ADMINISTRATIVE INVENTORIES:
HOW DID THE WCB RESPOND?

JUNE 27, 1997

PREPARED FOR:
ROYAL COMMISSION ON WORKERS’ COMPENSATION
IN BRITISH COLUMBIA
VANCOUVER, BC

PREPARED BY:
PETER ADAMS, SEMMENS & ADAMS
TED SEMMENS, SEMMENS & ADAMS
CATHY TAIT, SEMMENS & ADAMS
ANGELA WELTZ, ROYAL COMMISSION ON WORKERS’ COMPENSATION
TABLE OF CONTENTS

EXECUTIVE SUMMARY .................................................................................................................................................. I

CHAPTER ONE: WHAT IS AN ADMINISTRATIVE INVENTORY? ..................................................................................... 1
 1.1 THE ROYAL COMMISSION NEEDS CREDIBLE ANSWERS TO SOME TOUGH QUESTIONS ABOUT THE SYSTEM’S PERFORMANCE AND RESPONSIVENESS ............................................................................. 1
 1.2 THE ADMINISTRATIVE INVENTORIES REPRESENT A POSSIBLE SOURCE OF ANSWERS TO THOSE QUESTIONS .................................................................................................................................................. 1
 1.3 OUR REPORT DESCRIBES HOW THE WCB RESPONDED ...................................................................................... 2
 1.4 OUR OTHER REPORTS ADDRESS OTHER ISSUES ABOUT THE ADMINISTRATIVE INVENTORIES ............ 3

CHAPTER TWO: WHAT STRUCTURES AND PROCESSES WERE INTRODUCED? ................................................. 7
 2.1 THE RESPONSE MECHANISMS WERE MARKEDLY DIFFERENT OVER TIME ..................................................... 7
 2.2 THE PHASE ONE RESPONSE WAS PRIMARILY A PAPER DRIVEN EXERCISE CHARACTERIZED BY A LACK OF CORPORATE DIRECTION AND PRIORITY SETTING ........................................................................ 7
 2.3 THE PHASE TWO RESPONSE IS PRIMARILY A PUBLIC RELATIONS EXERCISE DESIGNED TO COMPLEMENT AND JUSTIFY THE WCB’S STRATEGIC PLAN AND THE ARRAY OF MAJOR INITIATIVES 10

CHAPTER THREE: WHAT CHANGES WERE ATTEMPTED AND MADE? ............................................................... 12
 3.1 SEVERAL THEMES CHARACTERIZE THE WCB’S ATTEMPTS TO CHANGE ....................................................... 12
 3.2 CHANGES HAVE ACTUALLY OCCURRED BUT THEY CAN’T NECESSARILY BE ATTRIBUTED TO THE INVENTORIES NOR CAN THEIR IMPACT BE DETERMINED ........................................................................ 14

CHAPTER FOUR: WHAT FACTORS EXPLAIN ANY LACK OF CHANGE? ............................................................... 26
 4.1 ACCORDING TO WCB LEADERS, SIX FACTORS COULD EXPLAIN ANY LACK OF CHANGE FROM 1991 TO 1994 ........................................................................................................................................ 26
 4.2 TWO OTHER FACTORS COULD EXPLAIN ANY LACK OF CHANGE SINCE 1994 ................................................ 27
 4.3 IT IS USEFUL TO EXAMINE THOSE FACTORS WHICH CONTRIBUTE TO ACTUAL CHANGE .................. 27

APPENDIX A: RESPONSE OF THE PREVENTION FUNCTION ................................................................................. A-1

APPENDIX B: RESPONSE OF THE ASSESSMENT FUNCTION ................................................................................. B-1

APPENDIX C: RESPONSE OF THE CLAIMS ADMINISTRATION FUNCTION ................................................................. C-1

APPENDIX D: RESPONSE OF THE REHABILITATION FUNCTION ........................................................................... D-1

APPENDIX E: RESPONSE OF THE DISPUTE RESOLUTION FUNCTION ................................................................. E-1
EXECUTIVE SUMMARY

A. THIS REPORT DESCRIBES THE WCB’S RESPONSE TO A SERIES OF SEVEN ADMINISTRATIVE INVENTORIES

Since 1991 the WCB has commissioned a series of seven Administrative Inventories to describe and assess the features and performance of the workers’ compensation system in BC. These Inventories have attempted to examine the WCB’s core functions (e.g., prevent accidents, assess employers, administer claims, rehabilitate injured workers, resolve disputes) as well as the overall system.

The intent of the Inventories, as envisaged by the original Chair of the WCB’s first Board of Governors, was to create a baseline against which the future performance of the organization could be measured. Another intended purpose was to identify the key issues requiring attention within the system and to assist in setting priorities for change.

Our previous reports have concluded that the scope and “methodological soundness” vary greatly from Inventory to Inventory, as one would expect given that 11 different reviewers participated and given that there is no generic literature or “manual” to describe the objectives and methodology of an Administrative Inventory.

The Inventories have covered many key aspects of the workers’ compensation system in BC. They were often conducted by acknowledged experts in such issues. The reports therefore represent a potentially-valuable source of descriptive information, conclusions, opinions and recommendations about the BC workers’ compensation system. A previous report from us summarized the Inventories’ key and most recent findings.

B. OUR DESCRIPTION IS BASED ON SOME REASONABLE EXPECTATIONS

The purpose of this document is to describe, not evaluate, how the WCB responded to the series of Inventories. In providing this description, we noted that the set of Inventories was conducted at a contracted cost of at least $500,000 and that the WCB Chair who launched this concept had an expectation that the Inventories would provide useful input to, and have a valued impact on, any change process required at the WCB. Based on those reasonable expectations, we have described the WCB’s response to the Inventories in terms of:

- The mechanisms, structures and processes established by the WCB to handle the completed Inventories.
- The attempts that were made during two different time periods to introduce the type of changes called for by the Inventories.
- The actual changes that were made or are still being introduced.
- The factors that, according to WCB leaders, may explain any lack of change.
C. THE RESPONSE MECHANISMS WERE MARKEDLY DIFFERENT OVER TIME, GOING FROM A PAPER DRIVEN PROCESS WITHOUT PRIORITIES TO A PUBLIC RELATIONS EXERCISE DRIVEN BY A CORPORATE STRATEGIC PLAN

We noted major differences in the WCB’s response mechanisms during two different time periods. During **Phase One** (from 1991 to late 1994) the WCB’s new governance structure was being introduced and the first wave of five Inventories was released. The respective Divisional Vice-Presidents were asked by the Board of Governors to “respond” to the Inventories but there was no direction as to what the Governors expected that response to include, there was no priority setting from above, and there was little discussion, at that level, of the Inventories’ validity, themes, and possibly-controversial findings.

The response process became primarily a paper-driven exercise that resulted in 14 different response documents, many of which were published in the Workers’ Compensation Reporter. The commitment to responding was also a function of the respective managers’ confidence in the varying validity and soundness of the Inventories’ methodologies and recommendations.

During **Phase Two** (from late 1994 to the present), there was considerable turnover in the WCB’s governance and leadership. At the instigation of the new President, the WCB introduced and started using a **corporate** strategic planning process to give direction to the overall organization and to establish some priorities for the new set of Vice-Presidents.

During this latter period, two follow-up Inventories were conducted, primarily because the WCB’s new leadership believed there was a contractual obligation to do so. Few, if any, new mechanisms were established to respond to the two new Inventories and the Senior Executive Committee halted the process of producing and publishing annual response documents.

The Inventories completed during Phase Two were primarily used to assess the Inventories’ linkages to the new Strategic Plan and if applicable, to provide further rationale and justification for the actions proposed in that Plan. The Inventories have thus become an important component of the WCB’s public relations strategy, as evidenced by several high profile, positive quotes from the 1996 Inventory that were used in the WCB’s 1995 Annual Report.

D. SEVERAL THEMES CHARACTERIZE THE WCB’S INITIAL ATTEMPTS TO CHANGE

The WCB’s initial attempts to change had several characteristics:

- After the first wave of Inventories, a large number of divisional planning exercises, consulting studies and major initiatives were launched. Most of those exercises called for, but did not necessarily result in, actual changes to the system.

- Several of the major initial initiatives did not reflect the recommendations of the Inventories, often because managers lacked confidence in the methodology and evidence supporting the Inventories’ findings.

- Several initial attempts at change were based on, and justified by, Inventory findings that had very little documented evidence to support them.
Initially, there were few corporate attempts to deal with those issues which cut across, or were common to, the core functions examined by the Inventories. After the changeover in late 1994, there were more attempts to deal with such corporate issues.

E. CHANGES ARE OCCURRING BUT THEY CAN’T NECESSARILY BE ATTRIBUTED TO THE INVENTORIES NOR CAN THEIR IMPACT BE DETERMINED

As is seen in our report, there have been many important changes at the WCB since the release of the Inventories. Since late 1994, attempts at change have accelerated and the number of initiatives has multiplied. However, because so many other factors have been at play at the same time, (e.g., changes in governance and senior management) it is difficult, if not impossible, to determine which changes are attributable to, or were influenced by, the Inventories. It is also difficult at this stage in the life of the changes to determine the extent to which the changes have had, or will have, their intended outcome.

In terms of those issues consistently and credibly raised by the Inventories, the WCB has made, or is attempting to make, changes to:

- Clarify the WCB’s direction and intended outcomes.
- Establish internal and external linkages with those who are pursuing similar goals.
- Improve the timeliness of its services and decisions.
- Ensure that its staff are accountable for their decisions and have the right skills and authority to make those decisions.
- Increase its research and evaluation efforts.
- Introduce new service delivery models.
- Understand and control program and administrative costs.
- Put the right information into decision makers’ hands.
- Better manage the effective introduction of new ways of doing things.

We have not evaluated the appropriateness nor the design of these changes; it remains to be seen if these planned and actual changes eventually have their intended impact on WCB performance.

F. ACCORDING TO WCB LEADERS, SEVERAL FACTORS COULD EXPLAIN WHY SOME CHANGES WERE NOT MADE

Not all of the changes suggested by the Inventories were acted on, particularly during the period 1991 to 1994. According to WCB leaders, here are the key factors which explain why the WCB might not have acted on the Inventories’ findings during that period. (We ourselves cannot comment on the plausibility nor relative importance of these various hypotheses):
Operational Focus: Realizing that the Board of Governors were likely unable and possibly unwilling to tackle complex and contentious policy issues, WCB managers tended to avoid proposing changes in this area, preferring instead to focus on operational issues.

Possible Complacency: The first set of Inventories had a number of positive, but not necessarily supportable, conclusions about the WCB: the claims administration function was “excellent,” the assessment function was “fair and equitable,” several functions’ administrative costs were falling, and the overall system was “exemplary.” Such conclusions might have reduced the perceived need for change or created confusion as to why change was required in the first place.

Lack of Direction and Priorities: As a result of the first set of Inventories, senior decision makers faced several hundred recommendations. But the Inventories purposely did not assign priorities to the issues they raised, preferring management to make such decisions. However, senior management established few priorities during this period and individual Divisions received little direction as to where they ought to focus their attention.

Cynical Attitude: We were told that some staff viewed the whole response process as a paper exercise designed to appease the Board of Governors in general and its Chair in particular. As such, they may not have been interested in making real changes.

Lack of Consensus: Some of the Inventories’ recommendations, particularly in the initial Inventory of the prevention function, were likely controversial and many recommendations would probably not be agreed upon by the labour and employer communities (e.g., the call for technology-forcing regulations). Because of that probable lack of consensus, many of the associated recommendations were not acted on.

Concerns About Methodology: Some managers and executives were concerned about the Inventories’ methodology, the authors’ perceived reliance on anecdotal evidence, and the validity of the resulting recommendations. This explains for example why the assessment function did not introduce many of the changes recommended by its first Inventory and instead took a different approach to analyzing and improving its performance.

Since 1994, two other Inventories have been released. However, some changes called for in the second set of Inventories have not yet occurred. Staff explanation focuses on two factors:

- The Panel of Administrators is still perceived as not wanting to become involved in possibly-contentious policy decisions; and
- There is a sense (correct or otherwise) that the Royal Commission will be making its own recommendations on these sensitive policy issues and the WCB should therefore wait for the Commission’s findings before taking action.
CHAPTER ONE

WHAT IS AN ADMINISTRATIVE INVENTORY?

1.1 THE ROYAL COMMISSION NEEDS CREDIBLE ANSWERS TO SOME TOUGH QUESTIONS ABOUT THE SYSTEM’S PERFORMANCE AND RESPONSIVENESS

The Royal Commission on Workers’ Compensation in BC has been asked to examine a diverse array of complex, high profile, emotionally-charged issues over a short period of time. To complement and support their own research and fact-gathering activities, they are naturally interested in receiving credible information from other objective sources on the performance and responsiveness of the workers’ compensation system in BC:

- **Current Performance**: How well is BC’s workers’ compensation system performing? Is that performance getting worse or better over time? How does that performance compare to other jurisdictions? How significant are the gaps, if any?

- **Future Performance**: What principles or standards should guide the design of any future system? What changes, if any, should be made to the system to improve its performance? Why?

- **Responsiveness**: How responsive is the system to the need for change? Is it able to change itself?

