

CONSTRUCTION MONITOR

The BC CONSTRUCTION MONITOR is an ICBA publication providing ahead-of-the-curve information and statistics on the BC construction industry and issues relevant to it.

The Monitor draws on analyses and outlooks from various sources, and provides current and substantive insight. This regular publication is intended for industry executives, government decision makers, journalists and other opinion leaders.

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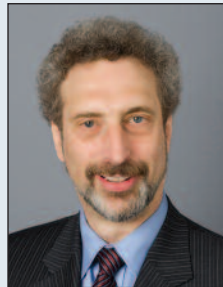
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Workers Comp Shouldn't Become an EI Alternative



Philip Hochstein

Construction companies look back on the pre-Olympic economic boom that swept over our province with happy memories. We were all working at full tilt on projects of every size. Our crews were busy. And there was always another job around the corner.

But there's another reason to look back on the pre-2008 market fondly – it was when the duration of workplace injuries hit their natural length.

Recent statistics from WorkSafeBC show that economics, not medical needs or changes in

health and safety outcomes, are driving the length of time injured workers stay off the job. This is pushing the length of claims up, and management of claims by WorkSafeBC isn't doing enough to counteract this trend. Instead, the system is being managed more like an employment insurance program.

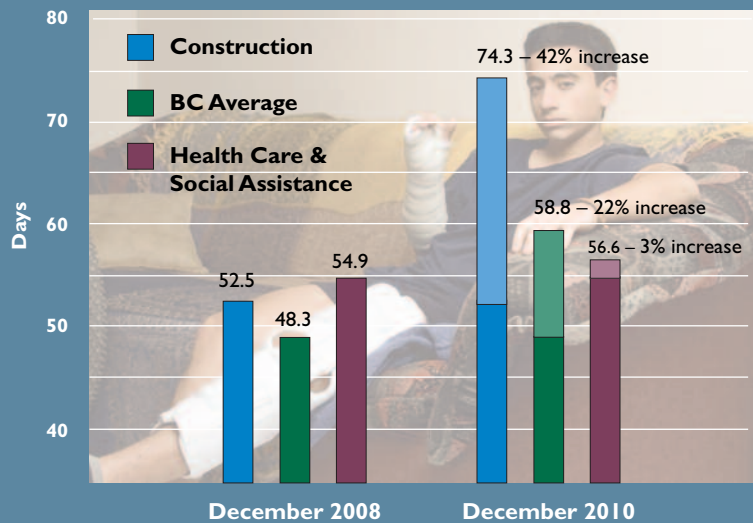
The WorkSafeBC statistics detail the average duration of claims over recent years. We've lost ground since 2008, with the average duration of disability claims rising sharply. This is despite the fact that our investments in safety are paying off. In the same time period the construction-industry injury rate has been decreasing, in a continuation of a decades-long trend.

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Construction Disability Duration Rises Sharply

Increases in the length of short-term disability claims have been widespread during the recent period of economic uncertainty, but construction has had the most dramatic jump of all major industries. Less than one-fifth of active construction claims had a duration of more than 240 days at the beginning of 2008, but fully a third did by late 2010.

AVERAGE SHORT-TERM DISABILITY CLAIM DURATION



Source: Business Information & Analysis (analysis undertaken for WorkSafeBC)

Workers Comp Claims

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We have the perfect indication of where the duration of claims should be – the period just before the economy slowed in 2008. With plenty of work available, and more money to be made being on the job, workers were able and motivated to get off WCB and on the job as quickly as possible.

The harsh economic reality is that construction employment was down 11.5 per cent in 2009 alone.

This has a direct impact on returning to work. Many construction employers just don't have the latitude to offer modified employment to help injured workers transition back to their jobs. And in some cases employers won't have any work available when a worker recovers from injury.

It's plainly wrong for the system to be managed as a substitute for employment insurance. That's just not what the system was intended or designed for. And it represents an unfair shifting of financial burdens away from the broad base of workers and employers who foot the bill for EI onto sectors like construction that already face steep workers compensation premiums.

Those assessments are already a big cost item for construction employers. We shouldn't be over-burdening the system – and employers who pay the freight – with the very different challenge of recession-driven unemployment.

As well, longer claims hurt individual workers as much as the companies paying higher premiums. That's because there's strong

evidence that the longer workers are away from their jobs, the harder it is to return. So while a disability claim may be a tempting temporary shelter from an economic storm, it could end up reducing the likelihood of being able to successfully get back to work when the opportunity arises.

Fortunately, solutions are at hand. Among other recent initiatives, a WorkSafeBC pilot project on Vancouver Island focused on getting workers who had suffered back sprain, a very common construction-related injury, into an active rehab program faster. This resulted in significantly more workers being back on the job sooner, and in savings that would be measured in the millions if the same improvement was achieved BC-wide.

That's a step in the right direction at WorkSafeBC – but it needs to do more. The statistics tell a straightforward story – there are people on claims who should not be. WorkSafeBC needs to start managing claims so that it covers workers unable to work, not workers unable to find a job. It's the number of injuries and speed of recovery from them – not the economy – that should be driving claims duration.

Shorter injury durations are better for workers. They improve industry competitiveness by keeping workers compensation premiums low. And they can make the benefit of thousands of days of otherwise lost worker productivity available to the BC economy.

