

139/2016

Friends of Medicare  
601-12323 Stony Plain Rd NW  
Edmonton, AB T5N3Y5



**Friends of  
Medicare**

## **Submission**

### **2016 Alberta Workers Compensation Board Review**

**July 14, 2016**

**Sandra Azocar**  
Executive Director  
780-423-4581  
[fominfo@telus.net](mailto:fominfo@telus.net)

**Trevor Zimmerman**  
Communications Officer  
780-423-4581  
[fomcampaign@gmail.com](mailto:fomcampaign@gmail.com)

Thank you for allowing Friends of Medicare to be part of this very important discussion.

Since 1979 Friends of Medicare has been advocating for the expansion and improvement of publicly funded, publicly delivered health care across the province. We believe that Alberta's Ministries of Labour and also Health share our vision for a provincial health care system that is continuously improving quality and accessibility of health care services to all Albertans regardless of how and where they were injured or incapacitated.

Our health care system plays an integral role in safeguarding our province's sustainability and economic development by ensuring that we have a healthy and in turn productive workforce.

We are providing background information on our perspective on WCB and ongoing issues, followed by our recommendations.

Over one hundred years ago, Sir William Meredith tabled a report in the Ontario Legislature, establishing what would become known as The Meredith Principles. This 'historic compromise' served as a blue print for the development of Workers' Compensation Boards across the country, a promise to Canadians of:

1. **NO FAULT COMPENSATION:** workers are paid benefits regardless of how the injury occurred. The worker and employer waive the right to sue. There is no argument over responsibility or liability for an injury.
2. **SECURITY OF BENEFITS:** a fund is established to guarantee funds exist to pay benefits to workers.
3. **COLLECTIVE LIABILITY:** all employers share liability for workplace injury insurance. The total cost of the compensation system is shared by all employers. All employers contribute to a common fund. Financial liability becomes their collective responsibility.
4. **INDEPENDENT ADMINISTRATION:** the organizations who administer workers' compensation insurance are separate from government.
5. **EXCLUSIVE JURISDICTION:** only workers' compensation organizations can provide workers' compensation insurance. All compensation claims are made directly to the compensation board. The board is the decision-maker and final authority for all claims.

Meredith proposed a law that would follow the example of the German system of 'collective responsibility' and publicly administered mutual insurance, instead of the principle of individual responsibility, established in British law.

This is the historic compromise that lies at the heart of Alberta's present day workers' compensation law. It was a compromise made in good faith. It recognizes that employers do not pay for the compensation system by themselves. Workers paid and continue to pay - by giving up their right to sue.

WCB is not a private system. The WCB system is part of the public social security system, publicly administered and set up to protect the interests of the workers.

Alberta's workers' compensation is not a charity or social assistance. It is a legal right to payment and rehabilitation for losses and damages caused by work-related injury or disease established through Meredith's "historic compromise".

Beginning in the 1990s, Alberta has unfortunately been moving away from the system's original principles and what we have seen instead is WCB transforming into a financially motivated corporation.

After a worker has become ill or injured on the job the primary point of entry into the WCB is the public health care system. Instead of using the opportunity of WCB funded services to improve our health system we have instead fostered the creation of a parallel system. Under the pretense of getting workers back to work sooner, Alberta's WCB has promoted the use of many private care providers including surgical facilities, MRI and diagnostic imaging facilities, home care, and rehabilitation services.

One of the areas that we clearly see this parallel system is in the use of private surgical facilities. At the end of 1996 Alberta's Workers' Compensation Board abandoned a national fee structure for some day surgeries. For this purpose, they asked all Calgary day-surgery providers, ranging from surgeons to private clinics to the public health regions to submit information on their day-surgery capability. In 1998 it was reported by the Edmonton Journal, that WCB increased payment of its surgical fees by 500% to private surgical facilities and public hospitals. Along with this increase in surgical fees which go to the facility not the surgeon, Alberta introduced the concept of "expedited fees" which act as a monetary incentive to surgeons who perform the surgeries procedure within 15 working days of the recommendation for surgery.<sup>1</sup>

---

<sup>1</sup> Edmonton Journal, December 8, 1998; P. B3 **WCB paying private clinics 4 1/2 times the hospital rate** - Pedersen

Since the introduction of expedited fees, Alberta has not had any oversight as to the effect of workers' compensation policies related to expedite surgical fees and private clinic surgical setting on disability duration among injured workers. It is unknown if this practice has actually addressed the issues of wait times or expedited return to work.