1.2 THE ADMINISTRATIVE INVENTORIES REPRESENT A POSSIBLE SOURCE OF ANSWERS TO THOSE QUESTIONS

In 1991 the Chair of the newly-instituted Board of Governors for the WCB wished to have a thorough description of the organization which he and his Board colleagues were expected to govern. Even more importantly, and in his words, he also wanted a means of reviewing the Board’s performance which would:

- create a baseline against which the future performance of the Governors and the new legislative structure can be assessed; and,

- have an expert view of the Board based on credible and sound information … [to] identify what are real issues requiring attention within the system and to assist in setting priorities.¹

The Chair was informed about a “tool”, called an Administrative Inventory, which had been developed in 1987 by the not-for-profit Workers Compensation Research Institute (WCRI) of Cambridge, Massachusetts. At that time, WCRI had conducted Administrative Inventories in five different American states. According to WCRI, the purpose of its series of reports is to provide a thorough description of the workers’ compensation system in a particular jurisdiction so that all participants (employers, injured workers, agency managers, legislators, etc.):

- Have a better understanding of the key features of their own system.

¹ These two goals are taken from the Chair’s Preface to the first Administrative Inventory which was published in 1991. That first Inventory was meant to be the “model” for all subsequent Inventories of the WCB.
• Can make informed comparisons between their system and others.

• Can undertake informed policy discussions.

Although the focus of WCRI’s Administrative Inventory Model is on describing, not evaluating, the system, the WCB Chair decided in 1991 to use the Administrative Inventory Model to describe and assess the WCB. His intention was to have the same reviewers return four years later to conduct a follow-up study to measure the performance of the Governors and of the new legislative structure.

With that objective in mind, and at a direct, out-of-pocket cost of more than $500,000, the Chair commissioned a series of Administrative Inventories. (Because of a number of factors, WCRI itself was unable to conduct the reviews. Instead, the Chair contracted with other Canadian and American organizations to perform the Administrative Inventories.) Exhibit 1.1 identifies the seven different Inventories that were completed for the WCB, during the period 1991 to 1997, pointing out which of the system’s core functions were addressed; Exhibit 1.2 defines which organizational units were included in the reviews.

1.3 OUR REPORT DESCRIBES HOW THE WCB RESPONDED

The Inventories have covered many key aspects of the workers’ compensation system in BC. They were often conducted by acknowledged experts in such issues. The reports therefore represent a potentially-valuable source of descriptive information, conclusions, opinions and recommendations about the BC workers’ compensation system.

The purpose of this document is to describe, not evaluate, how the WCB responded to the series of Inventories. That description is based on our expectations, shared by the WCB Chair who launched the series of Inventories, that:

• Appropriate mechanisms would be introduced to review the Inventories’ findings and decide what action, if any, ought to be taken.

• At a contracted cost of more than $500,000, the Inventories would provide a useful input to, and have a valued impact on, any change process required at the WCB.

Based on those expectations, we have described the WCB’s response to the Inventories in terms of:

• The mechanisms, structures and processes established by the WCB to handle the completed Inventories.

• The attempts that were made during two different time periods to introduce the type of changes called for by the Inventories.

• The actual changes that were made or are still being introduced.

• The factors that, according to WCB leaders, may explain any lack of change.

In order to prepare such a description, we completed these steps:

• We reviewed more than 20 different documents which the various WCB Divisions had prepared as their responses to the Inventories.
• We examined the various Business Plans and Strategic Plans produced at the corporate and divisional level to determine the extent to which the Inventories were linked to the WCB’s planning process.

• We interviewed more than 20 of the WCB’s senior executives (current and former) to trace how they responded to the Inventories.

• We reviewed the overall purpose of several major WCB initiatives to examine the linkages between the Inventories and those subsequent initiatives.

• We examined the minutes of the Board of Governors/Panel of Administrators and of the Senior Executive Committee since June 1991 to see how this level of management dealt with the Inventories.

The next Chapter describes the various structures and processes that were used by the WCB to respond to the Inventories. Chapter Three summarizes the subsequent changes that were made. Chapter Four presents the reasons given to us by Inventory participants for any lack of change.

A series of Appendices, one for each of the WCB’s core functions, provides the evidence and examples to support our report’s summary conclusions. For example, for each core function, we describe:

• The Inventories that addressed that function.

• The mechanisms introduced by that core function to respond to those Inventories.

• Examples of what the WCB changed (or did not change) within that core function in response to the Inventories.

• Possible factors to explain any lack of change.

1.4 OUR OTHER REPORTS ADDRESS OTHER ISSUES ABOUT THE ADMINISTRATIVE INVENTORIES

In a series of complementary and linked reports, we answer these additional questions about the Administrative Inventory Model and its application to BC:

• **What have the Inventories Covered?** To what extent have the seven different Inventories described and assessed the features, functions, and performance of the workers’ compensation system in BC? What gaps, if any, need to be filled to have a complete picture of the system?

• **Is the Methodology Sound?** To what extent can the Royal Commission have confidence in the Inventories’ descriptions, observations, attention points, and recommendations concerning the system’s performance and its key, possibly-contentious policy issues?

• **What Did the Inventories Say?** What did the Inventories observe and recommend about the system’s core functions and about the overall system?

• **Is the Model Appropriate?** To what extent, if at all, does the Administrative Inventory Model represent a credible and useful tool for not only exercising accountability within the workers’ compensation system, but also for inducing organizational change that leads to improved performance?
## EXHIBIT 1.1
AN OVERVIEW OF THE WCB’S ADMINISTRATIVE INVENTORIES: CORE FUNCTIONS COVERED

<table>
<thead>
<tr>
<th>INVENTORY</th>
<th>AUTHORS</th>
<th>DATE OF PUBLICATION</th>
<th>WHICH CORE FUNCTIONS WERE REVIEWED?</th>
<th>COST TO WCB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Workers’ Compensation in British Columbia: An Administrative Inventory at a time of Transition</td>
<td>Drs. H. Allan Hunt, Peter S. Barth, Michael J. Leahy</td>
<td>November 1991</td>
<td>☑ Prevent accidents ☑ Assess employers ☑ Administer claims ☑ Rehabilitate Injured Workers ☑ Resolve Disputes ☑ Overall System</td>
<td>$62,575 (US) plus expenses</td>
</tr>
<tr>
<td>2) Occupational Safety and Health in British Columbia: An Administrative Inventory</td>
<td>Drs. Kathleen M. Rest and Nicholas A. Ashford</td>
<td>October 1992</td>
<td>☑ Prevent accidents ☑</td>
<td>$77,000 (US) plus expenses</td>
</tr>
<tr>
<td>3) Workers’ Compensation Board of British Columbia: Assessment Department Administrative Inventory</td>
<td>Dr. H. Allan Hunt</td>
<td>November 1992</td>
<td>☑ Prevent accidents ☑ Assessment Employers ☑</td>
<td>Unknown</td>
</tr>
<tr>
<td>5) Medical and Rehabilitation Programs in Workers' Compensation: An Administrative Inventory in British Columbia</td>
<td>Drs. Jane Fulton and John Atkinson</td>
<td>May 1993</td>
<td>☑ Prevent accidents ☑ Assessment Employers ☑</td>
<td>$129,800 plus expenses</td>
</tr>
<tr>
<td>7) Occupational Health and Safety in British Columbia: An Administrative Inventory of the Prevention Activities of the Workers’ Compensation Board</td>
<td>Drs. Kathleen M. Rest and Nicholas A. Ashford,</td>
<td>February 1997</td>
<td>☑ Prevent accidents ☑ Assessment Employers ☑ Rehabilitate Injured Workers ☑ Resolve Disputes ☑</td>
<td>$120,000 (US) plus expenses</td>
</tr>
</tbody>
</table>
### EXHIBIT 1.2
AN OVERVIEW OF WCB’S ADMINISTRATIVE INVENTORIES: ORGANIZATIONAL UNITS COVERED

<table>
<thead>
<tr>
<th>INVENTORY AND DATE</th>
<th>WHICH CORE UNITS WERE INCLUDED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Workers’ Compensation in British Columbia: An Administrative Inventory at a time of Transition 1991</td>
<td>✓</td>
</tr>
<tr>
<td>2) Occupational Safety and Health in British Columbia: An Administrative Inventory 1992</td>
<td>✓</td>
</tr>
<tr>
<td>3) Workers’ Compensation Board of British Columbia: Assessment Department Administrative Inventory 1992</td>
<td>✓</td>
</tr>
<tr>
<td>5) Medical and Rehabilitation Programs in Workers’ Compensation: An Administrative Inventory in British Columbia 1993</td>
<td>✓</td>
</tr>
<tr>
<td>7) Occupational Health and Safety in British Columbia: An Administrative Inventory of the Prevention Activities of the Workers’ Compensation Board 1997</td>
<td>✓</td>
</tr>
</tbody>
</table>
CHAPTER TWO  
WHAT STRUCTURES AND PROCESSES WERE INTRODUCED?

2.1 THE RESPONSE MECHANISMS WERE MARKEDLY DIFFERENT OVER TIME

In this Chapter we describe the mechanisms used by the WCB to respond to the Inventories. We have divided this description into two parts: Phase One (1991 to late 1994) and Phase Two (late 1994 to present). We have taken this two-phase approach because the response structures and processes were markedly different during the two different time periods. This is probably due to the changeover in governance and leadership in the second phase and because of the introduction and use of a corporate Strategic Plan during that time period.

By comparing and contrasting the mechanisms used during the two different time periods, it becomes clear that there were major differences in:

- The goals of the response process.
- The level and direction given from the top.
- The commitment to responding.
- The influences of other initiatives and external studies.

2.2 THE PHASE ONE RESPONSE WAS PRIMARILY A PAPER DRIVEN EXERCISE CHARACTERIZED BY A LACK OF CORPORATE DIRECTION AND PRIORITY SETTING

The first Inventory, by Hunt, Barth and Leahy, was received in late 1991. It focussed on the Compensation Services Division and on the core functions of claims administration, vocational rehabilitation, and dispute resolution. It also attempted to produce findings on the overall system. Of note is that the authors called for more strategic planning at the Divisional level but did not call for a corporate approach to the planning process.

Subsequent Inventories produced in this period include:

- An examination of the prevention function in October 1992 by Rest and Ashford.
- A review of medical and rehabilitation programs by Fulton and Atkinson in May 1993.

During the period 1991 to late 1994, the WCB was in a process of introducing and adapting to a new governance structure. The organization’s response to the above Inventories had these overall characteristics:
• **The Leaders’ Reaction:** The Board of Governors officially received the Inventories since they were the client. Members were usually briefed by the Inventories’ authors. From our review of the relevant minutes, there appeared to be little if any discussion at this level, nor at the Senior Executive Committee (SEC), of the Inventories’ findings nor of the potential impact on the WCB, and on the system, if the WCB were to make the recommended changes. Indeed, throughout this whole phase, there never was an overall corporate response, although this had been proposed on several occasions.

• **Delegation:** The Chair of the Board of Governors delegated the task of responding to the new CEO. He in turn, with the approval of the Board, requested the various Divisional Vice-Presidents to respond to those Inventories which were applicable to each respective Division.

• **Nature of the Requested Response Documents:** It appears that at the time the responses were requested, no specific direction was given to the Vice-Presidents as to what was to be included in the response document, why the responses were being requested, and what decisions would be made based on the responses.

• **Nature of the Actual Response Documents in 1992:** The lack of direction probably explains the diversity in the first set of response documents submitted to the Board of Governors. The first responses were tabled in July 1992, eight months after the first Inventory was received. That first set of responses basically updated the Inventories’ statistical tables and discussed the Division’s general progress towards addressing some of the Inventories’ attention points. In general, the first set of response documents contained statements of intent, with no specific priorities, strategies, actions, milestones, responsibilities or resources requirements. (One notable exception was in the Assessment Department which initially responded with a detailed and costed Action Plan.)

• **Nature of the Actual Response Documents in 1993:** The second set of response documents, produced in 1993, were coordinated by a communications consultant to ensure a consistent format. (For example, each response had the same Chapter headings: strategic planning, service delivery, resource allocation, policy and regulations, and links to outside organizations. Readers were advised that those issues represented the WCB’s “corporate objectives,” even though we found no description of what these objectives mean and if they were agreed-upon.) One of the responses took advantage of the response process to describe how the Division was responding to another external report.

• **Nature of the Actual Response Documents in 1994:** The 1994 response documents used yet another format. These documents used a matrix format to describe actions taken (or planned) to respond to each Administrative Inventory attention point. Again, there appeared to be no discussion by the producer of the response, nor by the recipients of the response, concerning the validity, practicality, and impact of the Inventories’ findings. We have been told that considerable time, resources and effort were dedicated to “papering” the responses and crafting them to be as uncontroversial as possible to appease the Board of Governors. It is unclear, how, if at all, these response documents were used.

• **The Leaders’ Use of the Various Response Documents:** From reading the minutes of the Board of Governors and of the SEC, it appears that the various response documents were, in a sense, merely “received and filed.” There was little evidence of approving and
funding the Divisions’ planned action or of deciding on priorities for what changes ought to be acted on first. For example, there was no plan to deal with those issues (such as the need for evaluation, research, and staff development) that cut across the various core functions. Minutes revealed that the Board of Governors and the SEC could not agree on how to use the Inventories and that there were considerable differences in opinion between the two levels of management over the response process itself and the purpose of the follow-up Inventories that were about to be launched. There appeared to be little if any discussion at this level of the Inventories’ substantive issues. Instead, the emphasis was on the “format” and “packaging” of the response.

