injured workers' overall satisfaction for claims lasting 15 days or more

WCB-Alberta hires an independent third party through a Request for Proposal (RFP) process, R.A. Malatest and Associates, to randomly survey current customers (employers and injured workers). Responses are based on a five-point satisfaction scale (1 – very dissatisfied; 2 – dissatisfied; 3 – neutral; 4 – satisfied; 5 – very satisfied). The 'Satisfaction' percentage is calculated by adding the 'Satisfied' and 'Very Satisfied' responses.

- The quarterly sample of 400 employers provides results that are accurate to  $\pm 4.9\%$  at a 95.0% confidence level.
- The quarterly sample of 400 injured workers (cases closed in previous quarter) provides results that are accurate to  $\pm 4.9\%$  at a 95.0% confidence level.
- For measure 4, the stratified sample is weighted by the total insurable earnings of the employer which is used as a surrogate for the number of employees to avoid giving undue prominence to any group.
- For measure 5, the overall results are weighted by the population percentages of each stratum in the sample to reflect responses of the overall population according to standard survey practice.
- For measures 6 and 7, the 'Satisfaction' percentage is calculated by stratifying the 'Satisfied' and 'Very Satisfied' responses into two groups, 1 to 14 days and 15 days or more. This value is then weighted by the proportion of each group in the population as well as the number of responses in each quarter.

## Clarity of decisions

8. Employer satisfaction that case manager decision letters are easy to understand
9. Injured worker satisfaction that case manager decisions are easy to understand

WCB-Alberta hires an independent third party, R.A. Malatest and Associates, to randomly survey current customers (employers and injured workers). The survey asks customers "Are the letters you received from your case manager easy to understand?" Responses are based on a 5-point satisfaction scale (1 – very dissatisfied; 2 – dissatisfied; 3 – neutral; 4 – satisfied; 5 – very satisfied).

- The quarterly sample of 400 employers provides results that are accurate to  $\pm 4.9\%$  at a 95.0% confidence level.
- The quarterly sample of 400 injured workers (cases closed in previous quarter) provides results that are accurate to  $\pm 4.9\%$  at a 95.0% confidence level.

The 'Satisfaction' percentage is calculated by adding the 'Satisfied' and 'Very Satisfied' responses and then dividing by the total number of respondents that were interviewed.

10. Number of decisions overturned by the Appeals Commission
11. Percentage of appealed decisions overturned by the Appeals Commission

WCB reviews appeal volumes and overturn rates from Appeals Commission Yearly Comparison reports. The Appeals Commission is an external independent body responsible for hearing and deciding appeals from WCB decisions.

## Timeliness of service

Both WCB-Alberta's internal data and the reports issued by the Association of Workers' Compensation Boards of Canada (AWCBC) were used to report:

### 12. Cross-Canada comparison of number of days from claim registration to first payment to the injured worker

The AWCBC calculation uses claims registered in the calendar year and payments made before March 31st of the following year, which caps the total number of days. AWCBC receives data from the provinces and reports it collectively as Cross-Canada comparisons. The information contained from the AWCBC report is based on accepted national definitions and may not be the same as statistics published in WCB-Alberta's Annual Reports. Additional information on these statistics can be found at: [www.awcbc.org](http://www.awcbc.org).

### 13. WCB-Alberta's average number of days between claim registration and first payment to the injured worker

WCB-Alberta tracks the date a claim is registered with WCB through worker, employer or physician reports of injury and the number of calendar days until WCB makes the first Temporary Total Disability (TTD) payment on a valid claim. The internal WCB-Alberta calculation is triggered by all first time payments made in the calendar year and then calculating the number of days from registration of the claim.

### 14. Percentage of employer reports received within the 120-hour time frame

Percentage of employer reports received within the legislated time frame is calculated for claims where there was a Temporary Total Disability (TTD) payment made in the calendar year. The result is calculated as the number of claims where the employer report was received within five days of the accident date divided by the total number of claims with TTD reported for the year. Fatal accidents or accidents where the date of accident is not filled in are excluded. Accidents where Employer Report Received Date is not available are deemed to be over five days. Legislatively required to report within 72 hours, WCB-Alberta allows a 48-hour (two-day) grace. The 120 hours is used in consideration of employers conducting operations in remote sites where communication and intervening weekends may extend the reporting time.