However, a study published in 2011 looks at British Columbia's WCB equivalent to the effectiveness of private medical care. In one of the few studies on the issue, it was found that the public expedited group had the shortest disability duration from surgical consultation to return to work; the expedited fee reduced the surgery wait time (~2 work weeks), and surgeries performed in public hospitals had a shorter return-to-work time (~1 work week).<sup>2</sup>

Further concerns arose in the late 1990s when it was reported that the new fee structure changes had built into the fee schedule a 20% profit margin because private clinics pay profits to investors.<sup>3</sup> While public hospitals got the same fees as private clinics that can be used to improve services there, this doesn't excuse the use of money that should be used to the benefit of workers going towards private medical profit.

We do know that it benefitted profit makers in our system. The then president of Health Resource Group Inc, Jim Saunders said that "his for profit Calgary company was profitable doing WCB day surgery and non-insured medical services such as cosmetic surgery."<sup>4</sup>

A prime example of this move towards privatization is the Canadian Surgery Solutions Ltd. (CSS), a private operator of the non-hospital surgical facility in Calgary. It is owned and operated by Centric Health Rehabilitation Inc. which took ownership of CSS from LifeMark in 2011 as part of Centric Health's larger \$215 million LifeMark acquisition.<sup>5</sup> The LifeMark brand, established in 2000 is a corporation that maintains ongoing clinical operations under that banner. Centric Health has over 100 locations in 7 provinces across Canada (BC, AB, SK, MB, ON, NB and NS) under the LifeMark banner. While Centric Health Ltd. is a Canadian company based in Toronto, it is controlled by a venture capital firm in California called Global Healthcare Investments & Solutions (GHIS).<sup>6</sup> Since 2002, Alberta WCB has come to rely on access for expedited orthopaedic inpatient surgical

---

<sup>2</sup> <http://www.ncbi.nlm.nih.gov/pubmed/22851986>

<sup>3</sup> Edmonton Journal, December 2, 1998; B4 **WCB fees said undermining medicare** - Pedersen

<sup>4</sup> Edmonton Journal, December 2, 1998; B4 **WCB fees said undermining medicare** - Pedersen

<sup>5</sup> Canadian Surgery Solutions: Proposal for Uninsured In-Patient Surgical Services – Alberta Health, March 12, 2014 (Obtained by Friends of Medicare under FOIP)

<sup>6</sup> <http://rabble.ca/news/2012/09/follow-money-understanding-growth-private-health-care-canada>

services at CSS's Calgary facility. Centric Health also provides services to WCB such as physiotherapy, chiropractic and interdisciplinary services such as return to work programs, chronic pain programs, brain injury programs, and more. They also provide a comprehensive independent medical examination business, and a full range of employee health and wellness programs. This includes pharmacies, physiotherapy clinics, primary-care offices, home care agencies and surgery clinics that do everything from knee replacements to sinus operations.

It is important to note that private health care takes away human resources from the public system and shapes the work of physicians into entrepreneurs selling their skills. One example is Dr. Ian Lo who is employed at CSS but offers both general and private surgical services. He advertises "out of province or country private surgical services which can be done on an 'expedited' manner while noting that he has an "extensive waiting list for publicly funded patients". He also touts his medical tourism services through global MedChoices. Dr. Lo offers orthopaedic surgical procedures in the Turks and Caicos Island.<sup>7</sup>

By allowing for-profit conglomerates to control health outcomes and decisions, it undermines the role of our public system. As with all private health care organizations, Albertans are not privy to the terms of the contracts making it difficult to assess the cost-effectiveness and health outcomes of these facilities.

We do not believe there has been proper justification for this privatization. At the same time that we have seen expansion of private delivery for WCB clients, our public health system has been reeling from cuts made in the 1990s.

Opportunities for reinvestment were limited by corporate tax cuts from 15.5% in 1994 to now only 12% after the 2015 increase by our new government. The time is now to reverse these trends of privatization and underfunding so that our public health system is there for injured workers and all Albertans.