- **The Leaders’ Level of Interest:** The Inventory concept had been driven by the Chair. It was at his instigation that response documents were produced annually and presented to the Board. However, as problems mounted within the Board of Governors, less attention was paid to the Inventories. For example, in the November 1993 minutes, the SEC committed to developing a three year plan to address the Inventories; this was never acted on. This probably explains why staff have referred to the responses as “paper trails” designed to appease the Governors who were seen to be more interested in format and documentation than on the substantive issues which required decisions.

- **Public Distribution of the Response Documents:** Nearly all of the above mentioned response documents were published in the Workers’ Compensation Reporter.

As was seen above, there were some common themes in the structure and process used to respond to the Inventories during the period 1991 to late 1994. However, within each Division or Department, the reaction was significantly different during the first phase. These differences are a function of both the credibility of each Inventory as well as the management style of each senior executive. For example:

- The Compensation Services Division, under a new Vice-President, launched its own “Transition Project” in August 1992 to re-engineer and re-structure its claims processing function even though the Inventory claimed (with unclear evidence) that the WCB does an “excellent” job of handling the claims process.

- The Vocational Rehabilitation Department was disbanded and the function lacked a focal point to manage its response.

- Shortly after its 1992 Inventory, the OSH Division circulated a questionnaire to 200 staff and stakeholders, hired a new Vice-President, and started its own strategic planning process.

- As its initial response to the 1992 Inventory, the Assessment Department proposed a major increase in staffing, based on the Inventory’s (unproven) call for more resources. A new Vice-President subsequently withdrew this proposal, believing that more analysis and different solutions were required. The subsequent response was to launch the “New Directions” project which examined the assessment process, even though the Inventory claimed (without clear evidence) that the process was fundamentally fair and equitable and that administrative costs were falling.

- The persons responsible for the Medical Review Panels launched an extensive stakeholder consultation exercise to obtain reaction to the 1992 Inventory of the MRP process.
• The Rehabilitation Centre had to deal with some staff’s negative reaction to the tone of the 1993 Inventory (and its lack of evidence) and proceeded to develop its own Business Plan using the Inventory as a rationale for what it proposed to do.

• The Workers’ Compensation Review Board (which is not part of the WCB) lacked confidence in the Inventory’s findings about the WCRB’s role in dispute resolution and established no new mechanisms to respond to the Inventory.

2.3 THE PHASE TWO RESPONSE IS PRIMARILY A PUBLIC RELATIONS EXERCISE DESIGNED TO COMPLEMENT AND JUSTIFY THE WCB’S STRATEGIC PLAN AND THE ARRAY OF MAJOR INITIATIVES

At the end of 1994, and in early 1995, there was a major change in the governance and leadership of the WCB:

• A new President (Dale Parker) was appointed.

• A new Chair of the Board of Governors (Claude Heywood) was appointed.

• A Panel of Administrators, chaired by Lee Doney and then by Vince Collins, replaced the Board of Governors.

The new President immediately started the process of developing a corporate Strategic Plan which was to drive the plans of the various Divisions. This shift in leadership, coupled with the introduction of a corporate approach to examining and planning for major issues, heralded a new approach to responding to the old and emerging Inventories.

During that period (late 1994 to the present time) two additional Inventories were commissioned by the WCB and its new management team, primarily because they believed there was a contractual obligation for such work:

• In 1996, Hunt, Barth and Leahy returned to examine the claims administration, vocational rehabilitation, assessment and dispute resolution functions.

• In 1997, Rest and Ashford returned to review the prevention function.

By this time, a new corporate Strategic Plan and a host of major initiatives, such as E-file, Worksafe, and the Employer Service Strategy, were either in place or were being planned. Very few, if any, new mechanisms, structures or initiatives were established to respond to the two new Inventories which were released after the draft Strategic Plan had been prepared. Instead, the Inventories completed during this period were examined to see the extent of the linkages to the Strategic Plan, and if applicable, the Inventories were used as a further justification and rationale for the actions proposed in the Strategic Plan or in other Divisional initiatives.
The Strategic Plan itself makes only a few references to the Administrative Inventories, one of which was to support a review of the disability awards system while another refers to the Administrative Inventory model as a “useful and necessary accountability tool.” (There is one notable exception to the apparent lack of use of the follow-up 1996 Inventory. When the Vocational Rehabilitation Department was re-established, it used the relevant Chapter from the 1996 Inventory as a foundation for re-structuring itself and for acting on key issues raised in that Inventory. Indeed, that Inventory’s authors were called back for a third time in early 1997 to assess the changes that had been made to vocational rehabilitation since the 1996 Inventory.)

In October 1995, the SEC declared that the responses were “outdated as strategic planning has changed the direction of the Board” and that updates of the previous response documents would not be brought forward until the findings of the follow-up Administrative Inventories could be reviewed. Minutes revealed that there was considerable debate over the purpose and structure of those follow-up Inventories.

The Panel of Administrators has never requested a formal response to the set of Inventories, including the two follow-up Administrative Inventories. Instead, the Inventories are being used to support the Board’s Strategic Plan and public relations strategy. For example, in January 1996 the Panel directed the Community Relations Department to develop a communications plan that positions the Inventories as a validation of the Strategic Plan. In addition, several high profile, positive quotes from the Administrative Inventories are used in the WCB’s 1995 annual report, and in various community presentations, to demonstrate the Board’s progress, or sometimes the lack thereof, in addressing specific issues.
CHAPTER THREE
WHAT CHANGES WERE ATTEMPTED AND MADE?

In the previous Chapter we described the structures and processes that the WCB used during two different time periods to respond to the Inventories. In this Chapter, we first give an overview of the attempted changes. We then describe the extent to which the WCB’s response mechanisms had an actual impact on changing the Board’s policies, activities, resources, and structure. As before, we have used a two-phase (1991 to late 1994 and late 1994 to the present) approach to describe those attempts and the actual changes.

3.1 SEVERAL THEMES CHARACTERIZE THE WCB’S ATTEMPTS TO CHANGE

A compelling first characteristic of the WCB’s attempts at change is the number and scope of plans, studies, and major initiatives that were launched after the first set of Inventories had been received. Most of these exercises called for, but did not necessarily result in, actual changes to the system. For example:

- **Planning Exercises:** The Rehabilitation Centre and the OSH Division both launched extensive internal projects to develop their own Business or Strategic Plans using the Inventory as a source of ideas and direction.

- **Consulting Studies:** The assessment and claims administration functions hired consultants to further probe the major issues raised by the Inventories.

- **Major Initiatives:** At least three major initiatives were subsequently launched. The OSH Division launched “Worksafe,” the Assessment Department started its “New Directions” project and the Compensation Services Division created the “Transition Strategy.” The latter two were cancelled before they had achieved their planned outcomes.

A second characteristic of the WCB’s attempts to change was that several major initiatives did not reflect the findings of the Inventories. For example:

- The New Directions project in the Assessment Department was an attempt to examine all operational aspects of the assessment function, including processes and costs. However, the Inventory claimed (with uncertain evidence) that the system was fundamentally fair and equitable, that its administrative costs were falling and that what it really needed was additional resources, not a re-tooling of its business. (Indeed, the Assessment Department’s first attempt at change was to request additional resources, a proposal that was subsequently withdrawn by the new Vice-President of Finance who lacked confidence in the Inventory’s findings and believed that more in-depth, credible analysis was first required.)

- The Transition Strategy was an attempt to re-engineer and reduce the costs of the claims process, even though the Inventory had claimed (again, without convincing evidence) that the process was “excellent” and that its administrative costs were falling.
• The initial Inventories called for more planning at the Divisional level but did not identify the need for an overall corporate plan to set corporate priorities and direction. During the period 1991 to 1994, the WCB acted on the need for Divisional plans but also tried, without success, to introduce planning at the corporate level. (The WCB did not have its first corporate Strategic Plan until April, 1996.)

A third characteristic is that several initial attempts at change were based on, and justified by, Inventory findings that had very little documented evidence to support them. For example:

• There were numerous concerns, shared by ourselves, about the methodology used in the 1993 Inventory of the Rehabilitation Centre. We found it difficult to identify what was being recommended and with what supporting evidence. However, according to a previous Centre leader, that report was used as a framework for the Centre’s planning exercise.

• The 1992 Inventory of the MRP process contained little evidence to justify its 132 recommendations, many of which were acted on, but not necessarily implemented.

• The 1992 Inventory of the prevention function contained over 100 recommendations, primarily based on the authors’ personal and possibly-contentious views on what constitutes an effective prevention function. There was very little evidence on the actual performance of the prevention function but the Inventory’s recommendations were used as a rationale for the Division’s subsequent strategies and its successful requests for additional resources.

A fourth characteristic is that differing approaches were used to address issues (such as staff development, program evaluation, access to management information, etc) which cut across, or were common to, most of the core functions examined by the Inventories. During Phase One (1991 to late 1994) we observed few, if any, corporate attempts to address those common issues. In the second phase, there have been more attempts to deal with those corporate issues. For example, efforts have been made to coordinate staff training, to make corporate decisions on the requests for new information systems, and to set corporate priorities for research and evaluation activity.

A fifth theme is that the two new Inventories issued since late 1994 have sparked very few new attempts to introduce change. Instead, the Inventories have been used to see if they complement the WCB’s Strategic Plan and its array of major initiatives. (The exception here, as noted before, is that the vocational rehabilitation function has attempted several changes based on the relevant chapter of the 1996 Inventory.)

Our sixth theme is that the WCB has attempted, not necessarily successfully, to address the major performance issues raised by the Inventories. These issues range from the clarity of management direction to the reasonableness of the WCB’s costs and productivity. The attempts have accelerated since late 1994 but, as seen below, are not necessarily attributable to the Inventories.
3.2 CHANGES HAVE ACTUALLY OCCURRED BUT THEY CAN’T NECESSARILY BE ATIBUTED TO THE INVENTORIES NOR CAN THEIR IMPACT BE DETERMINED

As will be seen in the rest of this Chapter, there have been many important changes at the WCB since the release of the Inventories. However, because so many other factors have been at play at the same time, (e.g., changes in governance and senior management) it is difficult if not impossible to determine which changes are attributable to, or were influenced by, the Inventories. It is also difficult at this stage in the life of the changes to determine the extent to which the changes have had, or will have, their intended outcome.

Here then are the major changes that have occurred since the Inventories were first released. We have classified these changes according to the broad issues which were consistently raised (but without priorities) by those Inventories. Exhibits 3.1 and 3.2 provide additional details of the WCB’s response to the two Inventories (in 1991 and 1996) that claimed to examine the overall system. The Appendices contain further details on the response of each core function.

ISSUE ONE: THE NEED FOR STABILITY AT THE TOP

The Inventories continually comment on how turbulence, turmoil and turnover have diverted the attention of WCB staff from the task at hand. An over-riding theme is that the system needs to:

- Develop an effective and stable governance structure with a clear understanding of what “governance” means and who is responsible for what.
- Minimize the continual and dramatic shifts in priorities and regulatory philosophy.
- Provide more stability at its senior executive level.
- Remove the uncertainty concerning the independence and policy-making role of the persons who head the various appeal bodies.
- Make policy decisions and ensure that policy decisions are implemented.

Progress in making the recommended changes has been mixed:

- The current governance structure is deemed to be temporary, possibly awaiting the results of the Royal Commission. This instability at the very top continues to slow down changes in major policy areas.
- Since the introduction of the WCB’s Strategic Plan, there has been a public statement of the WCB’s priorities and its regulatory philosophy. Opinions are mixed as to whether or not there continue to be dramatic shifts in policy. For example, labour is concerned about what they perceive to be a fundamental shift in the policies affecting vocational rehabilitation.
- Since 1994, there has been relative stability at the senior executive level, with the same President and the same set of Vice-Presidents. (However, there continues to be some changes at the next and lower levels of management.)
• The Policy and Regulation Development Bureau was established in 1996 to consolidate the policy development process within the Board into a single group. The Bureau reports directly to the Panel of Administrators. Under its Interim Director General, it is working to clarify its role and to ensure that its advice has, and is perceived to have, the necessary quality and independence.

• Through the personal efforts of the persons who head the various appeal bodies (i.e., the WCB’s Appeal Division and the Workers’ Compensation Review Board) there have been informal attempts to clarify the independence and role of those organizations. However, any resulting changes have not been reflected in legislation, as was the original intent of the Inventory’s recommendations.

### ISSUE TWO: THE NEED FOR A CLEAR, OUTCOME-FOCUSED DIRECTION

Many Inventories note that the system’s goals, strategies and direction are unclear to WCB staff and to stakeholders. For example, what are the WCB’s paramount objectives? What is the purpose of vocational rehabilitation? What outcomes are we trying to achieve? The Inventories note that until the system’s intended results are known and agreed-upon, the system will not be able to progress and will face difficulty in responding to emerging and lurking changes in the workplace and in the labour market.

There has been significant change in this area. For example:

• After the 1992 Inventory of the OSH function, and after a new Vice-President was appointed, the WCB confirmed that prevention was the primary objective of the newly-renamed Prevention Division.

• After the 1991 Inventory of the vocational rehabilitation function, greater emphasis (and resources) were put on return-to-work outcomes versus employability outcomes.

• As part of the WCB’s strategic planning exercises, corporate outcomes were targetted, after much discussion with stakeholders.

• Starting in 1994/1995, most of the operating units in the WCB have begun to identify and use a variety of indicators to target and monitor their performance.

