

A Small Business Assessment of Workers' Compensation: Prince Edward Island Summary¹

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 financial 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' Compensations 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
	AB	6.35	8.7	4.5	6.7	6.6	2.9	7.0	3.8
	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*, Prince Edward Island (PEI) workers' compensation system receives the second highest overall score (6.69 out of 10). In the 2011 report, PEI's system had ranked in 1st place; however since then the board has dropped one spot to 2nd place. Additional insight as to why this score was given to PEI's system can be found in the full report.

Competitive Advantages:

The following include some small business friendly aspects of PEI's workers' compensation system:

- ▶ Online injury reporting available for employers.
- ▶ No mandatory reinstatement for employers with ten or fewer employees.
- ▶ Employer advocate service available for employers.

¹ 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.

Competitive Advantages cont'd.

- ▶ Highest scores for small business rating of the board's advice on promoting health and safety, and assistance with back- to- work transition.
- ▶ Highest score for small business overall rating of claims process.
- ▶ Assessment payments are made on actual, rather than forecasted, payroll.
- ▶ Five payment methods available for employers' to pay their assessments.
- ▶ Uses a two day waiting period for benefits.
- ▶ Highest score for small business rating of online payment process.
- ▶ Highest score for small business rating of various customer service aspects (i.e. rating of staff, responses, change in service and understandability, compliance burden, and website).

Areas for Improvement

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

Cost of Premiums (score 5.2)

- ▶ Regularly review rate- setting process and develop a plan to eliminate unfunded liabilities.
- ▶ Ensure administrative costs are controlled.

Claims Management (score 10.0)

- ▶ Work closely with small business owners to promote health and safety, and to help with back- to work transition of an injured worker.
- ▶ Continue to take steps to improve the professionalism and fairness of the claims process.

Experience Rating (score 4.0)

- ▶ Set proportional surcharge and discount levels—appropriate levels promote safety in the workplace, as well as control costs for employers.
- ▶ Reduce the number of years it takes to obtain a discount through experience rating.

Classification and assessment (score 10.0)

- ▶ Take steps to ensure that classification and premium information is communicated to employers in an understandable manner.

Coverage (score 5.1)

- ▶ Ensure the amount of benefits offered to injured workers does not create a disincentive to return to work—currently set by WCB of PEI to 85 per cent of net earnings.
- ▶ Introduce a waiting period (2- day waiting period eliminated on January 1, 2016).

Long-term fiscal sustainability (score 5.7)

- ▶ Reduce premiums/distribute surplus assets to employers—WCB of PEI's funding position is significantly above CFIB's ideal funding range (95 per cent to 110 percent), at 147.2 per cent in 2014.

Customer Service (score 8.6)

- ▶ Ensure overall service for small businesses improves from year to year—only 8.3 per cent of small business owners reported an improvement in WCB of PEI service over the last 3 years.
- ▶ 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*, making it simpler for employers to understand the services and requirements of the workers' compensation system.