It's not just our tax system that has become more favourable for employers at the expense of investment in services for workers. For years Alberta has consistently been among the lowest workers' compensation rates in Canada. The average is \$1.25 per \$100 of assessable payroll in 2016. In 2015 Alberta average rate was \$0.97 per \$100 of assessable payroll.<sup>8</sup> Sadly, instead of increasing premium rates, or finding more public solutions to accessing the health care that workers require to expedite their return to work, the board has focused on finding new ways to deny claims and otherwise reduce pay-outs. The notorious "bonus system" is the

---

<sup>7</sup> <http://drianlo.com/services/>

<sup>8</sup> [http://www.economicdevelopmentwinnipeg.com/uploads/document\\_file/workers\\_compensation\\_rates\\_by\\_province.pdf?t=1455134023](http://www.economicdevelopmentwinnipeg.com/uploads/document_file/workers_compensation_rates_by_province.pdf?t=1455134023)

pinnacle of this process. Alberta WCB pays bonuses every February to the staff that help the board meet its "corporate goal" of premium reduction. WCB Staff has the option of putting this bonus into a RRSP, GIC or simply cashing it out. Justification used for this practice is that WCB is getting workers back to work, however it directly translates into workers' claims being closed earlier than they should have been or simply denied to meet their corporate goal. WCB has become an "insurance denial system".

With many ongoing issues within WCB, we are thankful to the Ministry and the panel for this opportunity to review and refocus the organizations goals and policies to put workers and their rehabilitation first.

---

## Our Recommendations

Our following recommendations are informed by our experiences as health advocates and are in the aim of improving health outcomes on a system wide basis, with these underlying principles:

- The operation of the WCB must have the medical and financial rehabilitation of workers as its primary goal.
- With finite resources available, it is unacceptable to put those resources towards the profit margins of private health care providers when we have a public system. This is made an even larger problem without transparent data to analyse claims of improved outcomes through private delivery.
- Barriers to access are a means of shifting costs from employers to the workers and ultimately the provincial government who will end up paying for treatment instead.

### **Recommendation 1**

#### **End the segregation of medical services for WCB claimants**

We do not have evidence that private providers are improving outcomes for WCB claimants, or that operating a parallel system produces faster or better recoveries than those of non-WCB claimants in the public system. Any medical service that is publicly delivered for non-WCB claimants should also remain in the public system for those on WCB. Where services are currently privately delivered, WCB should not have its own segregated provider.

### **Recommendation 2**

#### **Surplus fees should be invested in improvements to public health care and OH&S resources**

Despite low Alberta premium fees for employers, WCB regularly distributes surpluses back to them. Over \$1.3 billion has been refunded in the last 5 years. These funds should instead be reinvested based on need to reduce health care wait times, improve safety outcomes for workers, and expand public delivery of services with priority on those services common to WCB claimants.

### **Recommendation 3**

#### **Remove all incentives or bonuses for denying or closing claims, and any that prioritize the WCBs finances or employer surplus payments**

Workers and the Alberta government ultimately pay the cost for decisions made based on finances rather than worker rehabilitation.

### **Recommendation 4**

#### **Provide an independent ombudsperson to help workers navigate the system and resolve disputes**

This should aid in greater worker participation in the WCB program, to better reflect the true cost of workplace injuries and illnesses.

### **Recommendation 5**

#### **Physician fees for WCB paperwork should not be a worker's responsibility**

Paperwork fees to access the system should not be a burden to claimants. If fees are necessary to cover the burden on physicians, WCB should pay the cost.

### **Recommendation 6**

#### **Refine the composition of the WCB Board of Directors to improve representation**

The worker representatives should include representatives for public sector workers, private sector workers, and migrant workers.

The employer representatives should include one public sector, one small business, and one corporate representative.

A fourth category, health care representatives should be included with one physician and one health care professional. They must be selected from those who are not providing service to WCB claimants, but desirably those whose services overlap with WCB needs.

### **Recommendation 7**

#### **Conduct a broader review in 5 years with a mandate to examine an expanded WCB**

Looking at New Zealand's Accident Compensation Corporation and other jurisdictions where accident compensation has a broader mandate than WCB, a review should be undertaken to determine if Albertans would be better served with a broader WCB mandate. 100% worker coverage, automobile accident coverage, and even non-workplace accident coverage should be considered with the presumption that greater rehabilitation and recovery from all accidents is of benefit to workers and employers.