### ISSUE THREE: THE NEED TO ESTABLISH LINKAGES WITH OTHERS IN PURSUING A COMMON GOAL

Several Inventories stressed that the system and its various parts cannot afford to operate in isolation as has happened in the past. According to the Inventories, the WCB needs to establish linkages with external parties, including:

• Other potential providers of needed services, ranging from rehabilitation to training;

• Other federal and provincial organizations who are also in the same business; and,

• Stakeholders (i.e., injured workers and employers) so that their needs and levels of satisfaction are known to the system’s decision makers.
According to the Inventories, greater integration also needs to be achieved within the WCB; all units need to work together in an integrated alliance to prevent accidents and industrial disease first, rehabilitate injured workers second, and compensate injured workers third.

The WCB has made several changes, particularly since 1994, in response to this issue raised by the Inventories. For example:

- External agencies have been asked to work in partnership with the WCB, particularly in the area of research and rehabilitation.
- Attempts are made to routinely determine workers’ level of satisfaction. (Regular efforts to poll employers have not yet taken place.)
- Stakeholder groups are usually consulted prior to major operational or policy changes.
- Several initiatives (e.g., Employer Services Strategy, Diamond) will require the various WCB units to work together.

**ISSUE FOUR: THE NEED FOR TIMELINESS**

The Inventories point to significant delays in the system. One would expect such delays to generate great dissatisfaction amongst injured workers. If one assumes that “timeliness” of a decision is often as important as the size of the benefits ultimately awarded to an injured worker, then the Inventories make it clear that the system needs to improve its performance in:

- Speeding up the initial payments to injured workers;
- Reducing the major delays in arranging for a hearing by the Medical Review Panel and in obtaining a decision from them; and,
- Generating decisions from the Workers’ Compensation Review Board.

Changes have taken place, particularly in the past two years, in an attempt to address this issue:

- Under the leadership of its new Vice-President, the Compensation Services Division is focusing on decreasing the average length of time from injury to first payment. Results are being tracked and appear to indicate that performance has improved from 28.5 days in 1995 to 26.0 days in 1996. Full implementation of E-file and other operational changes are being planned to have a further positive impact on this important performance indicator.

- Under the leadership of its new Chair, the WCRB has made an array of changes over the past two years in an attempt to generate decisions in a more timely manner. One of the main initiatives is the development of an Alternative Dispute Resolution Pilot Project.
A theme that runs through the Inventories is the need for the WCB to continually enhance the skills and accountabilities of its front line staff, including Claims Adjudicators, Vocational Rehabilitation Consultants, Board Physicians, and Field Inspectors. The reports are usually critical of the level of professional and staff development offered and conclude that the WCB will only be able to respond to client needs and the new demands of the changing world of work if WCB staff have the set of technical, managerial and personal skills to do their job.

Once the staff have been carefully trained in the goals and objectives of the system, the Inventories stress they must be allowed to get the job done, with clear performance expectations and competent supervision.

Some initial efforts have been made to train and empower staff:

- The WCB’s training budget as a percentage of total payroll has increased from 1.5% ($1.7 million) in 1994 to 4.6% ($6.2 million) in 1997. The budget per employee for training more than doubled in 1997 to $2,112 from $875 in 1996.

- Both the Compensation Services Division and the Prevention Division have implemented performance management programs and have contracted with Rydberg Levy to mentor managers and coach them in using performance indicators with staff.

- Two professional development days have been held for Vocational Rehabilitation Consultants, who are also encouraged and financially supported (e.g., the Board pays their membership dues) in their efforts to upgrade skills and gain professional certification.

- Each of the major initiatives has a training component. Additional general training in areas such as conflict resolution, client service, and change management is also conducted on an as-needed basis.

- Staff are encouraged to participate in the design of many new initiatives. In addition to the 17 joint labour-management “Tech Change” committees, there are also a dedicated manager and a union officer committed to the discussion and consultation process.

- Each of the new initiatives are being piloted and rolled out in phases in order to provide staff with opportunities to provide feedback.

- As part of defining and working with core values, a survey of management was conducted in November 1996 to provide a baseline against which to measure future changes.
ISSUE SIX: THE NEED FOR RESEARCH AND EVALUATION

The Inventories were largely unsuccessful in evaluating the extent to which the WCB has achieved its intended results. The authors’ major reason for this gap is their inability to access credible, current and complete data on WCB’s outcomes. Throughout all the Inventories there is a cry for the WCB to take advantage of the data available to it, to convert that data into useful management information, to use that information when designing strategies and deciding on policies, and to measure the success and impact of those strategic and policy decisions.

The Inventories warn that if the WCB cannot do the above, then its success will be defined by others and it will not be able to demonstrate its accountability to the system’s stakeholders.

The WCB has made some changes over the past two years but senior managers agree that there is still a long way to go. For example, the WCB has:

- Established a Research Unit reporting to the President and funded a variety of research projects.
- Developed a network and hierarchy of performance indicators and started reporting on them.
- Designed corporate mechanisms to coordinate its research and evaluation activities.
- Committed to reporting on its performance via its Annual Reports.

However, very few evaluations have actually been conducted.

ISSUE SEVEN: THE NEED FOR NEW SERVICE DELIVERY MODELS

The authors often conclude that the WCB cannot afford to continue doing the same old things in the same old way; new models of organizing and delivering its services must be designed, pilot-tested, evaluated, and if shown to be successful, implemented across the system. According to the Inventories, the new models should incorporate decentralization strategies, case management principles, partnerships with external agencies, and enhanced efforts for early intervention.

A striking feature of the WCB over the past two years has been its attempts to change the way it delivers services. A host of new initiatives are being pilot tested, evaluated, and implemented. This includes:

- The E-File project to use technology to provide enhanced service during the claims process.
- The Employer Services Strategy to, amongst other things, re-engineer the assessment function, including the classification and rate-making systems.
- The introduction of the new two-part appeal procedures at the WCRB.
- The Diamond project to better target the WCB’s prevention and inspection activities and to more effectively integrate with industry account managers in Employer Services.
• The incorporation of Case Management principles into the delivery models for benefit administration and vocational rehabilitation.

**ISSUE EIGHT: THE NEED TO UNDERSTAND AND CONTROL PROGRAM AND ADMINISTRATIVE COSTS**

The 1996 Inventory talked about “exploding” costs that were increasing at an “alarming” rate. It warned that the desired goal of putting the Accident Fund into a positive financial situation was out of reach and noted that increases in administrative costs were not matched by corresponding increases in productivity nor in outcomes. It warned about increasing costs and called for more explanation and analysis into why this was occurring.

In the past two years the WCB has introduced changes to understand and control its costs. For example:

• Vocational rehabilitation costs were analyzed, reasons were found for the increase, and steps (e.g., clarification of guidelines for vocational rehabilitation) were taken to control those program costs.

• Many of the new initiatives (e.g., E-File, Case Management, ESS) have improved cost control as one of their objectives.

• New programs and initiatives are allowed to proceed only if they are costed and are linked to the WCB’s Strategic Plan.

• The new Research Unit has analyzed various factors that contribute to costs.

**ISSUE NINE: THE NEED TO PUT INFORMATION INTO THE DECISION MAKERS’ HANDS**

A theme in most of the Inventories is the lack of management information readily available to decision makers, even though the WCB has numerous reports and pieces of data throughout the organization. The Inventories conclude that if managers and staff are to be truly accountable for their policy and operational decisions, then they must have the requisite information to support them.

Here again, many changes have taken place in the past two years, as called for by the Inventories and by the WCB’s Strategic Plan. For example:

• The E-File project (still being pilot-tested) aims to use computer technology to put file information on the desks of all persons dealing with that file.

• The WCB has launched a “Data Warehouse” project which is intended to result in more access and more linkages between databases.

• Regular reports, using agreed-upon performance indicators, flow to managers and executives with the intention that trends and problems can be quickly identified and acted on.
• Claims information is used by prevention staff to help decide on their inspection and compliance strategies.

**ISSUE TEN: THE NEED TO MANAGE CHANGE**

Most of the core functions had an initial Inventory and then a follow-up Inventory, usually about four years later. The latter Inventories document some of the changes that were attempted but often conclude, with evidence, that the actual progress has been “disappointing.” It is clear that if the WCB is to respond to new issues and to improve its performance, then it must become more effective in the way it manages change.

Changes are being made to the way the WCB plans and introduces new ways of doing things. We were told that this involves:

• Greater consultation with staff and stakeholders before the proposed changes are finalized.

• Pilot testing, evaluation and proof of concept before roll-out.

• More attention to the labour relations issues that are generated when change takes place.

• More attention to training staff in the new ways of doing things.

• Increased emphasis on cross-divisional coordination.

It will be especially useful, six months to a year from now, to examine the extent to which the above approaches to change have indeed been incorporated into the WCB’s array of major initiatives. For example:

• Was the E-file pilot project thoroughly evaluated, with beneficial results, before being rolled out?

• Were priorities clear, understood and agreed-upon?

• Did effective consultation and training really take place?

• Were the principles of project management applied to such initiatives? For example, was there agreement on outputs and outcomes? Were budgets known and agreed-upon before launching the project? Was progress tracked and corrective action taken?

• To what extent, if at all, are certain factors (which could explain lack of progress in the past) still present? These possible factors are described in the next Chapter.
### EXHIBIT 3.1
EXAMPLES OF WCB’S RESPONSE TO KEY ISSUES RAISED BY THE 1991 INVENTORY OF THE OVERALL SYSTEM

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clarity of Management Direction</td>
<td>• There are no Strategic or Business Plans at the WCB</td>
<td>• Introduce long-term planning at the Division level and below. (Note: The Inventory did <strong>not</strong> call for such planning at the Corporate level to give direction to the whole entity)</td>
<td>• Most Divisions established their own set of Plans and independent planning processes; no Corporate Plan was established until 1996</td>
</tr>
<tr>
<td>2. Appropriateness of Design</td>
<td>• The WCB has not created the potential synergy between the injury prevention program and its compensation and rehabilitation program</td>
<td>• Strive to create alliances between the two functions</td>
<td>• The two respective Divisions worked together to develop, three years later, an Employer’s Report of Injury form that would capture the statistical information needed for both Divisions</td>
</tr>
<tr>
<td></td>
<td>• Administrative costs and staffing levels have risen rapidly</td>
<td>• Give special attention to monitoring growth in staffing and rising administrative costs</td>
<td>• Administrative costs and staffing levels continued to rise during the next four years</td>
</tr>
<tr>
<td>3. Costs and Productivity</td>
<td>• There is no unit to do program evaluation</td>
<td>• Create a research and evaluation unit</td>
<td>• A Program Evaluation unit was established in the Internal Audit Department (but few evaluations were conducted)</td>
</tr>
<tr>
<td>4. Monitoring and Reporting</td>
<td>• Performance information is not readily available</td>
<td>• Get such information into the hands of managers</td>
<td>• No significant changes occurred during the next four years</td>
</tr>
</tbody>
</table>
### EXHIBIT 3.2
**EXAMPLES OF WCB’S RESPONSE TO KEY ISSUES RAISED BY THE 1996 INVENTORY OF THE OVERALL SYSTEM**