## Return-to-work programs

### 15. Percentage of injured workers that return to work with their pre-accident employer

### 16. Percentage of injured workers that return to work with a new employer

WCB-Alberta tracks return-to-work statistics based on injured worker claims closed within the year. This is determined by calculating the number of workers with a time-loss claim who return to their pre-accident employer or new employer, divided by the total time-loss claims closed during the year. It is this internal data that is used for reporting. A small percentage of these figures, approximately 5 to 10%, is based on an estimate.

## Ability to meet financial obligations

Using internal data, the Association of Workers' Compensation Boards of Canada (AWCBC) report and the Towers Perrin annual report on investments to WCB-Alberta, the following measures are reported:

### 17. Funded position (percentage of assets that exceed liabilities)

The funded position is derived by dividing WCB-Alberta's assets into liabilities from annually audited financial statements.

The funded position includes amounts for Accumulated Operating Surplus, Occupational Disease Reserve and Accumulated Other Comprehensive Income.

### 18. Cross-Canada comparison of employer premium rates and funded positions

The Cross-Canada comparison of premium rates and funded positions, reported annually, comes from AWCBC. AWCBC receives data from the provinces and reports it collectively as Cross-Canada comparisons. The national reporting can follow up to 18 months after year-end. The information contained in the AWCBC report is based on accepted national definitions and may not be the same as statistics published in WCB Annual Reports. Additional information on these statistics can be found at [www.awcbc.org](http://www.awcbc.org).

### 19. Percentage of overall cost devoted to administration

Percentage of overall administration costs is derived by adding the full funded claim costs for current year accidents to the full funded administration costs and the levies for the Appeals Commission, Occupational Health & Safety (OH&S), and Safety Associations, and then dividing the full funded administration costs into this total, which is utilized in deriving the required premium rate. These numbers come from WCB-Alberta's annual audited financial statements.

### 20. Rate of return on investments

Rate of return on investments is WCB-Alberta's market return of the various asset classes on a weighted basis. Towers Perrin, WCB's independent Investment Performance Consultant, reports this.

## Effectiveness of prevention activities

WCB-Alberta's internal data is used to report:

21. Percentage reduction in claims costs for Partners in Injury Reduction (PIR) participants versus non-participants

WCB-Alberta tracks the total first year claims costs on claims that occurred in the year for each employer. WCB then measures the difference in cost per \$100 in premiums between members of the PIR program and non-members. The 2007 claims costs include the cost of fatalities based on WCB's forecasted average and are gathered over 15 months due to the time it takes to process costs for claims that occur in the latter part of the year. Percentage reduction in claims costs is calculated by taking PIR and non-PIR accident year costs, multiplying by 100 and then dividing by total premiums collected. The ratios are calculated and adjusted for fatalities to determine whether there is a favorable or unfavorable variance of claim costs for PIR vs. non-PIR employers. Our target is for PIR participants to maintain a loss ratio that is 20% better than non-PIR participants.

22. Percentage of workers covered by WCB-Alberta that work for a PIR employer

Percentage of workers covered by WCB-Alberta that work for a PIR employer uses the insurable earnings taken from the Annual Returns (A300) submitted by employers. PIR participants' earnings are compared to total insurable earnings reported. This number is calculated based on the earnings and not the actual number of employees as this information is not collected from employers. Insurable earnings are being used as a proxy to calculate the percentage of workers covered by WCB; however this proxy does not have a 1:1 relationship to the percentage of workers covered by WCB but assumes that earnings are equal between PIR and Non-PIR employers. The percentage is calculated by taking the ratio of PIR insurable earnings to total insurable earnings to get percentage of workers covered under PIR.

23. Number of reported injuries

Reported injuries consist of all the claims approved during the calendar year.

24. Time-loss claims (workplace injury that results in a worker missing at least one day of work)

The time-loss claims amount includes an estimate of about 4% and the balance is comprised of claims identified as time-loss claims through the first two months of the following year.

25. No-time-loss claims (workplace injury that does not lead to time off work)

The no-time-loss claims total is reported injuries less time-loss claims.

26. Work-related deaths

The measure counts the number of claims accepted in the calendar year regardless of when the death occurred. The accepted number of work-related deaths is the number of claims that WCB acknowledges as a reasonable consequence of accident or illness that arises out of and occurs in the course of employment. The date of death is not relevant to the count as some accepted fatalities arise from deaths occurring in prior years.

# Workers' Compensation Board - Alberta 2007 Accountability Framework Report

For more information  
on the Workers' Compensation Board - Alberta  
refer to our website at [www.wcb.ab.ca](http://www.wcb.ab.ca)

WCB-024 MAY 2008



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