

# A Small Business Assessment of Workers' Compensation: Alberta Summary<sup>1</sup>

The Canadian Federation of Independent Business' (CFIB) 2015 *Small Business Workers' Compensation Index* provides a comparative analysis of all the Canadian workers' compensation systems through the lens of the small business owner. This research encompasses 35 indicators in seven major areas of workers' compensation: cost of premiums; claims management; experience rating; classification and assessment; coverage; long-term fiscal sustainability; and customer service. It should be noted that the system is inclusive of provincial workers' compensation boards and other regulatory bodies that play a role in overseeing some aspect of the workers' compensation system. This is the second edition of the *Index*. The first edition was published in 2011.

## Overall Index Scores, workers' compensation boards, 2015 (10 is best; 0 is worst)

Best (10)	Province	Overall Index Scores	Cost of Premiums	Claims Management	Experience Rating	Classification and Assessment	Coverage	Long-Term Financial Sustainability	Customer Service
	NB	7.00	8.5	4.5	6.8	8.3	7.1	6.9	5.4
	PEI	6.69	5.2	10.0	4.0	10.0	5.1	5.7	8.6
	<b>AB</b>	<b>6.35</b>	<b>8.7</b>	<b>4.5</b>	<b>6.7</b>	<b>6.6</b>	<b>2.9</b>	<b>7.0</b>	<b>3.8</b>
	NS	5.86	4.2	7.0	7.4	6.5	8.3	3.6	3.5
	BC	5.70	5.6	5.4	9.4	5.8	1.6	7.7	1.8
	NL	5.61	4.1	6.7	7.3	4.1	5.6	9.8	3.0
	SK	5.17	6.6	4.8	4.1	6.0	3.3	5.0	3.5
	MB	5.15	6.9	4.2	6.9	3.7	1.6	6.8	1.8
	QC	4.30	2.8	4.4	5.3	5.2	1.9	10.0	5.5
Worst (0)	ON	3.59	4.3	5.1	0.2	4.3	4.7	2.6	0.5

For the 2015 *Index*, Alberta's workers' compensation system ranks in 3<sup>rd</sup> place with an overall score of 6.35 out of 10. Alberta's system experienced the largest improvement in ranking since the 2011 report, moving up two spots from the fifth to third position. Additional insight as to why this score was given to Alberta's system can be found in the full report.

## Competitive Advantages

- ▶ Some of the lowest industry specific premium rates.
- ▶ Lowest administrative costs per \$100 of assessed payroll.
- ▶ Online injury reporting available for employers.
- ▶ No mandatory reinstatement for employers with ten or fewer employees.
- ▶ Lowest ratio of maximum surcharge to maximum discount.
- ▶ Five assessment payment methods available for employers.

<sup>1</sup> This is a summary based on the full report *A Small Business Assessment of Workers' Compensation: 2015 Small Business Workers' Compensation Index*. [www.cfib.ca/a7890e](http://www.cfib.ca/a7890e).

## Areas for Improvement

Each of the seven areas of workers' compensation, along with the respective scores and areas for improvement for Alberta's system are outlined below.

### *Cost of Premiums (score 8.7)*

- ▶ Regularly review rate-setting process to ensure rates do not fluctuate widely from year to year.

### *Claims Management (score 4.5)*

- ▶ Fund an independent office of the employer advocate to provide meaningful support to small business owners.
- ▶ Work closely with small business owners to promote health and safety, and to help with back-to-work transition of an injured worker.
- ▶ Take steps to improve the professionalism and fairness of the claims process.

### *Experience Rating (score 6.7)*

- ▶ Increase maximum discount available to employers—Alberta's system has the second lowest maximum discount (9 per cent) offered to business owners.

### *Classification and assessment (score 6.6)*

- ▶ Allow employers to pay assessments based on actual rather than estimated payroll.
- ▶ Take steps to ensure that classification and premium information is communicated to employers in an understandable manner.
- ▶ Ensure auditors are trained to deal professionally and fairly with small business owners.

### *Coverage (score 2.9)*

- ▶ Ensure the amount of benefits offered to injured workers does not create a disincentive to return to work—Alberta's system is among those with the highest percentage of earnings that benefits are based on (90 per cent).
- ▶ Introduce a waiting period.

### *Long-term fiscal sustainability (score 7.0)*

- ▶ Reduce premiums/distribute surplus assets to employers— Alberta's Worker's Compensation Board (WCB- Alberta) funding position is significantly above CFIB's ideal funding range (95 per cent to 110 per cent), at 136 per cent in 2014.
- ▶ Reduce the point at which WCB- Alberta provides refunds to employers (currently 128%)

### *Customer Service (score 3.8)*

- ▶ Provide training to front-line staff to ensure they are knowledgeable about the needs of small business.
- ▶ Ensure useful information is provided on board websites in a user friendly manner.
- ▶ Commit to compiling and publishing appeal statistics such as number of appeals, number of successful appeals from employers and employees, timeliness of appeal decisions, etc.
- ▶ Develop an Employer Fairness Code, similar to the WorkSafeBC *Employer Fairness and Service Code*, to make it simpler for employers to understand the services and requirements of the workers' compensation system.