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clarity of Management Direction</td>
<td>- The WCB has still not met the challenge of achieving a clear focus on demonstrable outcomes rather than process or activity</td>
<td>- No specific recommendation were provided</td>
<td>- The WCB’s Strategic Plan contains broad outcome measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Individual Divisions have developed their own set of outcome-focused performance measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Appropriateness of Design</td>
<td>- There is a desperate need for a deeper level of research and quantitative analysis to assist in the design of policies and programs</td>
<td>- Establish a policy unit with both an external and internal mission</td>
<td>- A Policy Bureau, reporting to the Panel, was established and staffed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Research and evaluation activities are also being undertaken in various areas of the Board</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- To support all of the above activities, a Central Coordinating Committee was to have been established</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The governance experiment failed</td>
<td>- No specific recommendations were provided on a new structure or on how to make the old one work better</td>
<td>- No changes have been made, awaiting the results of the Royal Commission</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The governance experiment failed</td>
<td>- The general theme was that a new, more pro-active governance structure should define and resolve policy issues through leadership and analysis, rather than interest group bargaining</td>
<td>- Governance is a key issue for the Royal Commission</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 3. Achieving Intended Results | • There has been little or no demonstrable improvement in system performance since 1991 and various shortcoming have plagued the realization of the goals of the new WCB. | • Look for new ways to conduct its business                 | • The WCB has launched several major initiatives that have, or could have, a major impact on the WCB’s modus operandi. This includes:  
  ♦ E-File  
  ♦ Diamond Project  
  ♦ Worksafe Project  
  ♦ Employer Services Strategy  
  ♦ Case Management  
  • A management focus on “paylag” has resulted in improved performance in timeliness |
| 4. Client Satisfaction | • Attitudes of suspicion and distrust are all too prevalent and the WCB ends up earning the enmity of all       | • No specific recommendations were provided                | • The Board’s Strategic Plan calls for enhanced customer service  
  • Several specific initiatives are aimed at improving client satisfaction (e.g., AIRS, E-file, Call Centre) |
| 5. Costs and Productivity | • The costs associated with WCB’s benefits to injured workers are exploding at an alarming rate  
  • Administrative costs are rising | • Find out the reasons for this growth in costs             | • The cost trends were analyzed as the first phase of several initiatives  
  • The Case Management approach is being pilot tested and evaluated as a tool to provide better service and reduce costs  
  • Several other projects are underway to reduce costs |
<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Responsiveness</td>
<td>• It remains to be seen whether the trends (declining service quality and increasing administrative costs) can be turned around. As a result, the WCB will struggle toward an uncertain future</td>
<td>• Do things in a different way</td>
<td>• New initiatives are supposed to be tested and evaluated before implementation</td>
</tr>
<tr>
<td></td>
<td>• For new initiatives, pilot test and evaluate before implementing across the organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Working Environment</td>
<td>• The WCB has a major opportunity to develop, empower and use its staff more effectively</td>
<td>• WCB management should empower their employees</td>
<td>• We were told that staff are asked to participate more in decisions that affect them (e.g., 17 joint labour and management “Tech Change Committees” are in place to facilitate discussion and consultation)</td>
</tr>
<tr>
<td></td>
<td>• There should be a greater emphasis on staff development</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The collective bargaining relationship needs improvement</td>
<td>• Make that relationship more cooperative; focus on final organizational outcomes rather than narrow self-interest</td>
<td>• One of the WCB’s strategic initiatives is to reform training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Make this issue a major internal priority</td>
<td>• Each major initiative is expected to include a substantial training component</td>
</tr>
<tr>
<td></td>
<td>• The collective bargaining relationship needs improvement</td>
<td></td>
<td>• A labour relations strategy was formalized in May 1996</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Collective Agreement has provisions concerning staff affected by re-organization and technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Union and management Committees meet frequently to discuss issues related to change</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• A dedicated manager and a Union representative have been designated to facilitate discussions</td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>8. Financial Performance</td>
<td>• The drain of rapidly rising pension and health care costs has kept the goal of a fully funded position elusively out of reach</td>
<td>• No specific recommendations were provided other than those listed previously for controlling program and administrative costs</td>
<td>• The WCB has launched several initiatives whose purpose includes tighter control over program and administrative costs</td>
</tr>
<tr>
<td>9. Monitoring and Reporting</td>
<td>• The WCB lacks adequate analysis about causes and consequences (e.g., why are pension costs exploding?)</td>
<td>• Establish a unit to conduct the required research and evaluation</td>
<td>• A corporate research unit has been established but few evaluations have actually taken place</td>
</tr>
<tr>
<td></td>
<td>• The WCB is in desperate need of the analytical capacity to explain its own performance</td>
<td></td>
<td>• The Prevention Division conducts its own research</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The various initiatives now underway were designed to use a “phased” approach in which analysis of the problem would take place first</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>A new performance management system was implemented in January 1997 at the corporate and divisional level to measure performance</td>
</tr>
</tbody>
</table>
CHAPTER FOUR
WHAT FACTORS EXPLAIN ANY LACK OF CHANGE?

4.1 ACCORDING TO WCB LEADERS, SIX FACTORS COULD EXPLAIN ANY LACK OF CHANGE FROM 1991 TO 1994

During our interviews with WCB leaders, we asked them to explain why certain issues and attention points raised by the Inventories had not resulted in any actual changes to the system’s policies, structures and operations, particularly during the period 1991 to 1994. Here is a summary of the key factors which, according to the WCB executives and managers, contributed to any observed lack of change. (The Appendices identify such reasons for each core function; we ourselves have not commented on the plausibility nor the relative importance of these various hypotheses):

• **Possible Complacency:** The first set of Inventories had a number of positive, but not necessarily supportable, conclusions about the WCB: the claims administration function was “excellent,” the assessment function was “fair and equitable,” the function’s administrative costs were falling, and the overall system was “exemplary.” Such conclusions might have reduced the perceived need for change or created confusion as to why change was required in the first place.

• **Lack of Priorities:** As a result of the first set of Inventories, senior decision makers faced several hundred recommendations. But the Inventories purposely did not assign priorities to the issues they raised, preferring management to make such decisions. However, senior management established no priorities during this period and individual Divisions received no direction as to where they ought to focus their attention.

• **Cynical Attitude:** As mentioned previously, we were told that some staff viewed the whole response process as a paper exercise designed to appease the Board of Governors in general and its Chair in particular. As such, they may not have been interested in making real changes.

• **Lack of Consensus:** Some of the Inventories’ recommendations, particularly in the initial Inventory of the prevention function, were likely controversial and many recommendations would probably not be agreed upon by the labour and employer communities (e.g., the call for technology-forcing regulations). Because of that probable lack of consensus, many of the associated recommendations were not acted on.

• **Concerns About Methodology:** Some managers and executives were concerned about the Inventories’ methodology, the authors’ perceived reliance on anecdotal evidence, and the validity of the resulting recommendations. This explains for example why the assessment function did not introduce many of the changes recommended by its first Inventory and instead took a different approach to analyzing and improving its performance.

• **Operational Focus:** Realizing that the Board of Governors were likely unable and possibly unwilling to tackle complex and contentious policy issues, WCB managers tended to avoid proposing changes in this area, preferring instead to focus on operational issues.
4.2 TWO OTHER FACTORS COULD EXPLAIN ANY LACK OF CHANGE SINCE 1994

As was seen in the previous Chapter, the pace of change at the WCB has accelerated since late 1994. Whether such changes are attributable to the Inventories or to a different management team and philosophy is difficult to determine. However, some changes called for in the second set of Inventories have not yet occurred. Staff’s explanation focuses on two factors:

- The Panel of Administrators is still perceived as not wanting to become involved in possibly-contentious policy decisions; and
- There is a sense (correct or otherwise) that the Royal Commission will be making its own recommendations on these sensitive policy issues and the WCB should therefore wait for the Commission’s findings before taking action.

4.3 IT IS USEFUL TO EXAMINE THOSE FACTORS WHICH CONTRIBUTE TO ACTUAL CHANGE

This Chapter has attempted to explain, from staff’s perspective, why some changes were not made. It is also useful to identify those factors which seem to contribute to actual changes being made. As a “case study”, it is especially useful to look at the vocational rehabilitation function and the changes that have occurred since the follow-up, 1996 Inventory of that function. In contrast to the initial 1991 Inventory, which resulted in few real changes to the vocational rehabilitation function, the 1996 Inventory sparked a range of changes, including:

- The clarification of the function’s mission, that of early return to work.
- The establishment of clearer guidelines, expectations and standards of practice for staff.
- The design and use of a system to report on return to work outcomes.
- The exploration and planned implementation of new models of service delivery (such as the Case Management Project).
- The provision of higher levels of clinical supervision.

According to WCB staff, there are several factors which could explain this level of change:

- The new Divisional Vice-President indicated that the re-vitalization of vocational rehabilitation was a high priority item and a new manager was brought in to champion this renewal process.
- The 1996 Inventory presented compelling evidence on the need for change.
- That Inventory also recommended a specific set of actions.
- Those recommendations flowed logically from the report’s observations.
- The Inventory’s author (Leahy) was seen to be especially credible, with a combination of academic and field experience in vocational rehabilitation.
APPENDIX A
RESPONSE OF THE PREVENTION FUNCTION

A.1 WHAT INVENTORIES HAVE REVIEWED THIS FUNCTION?

In 1992 Rest and Ashford examined what was then called the occupational safety and health (OSH) function. They returned in 1996 to examine that function (now called the prevention function, as delivered by the WCB’s newly named Prevention Division) and submitted their Inventory in February, 1997.

A.2 WHAT “MECHANISMS” WERE USED TO RESPOND TO THE INVENTORIES?

The initial Inventory of the OSH/prevention function was released in October, 1992. As was the case for the other Inventories, the Vice-President was assigned the responsibility to respond. However, that Vice-President received no directions as to what that response was expected to include. Here are the subsequent events:

- **October, 1992:** The Vice-President of the OSH Division told the Senior Executive Committee that a questionnaire on the Inventory’s attention points, plus the actual report, had been sent to OSH staff and to 31 external stakeholders. The aim of the survey was to determine the right priority for the attention points in drafting an appropriate divisional response. The Vice-President had not reviewed the questionnaire prior to it being sent out nor had the SEC been informed of this step.

- **November, 1992:** The Vice-President gave a progress report on the response process to SEC. The Vice-President had met with the Regulation Advisory Committee to ask for input on their activities to include in the response. By this time, 200 questionnaires had been returned. It is not clear whether or not these returned questionnaires were analyzed.

- **March, 1993:** A new Divisional Vice-President was hired. He was invited to add his own critical evaluation of OSH operations and to propose a revised operating budget for 1993 based on his own assessment of needs and opportunities. The new Vice-President started a Divisional planning process that resulted in a Business Plan. That Plan used the Inventory as a lever to secure a considerable budget increase ($5 million and 50 additional staff) for the Division for 1994.

- **June, 1993:** Using a common format that was designed by a communications consultant, a draft response document was submitted to the Senior Executive Committee. The minutes of that meeting indicate that most of the Discussion focussed on the structure and format of the document itself, not on the reasonableness and practicality of the Inventory and the proposed response.

- **August, 1993:** The Vice-Presidents of Compensation and OSH, along with the Director of Assessments, presented their responses to the Board of Governors, who were very critical of the responses and their lack of priorities, the absence of measures, and missing linkages to the Inventories’ attention points. In spite of these criticisms, the Governors approved the responses and published them in the Workers’ Compensation Reporter.
• **November, 1993:** A new response document, in a new format, was submitted to the Board of Governors.

• **February, 1994:** Another response document was submitted to the Board of Governors, updating the November, 1993 document. That response was published in the Workers’ Compensation Reporter.

• **October, 1994 and September, 1995:** Other response documents were prepared. It is not clear to whom they were submitted.

In early 1997, a draft of the follow-up Inventory was released. No new mechanisms were established to respond to it, other than to examine the extent to which that Inventory’s recommendations fit with the Division’s own Plans and with the WCB’s overall Strategic Plan.

### A.3 WHAT CHANGES ACTUALLY TOOK PLACE?

#### In Response to the Original, 1992 Inventory

As seen in Exhibit A.1, several of the broad themes from the 1992 Inventory were ultimately acted on by the WCB. This includes:

- A renewed focus on prevention within WCB.
- Additional resources shifted to prevention.
- Greater integration of prevention activities within the Division and with other core functions.
- More use of available data to drive strategies.
- Efforts to update regulations and expand their scope.

#### In Response to the Follow-Up, 1997 Inventory

The 1997 Inventory is still in the process of being finalized. For this reason, no changes can be attributed to it.

### A.4 WHAT FACTORS EXPLAIN ANY LACK OF ACTUAL CHANGE?

The 1992 Inventory was noteworthy because it took a definite policy stance, calling for regulations that were interventionist, technology-forcing, and wide in scope. Many of the authors’ recommendations were controversial, ranging from their call to include ergonomic issues to their proposal for mechanisms to encourage internal responsibility and to link accident prevention to environmental and economic development. There has been little if any change concerning these more controversial findings. The probable lack of consensus on these issues within the employer and labour communities, and possibly within the WCB, is likely the biggest factor in explaining the lack of change in these controversial areas.
**EXHIBIT A.1**  
EXAMPLES OF WCB’S RESPONSE TO KEY ISSUES RAISED BY THE 1992 INVENTORY OF THE PREVENTION FUNCTION

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clarity of Management Direction</td>
<td>• There is general confusion at the Board about the overall direction of its OSH activities</td>
<td>• Clarify the objectives and priorities of the OSH program; focus on prevention rather than compliance</td>
<td>• In 1993, the OSH Division became the Prevention Division and developed its own planning process</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• WCB’s Strategic plan acknowledges the importance of prevention</td>
</tr>
<tr>
<td>2. Appropriateness of Design</td>
<td>• Regulations are outdated and narrow in scope</td>
<td>• Update the regulations and expand their scope</td>
<td>• The regulation review process was continued and attempted to deal with many contentious policy issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identify and exploit opportunities to encourage technological change using technology-forcing regulations</td>
<td>• After four years, the process remains incomplete. Unfinished business includes rights and responsibilities, ergonomics and medical programs</td>
</tr>
<tr>
<td></td>
<td>• There are few linkages between OSH and other core functions</td>
<td>• Integrate OSH into WCB and establish more linkages with other related agencies</td>
<td>• The Panel has delayed implementation of some new regulations pending the Royal Commission’s interim report</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The new Diamond Project seeks to combine safety and health programs with industry account management functions in the Assessment Department</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>2. Appropriateness of Design (Cont’d)</td>
<td>• Within OSH, integrate its functions and activities</td>
<td>• Training partnerships have been established and outside agencies are funded for research</td>
<td>• The workplace initiative has undertaken a complex, data-driven, integrated and targeted strategy of inspection, consultation, technical assistance, education and outreach involving all functional units</td>
</tr>
<tr>
<td></td>
<td>• There is insufficient data being used to drive the inspection strategy</td>
<td>• Use other data, in addition to claims data, to drive the Division’s targeting efforts</td>
<td>• Claims data still drives the inspection strategy</td>
</tr>
<tr>
<td></td>
<td>• Only 13% of WCB’s budget is allocated to prevention</td>
<td>• Shift more resources to prevention</td>
<td>• 50 additional staff were acquired for 1994</td>
</tr>
<tr>
<td></td>
<td>• OSH staff are not receiving the training they need to effectively perform their duties and to enhance their credibility with employers, workers and their colleagues</td>
<td>• Review, enhance and communicate the Division’s staff development policies</td>
<td>• Project specific training is being conducted but the Division has not identified training or staff development strategies in its business plans</td>
</tr>
<tr>
<td></td>
<td>• The Division’s staffing pattern is not well-representative of the client base it services</td>
<td>• Re-examine hiring policies and criteria in terms of affirmative action</td>
<td>• A new competency-based hiring process was started in 1993; several women were added to the officer corps</td>
</tr>
<tr>
<td>3. Responsiveness</td>
<td>• The system is not being alerted to, nor responding to, new and emerging trends and problems</td>
<td>• Consider establishing a small research unit within the Division</td>
<td>• A research unit was established</td>
</tr>
<tr>
<td></td>
<td>• Respond to the emerging issues of ergonomics, indoor air quality, asbestos removal, etc.</td>
<td>• The regulation review process attempted to address the emerging issues</td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 4. Monitoring and Reporting | - The WCB is not exploiting available data to plot strategies, to monitor performance, and to explain the causes of accidents. | - Use available data, plus additional data (such as hours of exposure), to monitor performance; do not rely solely on activity measures and reductions in claims as measures of performance | - The WCB has recognized the central role of information in its strategic plans and has undertaken several data initiatives, including AIRS, E-file, the Employer Report Card, and a data warehouse  
  - More research into the causes of accidents is planned  
  - Rydberg-Levy has been used to assist in the development of better performance measures  
  - Worksafe industry reports focus on the seven key industries which are responsible for 47% of all accidents and injuries |
APPENDIX B
RESPONSE OF THE ASSESSMENT FUNCTION

B.1 WHAT INVENTORIES HAVE REVIEWED THIS FUNCTION?

Two Administrative Inventories have examined the way the WCB assesses employers:

- In November 1992, Hunt prepared a stand-alone Inventory on the WCB’s Assessment Department.

- In March 1996, Hunt completed a follow-up review of the Department as part of a larger examination of the overall Compensation Services Division.

B.2 WHAT “MECHANISMS” WERE USED TO RESPOND TO THE INVENTORIES?

The initial Inventory of the assessment function was released in November 1992. Here are the subsequent events:

- **January, 1993:** In a memo to the Public Relations Director, the Director of the Assessment Department outlined the Department’s planned approach to responding to the Inventory. The memo states:

  "The first step in the response will be to set the vision, mission and core values. These will be aligned with the Board’s management philosophy, Assessment’s Client Satisfaction Strategy and Assessment’s Communication Strategy. The setting of direction at this level cannot be overemphasized."

  The memo also specifies the responsibility for generating the response:

  "The response will be developed in Assessments and then sent to the Vice-President Financial Services for critical review. It will then be sent to the Executive Committee for review and then to the Board of Governors."

- **February, 1993:** The Director of the Assessment Department responded to the Inventory by proposing a detailed action plan, including staffing increases, strategic planning, a budget and an implementation schedule. This proposal was reviewed by the Senior Executive Committee, but was never implemented.

- **July, 1993:** Another response document was prepared by the Department. It again included detailed proposals, especially for additional staff. These proposals were not approved but they were published along with other Divisional responses, in the Workers’ Compensation Reporter.

- **Fall, 1993:** When the new Vice-President of the Division arrived, he rejected the Inventory and the Department’s response because he believed that both had failed to address the fundamental commercial “underwriting” process and the computer system problems that plagued the Assessment Department. Before committing to further expenditures, the Vice-President decided that the problems required more rigorous
analysis. Soon after, Coopers and Lybrand were hired to survey the needs of employers. Around the same time, the New Directions initiative was launched to examine the way the Department did its business.

- **1995/1996:** The New Directions initiative ended, due in part to labour relations issues.

The follow-up Inventory was received in March 1996. No new mechanisms were put in place to respond to this Inventory since the Department by this time was being driven by the WCB’s overall Strategic Plan and by its Employer Services Strategy (ESS). ESS is a major corporate initiative which is intended to support the Board’s overall strategic plan in all areas including prevention, return to work and financial performance. Its assessment-related objectives are:

- To redesign the Board’s underwriting systems and procedures (classification, rate making, ERA, incentive plans, other products and services).
- To implement the “Risk Management” function that is deemed central to prudent financial performance as well as to improved safety and return-to-work outcomes.
- To redesign assessment “operations” to reduce duplication and facilitate cost effective service delivery.
- To review Policy and/or Legislative changes required to carry out the objectives.

At the time of our review, ESS still underway but, as is seen later, has not yet resulted in fundamental changes to the assessment function.

### B.3 WHAT CHANGES ACTUALLY TOOK PLACE?

#### In Response to the Original, 1992 Inventory

As seen in Exhibit B.1, the actual changes were quite small, in spite of the energy and time expended on setting up response mechanisms and producing detailed response proposals. Those changes that actually did take place occurred several years after the 1992 Inventory. For example, the recommended evaluation of ERA did not take place until 1996 and the proposed employer satisfaction survey was not launched until 1995.

#### In Response to the Follow-Up, 1996 Inventory

As seen in Exhibit B.2, many of the changes and actions called for in the 1996 Inventory have already been addressed, but not necessarily acted on, by the WCB’s Employer Services Strategy (ESS) which was launched before the 1996 Inventory. If ESS proceeds as planned, then fundamental changes could occur. However, it can not be concluded that such future changes are attributable to the Inventory.

### B.4 WHAT FACTORS EXPLAIN ANY LACK OF ACTUAL CHANGE?

In spite of many proposals and plans, there were few actual changes resulting from the 1992 Inventory. According to WCB staff, this is due to two factors:
• Proposals were made to the Board of Governors but few decisions nor resource commitments were made to take action.

• The new Vice-President lacked confidence in the Inventory’s methodology and disagreed with several of the Inventory’s key recommendations. He believed that there were other solutions that needed to be examined.

In our view, two other factors might explain the lack of actual changes:

• The 1992 Inventory had concluded (with incomplete evidence, in our view) that the assessment system in BC is “fundamentally fair and equitable.” Such a positive conclusion might reduce the perceived need for change.

• The same Inventory concluded (with incomplete evidence, in our view) that the Assessment Department’s administrative costs were falling (on a per firm basis). Such a conclusion, if believed, could remove the pressure to make any efficiency-related changes.

The type of changes called for in the 1996 Inventory were already addressed in the WCB’s ESS project but the project has only recently started. That explains why many changes have been planned but not necessarily acted on. For example, the ESS project is working on a Phase Two report to specify the changes to be made, plus a description of the proposed process to consult and collaborate with major stakeholders in the introduction of major changes.
<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clarity of Management Direction</td>
<td>• <strong>Lack of Clarity</strong>: The objectives of the Assessment Department are broad, largely unstated and do not offer much scope for examination of particular performance issues</td>
<td>• No recommendations were provided</td>
<td>• The WCB did not respond; the same issue was raised again in the 1996 Inventory</td>
</tr>
<tr>
<td>2. Appropriateness of Design</td>
<td>• <strong>POP</strong>: The Personal Option Protection (POP) Program creates excessive work, frustrates staff and wastes resources</td>
<td>• Examine the costs of administering POP</td>
<td>• POP costs were examined in 1993 and options were provided to the Board of Governors</td>
</tr>
<tr>
<td></td>
<td>• <strong>Classification</strong>: There has been no public consideration of the entire classification system in BC for many years</td>
<td>• Conduct a public review of the adequacy and appropriateness of the entire classification system</td>
<td>• Such a public review has not taken place; instead, discussions are to be held with stakeholders, as part of the ESS project launched in 1995</td>
</tr>
<tr>
<td></td>
<td>• <strong>Linkages</strong>: The prevention and assessment functions are not linked</td>
<td>• Experiment with the concept of providing greater policy linkage between OSH inspection results and ERA merits and demerits</td>
<td>• Such an experiment has not taken place (but has been proposed as part of the ESS project)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Public Disclosure</strong>: Employers perceive that there is a lack of openness and that even information about their own account is not available to them</td>
<td>• Make such information publicly available; make greater efforts to explain the Department’s policies and to justify its decisions on assessment matters</td>
<td>• Changes were made, especially in response to Freedom of Information legislation introduced in late 1993</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 2. Appropriateness of Design (Cont’d)  | • **Staffing:** The Assessment Department cannot meet the legitimate public expectations of its performance without additional staffing | • Increase the number of staff in the Assessment Department to respond to the new spirit of openness and to beef up the audit and collection activities | • Proposals were made for increased staffing  
• The new Vice-President withdrew the proposals to bolster audit and collections staff because he believed there were other possible solutions (e.g., rationalize the audit function, introduce an accounts receivable and billing system) and that throwing more bodies at a problem doesn’t solve the problem |
|                                        | • **Staff Development:** Staff lack the skills to do their job                                                   | • Provide more adequate staff development to meet the challenge of increased public review of its practices and procedures | • Plans were prepared and a Training Officer was hired but there was conflict over how to do training |
| 3. Achieving Intended Results          | • **Missing Data:** There are no data available with which to make a credible evaluation of the adequacy of initial classification decisions | • No recommendations were provided | • The WCB did not respond; the same issue was raised again in the 1996 Inventory  
• The Internal Audit Department eventually evaluated the program in 1996. (We did not examine the scope nor the validity of the evaluation’s research design)  
• ERA is being re-designed as part of the ESS project |
|                                        | • **ERA:** The impacts of the WCB’s ERA Program are unknown                                                   | • Conduct a carefully designed definitive study on ERA’s impact, especially on employer behaviour |                                                                                                                                                                                                           |
| 4. Client Satisfaction                 | • **Missing Information:** There is no flow of regular information on employers’ levels of satisfaction        | • Gather systematic reliable feedback on performance from employers                             | • A client satisfaction survey was conducted in 1995  
• There are no plans to do this on a routine basis |
|                                        |                                                                                                                                                                        |                                                                                                                                                                                                           |
EXHIBIT B.2
EXAMPLES OF WCB’S RESPONSE TO KEY ISSUES RAISED BY THE 1996 INVENTORY OF THE ASSESSMENT FUNCTION

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clarity of Management Direction</td>
<td>• <strong>Lack of Clarity:</strong> The objectives of the Assessment Department are broad, largely unstated and do not offer much scope for examination of particular performance issues</td>
<td>• No recommendations were provided</td>
<td>• The ESS project includes the planned development of performance measurement systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• No changes have been made to date</td>
</tr>
<tr>
<td>2. Appropriateness of Design</td>
<td>• <strong>Classification:</strong> There is a danger that distortions, imbalances, sub-class problems and classification inequities could creep into the classification system and damage its perceived fairness</td>
<td>• Re-examine the sub-class structure and increase WCB’s vigilance for sub-class problems and for classification inequities</td>
<td>• The ESS project resulted in a study of the classification system and a recommended process for making changes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Plans call for future changes to the system after appropriate consultation with stakeholders; no changes have been made to date</td>
</tr>
<tr>
<td></td>
<td>• <strong>ERA:</strong> The design of the ERA needs to be debated</td>
<td>• In the short run, focus the policy debate on the optimal design of an effective experience rating system to encourage prevention of injuries and disease, notwithstanding labour’s position opposing the very concept of experience rating</td>
<td>• The ESS project plans to examine the design of the ERA; no design changes have been made to date</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <strong>Relief of Costs:</strong> Review of Relief of Costs applications can not be done with appropriate assurance of correctness due to the poor quality of information in the claims file and the lack of computerized procedures to handle the recalculations</td>
<td>• No recommendations were provided</td>
<td>• The ESS project, because of its broad scope, will be examining all such data and systems issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• No significant changes have been made to date</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3. Achievement of Intended Results</td>
<td>• <strong>ERA</strong>: It is still not clear whether or not the Department’s contentious ERA policy has achieved its intended outcomes</td>
<td>• Conduct a carefully-designed, definitive study on ERA’s actual impacts</td>
<td>• The Internal Audit Department evaluated the program in 1996 (We did not examine the scope nor the validity of the evaluation’s research design)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Missing Data</strong>: There are no data available with which to make a credible evaluation of the adequacy of initial classification decisions</td>
<td>• No recommendations were provided</td>
<td>• The ESS Project and the Data Warehouse Project are examining the type of data required to measure all aspects of the Department’s performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• No significant changes have been made to date</td>
</tr>
</tbody>
</table>
APPENDIX C
RESPONSE OF THE CLAIMS ADMINISTRATION FUNCTION

C.1 WHAT INVENTORIES HAVE REVIEWED THIS FUNCTION?

Two Inventories have assessed the operations and policies of the claims administration function, as carried out by the WCB’s Compensation Services Division. The first Inventory was completed in 1991 and a follow-up Inventory was submitted in 1996. (Both Inventories looked at other core functions besides claims administration.)

C.2 WHAT MECHANISMS WERE USED TO RESPOND TO THE INVENTORIES?

The WCB’s very first Administrative Inventory was released in November 1991 during the orientation of a new Divisional Vice-President. It focussed on the Compensation Services Division and in particular, examined the design and operation of the claims administration function.

The WCB responded in the following manner:

- **November, 1991:** The new Vice-President of the Compensation Services Division was assigned, at a meeting of the Board of Governors, the job of replying to the Inventory. The minutes do not explain the purpose of the response; nor do they describe the process or resources that were to be used to generate the response.

- **Early 1992:** WCB hired the consulting firm of Deloitte & Touche to carry out a separate review of the adjudication process. This exercise was called the “Adjudication Study.”

- **June, 1992:** The response was drafted and distributed to the Senior Executive Committee on June 29, 1992 for comments prior to being approved by the Board of Governors. According to the minutes, the Senior Executive Committee commended the team which prepared this response for its quality and did not question the veracity of the attention points or any planned action that would be taken to address them. The document itself updates the statistical tables in the original Inventory and discusses the Board’s general progress towards addressing the attention points. The majority of the attention points are responded to with statements of intent, rather than with specific strategies or actions. It does not identify responsibility for implementing and monitoring change initiatives nor does it identify the resources that will be required.

- **July, 1992:** The response was published in the Workers’ Compensation Reporter.

- **August, 1992:** The Division launched the “Transition Project,” whose objective was to re-engineer the business processes in the areas of claims adjudication and claims processing to improve service delivery, increase efficiency and reduce administrative costs. (Note: We find this response paradoxical, but not necessarily unwarranted, because the Inventory had concluded, without compelling evidence, that “the WCB does an excellent job of handling the burden of the claims process” and that its associated administrative costs were falling.)
• **July, 1993:** Another response document was prepared for the Board of Governors. It used a different structure from the first response document and also included the Division’s response to the work that had been done by Deloitte & Touche. It was published in the Workers’ Compensation Reporter.

• **April, 1994:** A third response document was prepared. It again used a different structure, this time focusing on the Inventory’s original Attention Points. Completion dates for various action steps were identified but the corresponding resource requirements were not included. This response was again published in the Workers’ Compensation Reporter.

• **Late 1994:** The Transition Project was canceled when the new President arrived. The impact of this multi-million dollar exercise is unknown.

The follow-up Inventory was released in 1996. In response, the WCB did not introduce any new mechanisms. That Inventory sparked no modification to the Division’s existing plans and initiatives which were based on the WCB’s overall Strategic Plan. Instead, leaders of the Division used portions of the Inventory to further support their array of major projects, most of which had been launched before the completion of the 1996 Inventory.

### C.3 WHAT CHANGES ACTUALLY TOOK PLACE?

**In Response to the Initial 1991 Inventory**

As is seen in Exhibit C.1, most of the Inventory’s key recommendations about the claims administration function were not carried out. Instead, the previously-mentioned Transition Project consumed much of the time of management and staff.

**In Response to the Follow-Up, 1996 Inventory**

As seen in Exhibit C.2, the policy-related recommendations of the 1996 Inventory have not been acted on. In contrast, those recommendations that deal with operational issues are in the process of being acted on, primarily as part of the Division’s major initiatives (e.g., E-File, Case Management) that were launched before the 1996 Inventory. If these initiatives proceed as planned, then fundamental changes could occur. However, it can not be concluded that such future changes are attributable to the Inventory.

### C.4 WHAT FACTORS EXPLAIN ANY LACK OF CHANGE?

WCB staff told us that the Transition Project became the dominant force for change after the 1991 Inventory. That project focused on processes and did not address some of the issues raised by the initial Inventory. As a result, many of that Inventory’s recommended actions did not take place.

A different set of circumstances may explain why actual changes have not yet taken place in response to the 1996 Inventory. For operational issues, the Division is employing a phased approach to the introduction of change. This involves pilot testing and evaluation before any wide-spread roll-out of changed procedures, structures, and systems. Such an approach requires considerable calendar time.

For policy issues, two reasons were given to us by WCB managers to explain the relative lack of action in this area in response to the 1996 Inventory:
• The Panel of Administrators is perceived as not wanting to become involved in possibly-contentious policy decisions; and,

• There is a sense (correct or otherwise) that the Royal Commission will be making its own recommendations on these sensitive policy issues and the WCB should therefore wait for the Commission’s findings before taking action.
# EXHIBIT C.1
EXAMPLES OF WCB’S RESPONSE TO KEY ISSUES RAISED BY THE 1991 INVENTORY OF THE CLAIMS ADMINISTRATION FUNCTION

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Appropriateness of Design</td>
<td>• It is impossible to make any definitive statements about the equity of Compensation in BC without a full study</td>
<td>• Launch a full study to determine whether similar disabilities are being compensated in a consistent manner and whether different levels of disability are being compensated appropriately</td>
<td>• There was no general review of the adequacy and equity of the benefit structure. This issue was again raised in the 1996 Inventory.</td>
</tr>
<tr>
<td></td>
<td>• Excessive workloads result in payment errors and complaints from clients</td>
<td></td>
<td>• The Division hired new adjudicators and its administrative costs rose significantly. Note: This response contrasts with that of the Assessment Department which rejected the Inventory’s call for additional staff. Instead, the assessment function looked at its own internal processes instead of acquiring additional resources.</td>
</tr>
<tr>
<td></td>
<td>• The system assigns too many claims to the adjudicators</td>
<td></td>
<td>• This issue was again raised in the 1996 Inventory.</td>
</tr>
<tr>
<td>2. Monitoring and Reporting</td>
<td>• There are few objective standards of performance applied to the claims unit</td>
<td>• Develop additional criteria, not just paylag, to measure and report on performance</td>
<td>• Measures were proposed but no new indicators were used on a routine basis for monitoring and reporting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• This issue was raised again in the 1996 Inventory.</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1. Appropriateness of Design</td>
<td>• There has been no general review of the adequacy and equity of the benefit structure</td>
<td>• Review the adequacy and equity of the benefit structure to determine how injured workers at different earning levels and in varying family situations are faring; compare the results to other Canadian jurisdictions</td>
<td>• The Policy Bureau is expected to examine this issue; any significant reforms may require legislative change</td>
</tr>
<tr>
<td></td>
<td>• BC’s benefits are usually set at a percentage of the workers’ gross level of earnings at the time of injury. This is out of step with other provinces which use a formula based on net earnings</td>
<td>• Review the formula for determining basic income maintenance benefits; at the same time, review the issue of benefit coordination or “stacking”</td>
<td>• The Policy Bureau is expected to examine this issue; any significant reforms may require legislative change</td>
</tr>
<tr>
<td></td>
<td>• In the “linear” adjudication model, the encouragement of quick decisions by initial adjudicators creates a subtle bias in favour of granting benefits</td>
<td>• Review the practice of encouraging quick initial decisions</td>
<td>• The new Case Management model is expected to improve the quality of decisions and ensure more accountability</td>
</tr>
<tr>
<td></td>
<td>• Adjudicators are still feeling crushed by the continuous flow of cases onto their desks</td>
<td>• No specific recommendations were provided</td>
<td>• The new initiatives are expected to address this issue</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 2. Achievement of Intended Results    | • Appellate activity is increasing  
• Paylag performance is disappointing and deteriorating  
• Doing the same old things in the same old ways will not turn the situation around | • Develop and test new solutions; implement only when the new solutions are proven to work       | • The WCB has launched several major initiatives, ranging from the E-file project to the Case Management project. All involve pilot testing and subsequent evaluation |
| 3. Responsiveness                      | • The WCB has not been successful in the past in trying to respond to problems and emerging issues             | • Be careful managers of any major new initiatives                                               | • WCB leaders claim that they are managing such projects in a more effective manner, with more pilot testing, staff involvement, and training |
| 4. Monitoring and Reporting            | • An undue emphasis on timeliness (in measuring performance) may lead to some sacrifice in quality of decision making | • Use several criteria and indicators to measure the performance of the claims function; such measures should incorporate a broader range of institutional goals | • New performance indicators have been developed and were used at a corporate level in early 1997        |
APPENDIX D
RESPONSE OF THE REHABILITATION FUNCTION

D.1 WHAT INVENTORIES HAVE REVIEWED THIS FUNCTION?

Three Administrative Inventories have examined the way the WCB rehabilitates injured workers.

- In 1991, the Hunt report examined the overall Compensation Services Division, which included the Vocational Rehabilitation Department.

- In 1993, Fulton’s Administrative Inventory focussed on the Rehabilitation Centre (which is not part of the Vocational Rehabilitation Department) and also examined the WCB’s Medical Programs, especially as they are used in the vocational rehabilitation function.

- In 1996, Hunt’s team returned for a follow-up Inventory and again examined the vocational rehabilitation function as part of its review of the Compensation Services Division. In doing so, it also reviewed some aspects of the Rehabilitation Centre.

D.2 WHAT MECHANISMS WERE USED TO RESPOND TO THE INVENTORIES?

Because the Vocational Rehabilitation Department was part of the Compensation Services Division, its response to the 1991 Inventory was dictated by the response mechanisms of the overall Division. As a result, the sequence of events are very similar to our Appendix C description of the response of the claims administration function, namely:

- **November 1991**: The new Vice-President of the Division was assigned the job of replying to the Inventory.

- **June 1992**: The response was drafted and presented to Senior Executive Committee and subsequently to the Board of Governors.

- **July 1992**: The response was published in the Workers’ Compensation Reporter.

- **July 1993**: A second response was submitted to the Board of Governors.

- **April 1994**: A third response document was submitted and then published in the Workers’ Compensation Reporter.

The 1993 Inventory of the Rehabilitation Centre (which was not part of the Vocational Rehabilitation Department) resulted in a different response mechanism:

- An expectation was set by the Senior Executive Committee (SEC) that there would be annual follow-through reports from the Centre on progress against the attention points raised in the Inventory. The style and content of those reports were at the discretion of the Centre.
The first follow-through report was presented to SEC in October 1994. It systematically listed each attention point and indicated the type of action that had been taken. It noted that the “majority (47/60) of attention points have been completed.” The report also linked the attention points in the Inventory to the standards set by the Commission on Accreditation of Rehabilitation Facilities (CARF). At that time, seeking formal independent accreditation was a priority for the Centre (one that was endorsed by the Inventory) and, therefore, the attention points were also cross-referenced to CARF standards and guidelines.

The second follow-through report was presented to SEC in October 1995. It had the same format as that used in 1994. It showed that work on all of the attention points had been completed or was ongoing. It indicated that options and alternatives for the Centre had been thoroughly reviewed earlier in the year and that the “optimal direction” was set out in the Centre’s Strategic Plan for 1995 - 2000 and in its 1995 Business Plan.

No further reports were compiled.

The 1996 follow-up Inventory of the Vocational Rehabilitation Department sparked a response mechanism that was quite different from its response to the first Inventory. By this time, the Department had been re-established (it was dissolved shortly after the 1991 Inventory) and its leaders told us that they used the 1996 Inventory as a “road map” for the creation of the new unit and for a careful analysis of the exploding costs of vocational rehabilitation services. Unlike other Departments or Divisions, the Rehabilitation Department relied heavily on the Inventory to guide changes and did not look to other consultants for further investigations and analysis.

D.3 WHAT CHANGES ACTUALLY TOOK PLACE?

In Response to the Initial, 1991 Inventory of the Department

No real actions took place. As a result, the key issues addressed in the 1991 Inventory of the Vocational Rehabilitation Department had not been resolved five years later. That is, effective action was not taken to:

- Clarify the mission, outcomes and expectations of the Vocational Rehabilitation Department. (For example, it was still not clear whether “employment” or “employability” is the function’s primary goal.)
- Remove barriers to early intervention.
- Lessen excessive demands on rehabilitation management and enhance their management skills
- Provide adequate clinical supervision to Vocational Rehabilitation Consultants.
- Allocate more resources away from Richmond.
- Introduce an ongoing program of professional development for the Vocational Rehabilitation Consultants and improve the in-service training.
- Provide better handbooks, computer tools and data to support Vocational Rehabilitation Consultants’ decisions.
• Develop a full management information system as well as an adequate system to determine the total effectiveness of services provided to injured workers.

In Response to the 1993 Inventory of the Rehabilitation Centre

While agreeing that the methodology used by the authors was flawed, the then Director of the Centre believes that the Inventory “got it right” and concurred with the attention points highlighted by the Inventory. Many of these recommendations had been discussed with the researchers during the course of the Inventory.

Over the past few years, the Centre has taken a number of actions to improve the quality of care that are consistent with the direction identified in the Inventory:

• Accreditation: The Centre has received accreditation from CARF for the Chronic Pain and Functional Evaluation programs, and for the Centre’s administrative practices.

• Regionalized Rehabilitation Services: Over the past few years, major private sector providers in various areas of the province have taken over the work previously undertaken by the Rehabilitation Centre in Richmond.

• Earlier Intervention: The Centre has taken a number of steps to reduce the time from injury to treatment both in the Centre itself and throughout the province.

• Interdisciplinary Approach: The Centre has moved away from the medical model and has reinforced the need for interdisciplinary treatment and teamwork, utilizing nurses, therapists and case managers.

Some of the follow-up actions did not always adhere to the suggestions in the attention points. For example:

• Physician Services: The comments in the Inventory concerning physicians were very controversial and were challenged by many people in the organization. As a result, many of the suggestions in the Inventory were not followed. For example, the Centre did not remove physicians from staff. Also, the Centre continues to use Physicians on rotation from the Claims Unit.

• External Management of the Centre: This was considered but rejected. The Centre commissioned a follow-up study on this issue by Consulting and Audit Canada and, based on it, the concept of an independent agency was rejected.

• The Residence: The option of closing the Residence was given brief consideration but was not pursued. It was decided that the Residence is needed as a constructive part of a rehabilitation program for injured workers. However, use of the Residence by injured workers has declined because a much higher proportion are treated closer to home in private regional facilities. (Some action was taken to address the living conditions in the Residence as recommended in the Inventory.)

In particular, non-systematic sampling of respondents.

Support for the Inventory’s observations related to those concerning the Rehabilitation Centre. The Inventory also addressed the work of physicians in the Medical Services Department. However, the conclusions reached concerning Board Physicians were more controversial.
Overall, the Centre staff considered the attention points in the Inventory but were not obliged to follow precisely the suggestion made. Instead, they used their own judgment to decide which course of action should be followed.\(^4\)

In the period immediately following the Inventory, the efforts of Centre staff were heavily devoted to the accreditation process, which they believed would encompass most of the concerns expressed in the Inventory.

**In Response to the Follow-Up, 1996 Inventory of the Department**

As can be seen in Exhibit D.1, the Department has taken action and made many significant changes in response to the 1996 Inventory. The most significant actions were:

- The clarification of the function’s mission, that of early return to work.
- The establishment of clearer guidelines, expectations and standards of practice for staff.
- The design and use of a system to report on return to work outcomes.
- The creation of a professional development focus within the Department.
- The exploration of new models of service delivery (such as the Case Management Project).
- The provision of higher levels of clinical supervision.

As is seen in Exhibit D.1, some of the issues raised in the 1996 Inventory have yet to be acted on and/or result in actual changes. The key ones are:

- The development of technology and software tools for Vocational Rehabilitation Consultants.
- The development of a research program to support vocational rehabilitation efforts.
- The expansion of resources for the Career Re-Direction and Job Search Program.

**D.4 WHAT FACTORS EXPLAIN ANY LACK OF CHANGE?**

There were few actual changes resulting from the 1991 Inventory. This is likely because the Vocational Rehabilitation Department was dissolved shortly after the Inventory was completed and there was no focal point to address the issues raised in the 1991 Inventory.

In contrast, a major portion of the 1996 Inventory’s recommendations were actually acted on. Reasons given to us by staff as to why some recommended changes were not made include:

- The Department’s new management structure has been in place for less than two years.
- The structure of the Department was never fully staffed at the senior management level.

\(^4\) Many of the attention points in the Inventory are written in such a way that they allow for a variety of follow-up actions. Also, the Inventory, for the most part, does not assign priority to the various suggestions.
• There have been significant turnover and under-staffing of personnel to address research initiatives.

• The required resources were not available.
## EXHIBIT D.1
EXAMPLES OF WCB’S RESPONSE TO KEY ISSUES RAISED BY THE 1996 INVENTORY OF THE VOCATIONAL REHABILITATION FUNCTION

<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clarity of Management Direction</td>
<td>• The function’s mission and expected outcomes are unclear. For example, is the goal to be employment or employability?</td>
<td>• Clarify mission and policy issues and set service delivery expectations and guidelines</td>
<td>• The WCB Strategic Plan says that Return to Work (RTW) is the goal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Practice guidelines are set forth in the Handbook</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Specific practice directives were issued (e.g., policy on business start-ups)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Appropriateness of Design</td>
<td>• Policies are developed without adequate policy research</td>
<td>• Conduct ongoing research to provide the Department with the kind of information required to appropriately inform future policy and practice</td>
<td>• There have been no significant activities initiated over the past two years to address this attention point</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• No evaluations have been conducted</td>
</tr>
<tr>
<td></td>
<td>• The Board does not intervene soon enough with its array of rehabilitation tools and services</td>
<td>• Explore possible service delivery options throughout all WCB operations, and via team approaches, to enhance the early intervention efforts and to secure more effective return to work performance</td>
<td>• A number of the WCB’s major initiatives (E-file, Case Management, etc.) emphasize early intervention and a team approach</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The WCB continues to use the same old approaches to dealing with rehabilitation issues</td>
<td>• Develop and test new models of service delivery that enhance early intervention, attachment to the workforce and return to work outcomes consistent with emerging disability management principles</td>
<td>• The new Case Management Model addresses these issues and is being pilot tested, using several principles of disability management</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>2. Appropriateness of Design (Cont’d)</td>
<td>• Vocational Rehabilitation Consultants are not receiving adequate clinical supervision</td>
<td>• Increase the level of clinical supervision</td>
<td>• Positions were established to provide supervision</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Individual case reviews and weekly case conferences now take place</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The annual performance evaluation was reinstated</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Guidelines were established for provision of services, expected length of support and eligibility for various benefits</td>
</tr>
<tr>
<td></td>
<td>• There are inequitable services to areas outside the Lower Mainland</td>
<td>• Develop additional service capacity and referral relationships in the community</td>
<td>• More community-based resources are being used</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Manage such relationships via clear expectations and performance monitoring</td>
<td>• New guidelines were implemented regarding the use of outside contractors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Performance monitoring has been implemented for such contractors and benchmarks are being developed</td>
</tr>
<tr>
<td></td>
<td>• Staff lack the skills to do their job</td>
<td>• Implement a professional development focus within the Department</td>
<td>• A workshop committee was established to identify potential content areas for in-service training workshops</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Raise the job requirements for the individuals hired</td>
<td>• Such workshops have been conducted and more are planned</td>
</tr>
<tr>
<td>PERFORMANCE ISSUE</td>
<td>WHAT WERE THE INVENTORY'S KEY OBSERVATIONS?</td>
<td>WHAT DID THE INVENTORY RECOMMEND?</td>
<td>WHAT HAPPENED?</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------</td>
<td>----------------------------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| 2. Appropriateness of Design (Cont’d) | • Staff lack the technical tools to do their job | • Provide the Vocational Rehabilitation Consultants with additional technology and software tools | • The WCB now provides financial support to Vocational Rehabilitation Consultants to acquire professional accreditation  
| |  |  | • The job requirements have been upgraded  
| |  |  | • Individual Performance Plans are part of the appraisal process  
| |  |  | • There has been some limited activity to develop solutions to the lack of technology and software tools  
| |  |  | • The Rehabilitation Performance Management System was developed by the Division in 1996  
| |  |  | • However, there have been no new tools or technology provided to the Vocational Rehabilitation Consultants to date  
| |  |  | • Managers lack the training to do their job  
| |  |  | • Provide more formal training for managers, especially those who are new to their position  
| |  |  | • Managers have not received this type of training  
| 3. Costs and Productivity | • Program costs are exploding | • Manage these costs more effectively | • A range of control mechanisms were put in place; costs are going down  
<p>|</p>
<table>
<thead>
<tr>
<th>PERFORMANCE ISSUE</th>
<th>WHAT WERE THE INVENTORY’S KEY OBSERVATIONS?</th>
<th>WHAT DID THE INVENTORY RECOMMEND?</th>
<th>WHAT HAPPENED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Responsiveness</td>
<td>• The Department lacks the tools to respond to emerging issues</td>
<td>• Promote research efforts to appropriately inform future policy and practice; study the emerging and complex issues on an ongoing basis</td>
<td>• No changes to date (but some are being planned)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Respond to changes in the job market by equipping Vocational Rehabilitation Consultants with tools and technology to access labour market information and employment leads</td>
<td>• Responsibility for vocational rehabilitation research and evaluation was transferred to the Rehabilitation Centre’s Program Evaluation and Research Unit in 1996</td>
</tr>
<tr>
<td>5. Working Environment</td>
<td>• Vocational Rehabilitation Consultants do not know what is expected of them and feel isolated</td>
<td>• Provide more clinical supervision</td>
<td>• More supervision was provided</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provide clear guidelines</td>
<td>• Guidelines were prepared and discussed</td>
</tr>
<tr>
<td>6. Monitoring and Reporting</td>
<td>• The Department lacks essential management information and cannot determine the total effectiveness of its services to workers</td>
<td>• Provide reliable and timely information to management staff to analyze trends and monitor performance</td>
<td>• The statistical system was re-designed and upgraded in 1996 to monitor outcomes and caseload activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Design a program evaluation system that uses multiple performance measures over a longer term</td>
<td>• Multiple performance measures have not yet been developed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Similarly, there are no longer-term, follow-up mechanisms to determine whether the benefits of Vocational Rehabilitation are sustained over time (e.g., what is the impact of funds spent on self-employment?)</td>
</tr>
</tbody>
</table>
APPENDIX E
RESPONSE OF THE DISPUTE RESOLUTION FUNCTION

E.1 WHAT INVENTORIES HAVE REVIEWED THIS FUNCTION?

Six different Inventories have examined various aspects of the system’s process for resolving disputes:

- Hunt’s 1991 and 1996 Inventories reviewed the appeal-related activities, policies and performance of the Appeal Division, the WCRB, and the Medical Review Panels. Those reports focused primarily on non-medical disputes arising from decisions about claims, with some analysis of how medical disputes were handled.

- In 1992, Jenkins produced a stand-alone report on Medical Review Panels and their role in resolving medical disputes.

- In Hunt’s 1992 Inventory of the assessment function, he examined the process for employers to appeal assessment decisions.

- In the 1992 and 1997 Inventories of the OSH/prevention function, the authors address how prevention-related disputes are dealt with by the system.

E.2 WHAT “MECHANISMS” WERE USED TO RESPOND TO THE INVENTORIES?

We found no evidence that any new or special structures or processes were introduced to address the issues raised by those Inventories that focused on non-medical disputes.

In contrast, the mechanisms established to respond to the 1992 Inventory on medical disputes were quite elaborate:

- In July 1993 a document entitled “Invitation to Comment on MRP Recommendations” was circulated to solicit input on the policy and legislative changes that the 1992 Jenkins report had recommended. The document was sent to approximately 400 workers, employers, Medical Review Panel Chairmen and Specialist members for comment and a number of submissions were received.

- In August 1994 a second phase of consultation was undertaken. A public hearing was held to obtain responses to specific proposals for changes to policy, legislation and regulations. The proposals, and the written and oral submissions provided in response, were published in a document called “Report on Medical Review Panel Public Hearing June 14, 1994.”

E.3 WHAT CHANGES ACTUALLY TOOK PLACE?

In Response to the Initial, 1991 Inventory of Non-Medical Disputes

Several issues raised in the 1991 Inventory were acted on. This includes:
• Steps were taken within the WCB to improve the relations between the WCB and the WCRB. This included the circulation of WCRB findings to WCB staff and the establishment of regular joint meetings to discuss issues of mutual interest.

• More effort was expended by the WCB on tracking and analyzing WCRB findings and in trying to analyze general trends in the size and nature of appeals for the purposes of the WCB’s own quality assurance, policy/practice review, and training.

However, other policy-related issues addressed in the 1991 Inventory were not acted on and several of the same issues re-appeared in the follow-up 1996 Inventory:

• The numerous levels of appeal.

• The implicit encouraging of appeals.

• The problems with manager reviews.

• The call for an independent review of the Workers’ Compensation Review Board.

In Response to the Initial, 1992 Inventory of OSH

The 1992 Inventory of the OSH/Prevention function noted that there were no legislative or policy provisions for workers to:

• Appeal the failure of a field officer to recommend a penalty; or

• Contest administrative reductions in penalty assessments by the Prevention Division prior to Variance and Sanction Review.

No changes were made to address those possibly-contentious gaps in policy.

In Response to the Follow-Up, 1996 Inventory of Non-Medical Disputes

Few changes have been made to date to address the key issues raised in the 1996 Inventory, several of which were identified in the initial 1991 Inventory:

• The numerous levels of appeal.

• The implicit encouraging of appeals.

• The lack of clarity over the Appeal Division’s policy role (the new Appeal Commissioner has been working informally to reach greater understanding and agreement on this issue).

• Delays, inconsistencies, and lower “allow rates” at the WCRB.

In Response to the Follow-Up, 1997 Inventory of OSH

The 1997 Inventory of the OSH/prevention function again raised the issue of workers lacking certain powers. To date, the Prevention Division has no plans to act on these perceived gaps.
In Response to the Three Inventories Dealing With Medical Disputes

As was mentioned previously, three different Inventories (1991, 1992 and 1996) examined the role of Medical Panels in resolving medical disputes.

The 1991 Inventory noted that the MRP process “seems to work well aside from the substantial delays that have been experienced” and also called for different claims practices to reduce the number of MRPs required. It is not clear whether this issue was acted on.

The 1992 Inventory focussed solely on the MRP process and contained 132 recommendations, 70 of which were administrative and 52 would have required either a statutory or policy change. Briefly, here are the changes that actually occurred:

- Most of the administrative recommendations became embodied in the new policy published in the “Rehabilitation Services and Claims Manual.” (However, such changes appear to have had little positive impact on delays; this issue worsened in the subsequent years.)

- Those recommendations that require statutory change are still outstanding and have not been dealt with.

The 1996 Inventory made two recommendations about the MRP process:

- Continually monitor the backlog and delays, as well as the mounting utilization of MRPs.

- Explain the high rate of reversals at the MRP of WCB’s medical decisions.

As a response to the 1996 Inventory’s first recommendation, the persons responsible for the MRP process made greater efforts to monitor the delays and in 1996 launched a consultant’s study, by Bud Gallagher, of the MRP’s time delay problems. The current MRP Registrar is working to implement the recommendations made by Gallagher, and continues to monitor backlogs and delays. However, no analyses has been done to date on the second issue, the need to explain the MRP’s high rate of reversals.

E.4 WHAT FACTORS EXPLAIN ANY LACK OF CHANGE?

There are several reasons why some of the Inventories’ recommended changes in the dispute resolution function have not occurred:

- Most of the policy issues would require legislative changes, something which the system’s leaders were not eager to undertake, especially since the changes would have been controversial.

- The 1996 Inventory characterized the Appeal Division as “well-run,” concluding that “it may be the best in North America in terms of the timeliness of reasoned, written appellate decision.” This would certainly imply that there was no compelling reason to make substantial changes to this key component of the resolution system.

- The leaders of the WCRB (which is not part of the WCB) questioned the methodology, conclusions, and tone of the Inventories and are thus not overly-receptive to acting on the issues raised by the Inventories.