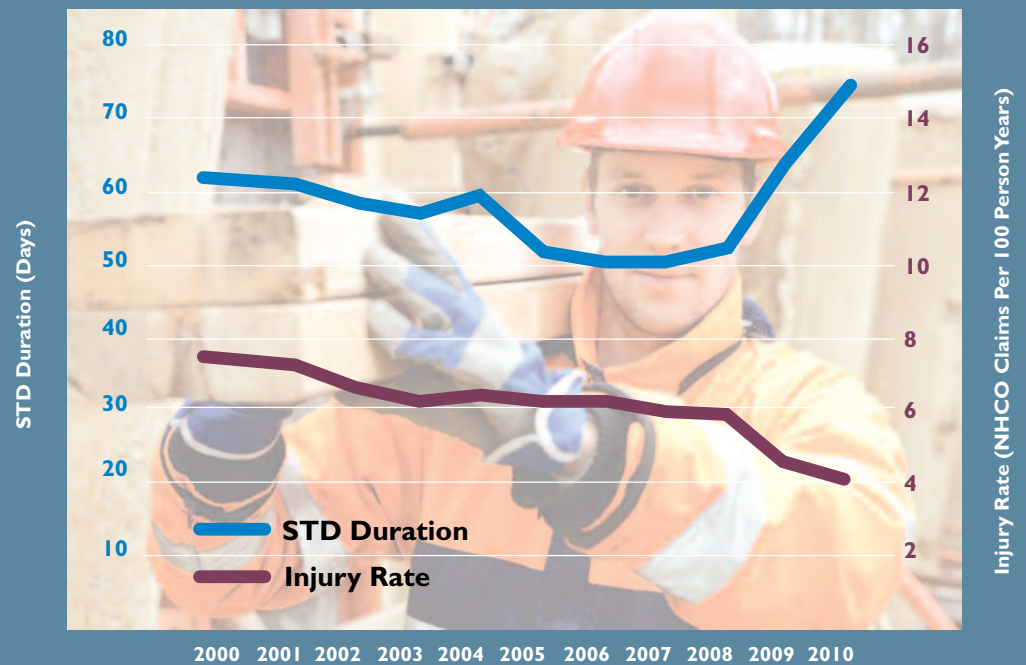


Longer Duration Cancels out Benefit of Fewer Injuries

The frequency of injuries in the BC construction industry has been on a general downward trend from as far back as the late 1980s. But claims duration has shown more of a hold-steady pattern and then spiked up in the last couple years. The combined measure of workdays lost has therefore stayed fairly constant in the last several years.



CONSTRUCTION INDUSTRY SAFETY TRENDS



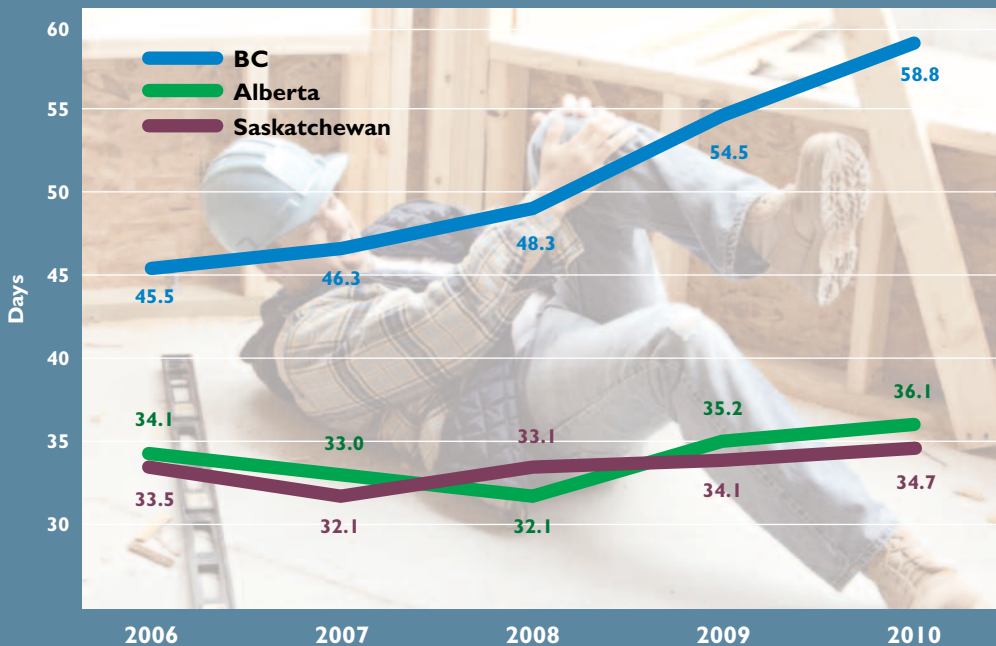
Source: Business Information & Analysis (analysis undertaken for WorkSafeBC)

BC is a Duration Laggard

While our two closest neighbouring provinces have also seen claims durations trend up moderately in the past couple years, the percentage increase has been much higher in BC. The fact that these two provinces weathered the economic storm better likely underscores the influence of work availability, although the size of the gap also suggests there's a lot of improvement to be made on claims management here in BC.



CLAIMS DURATION RATES (DAYS) AMONG PROVINCES



Source: Workers Compensation Board annual reports

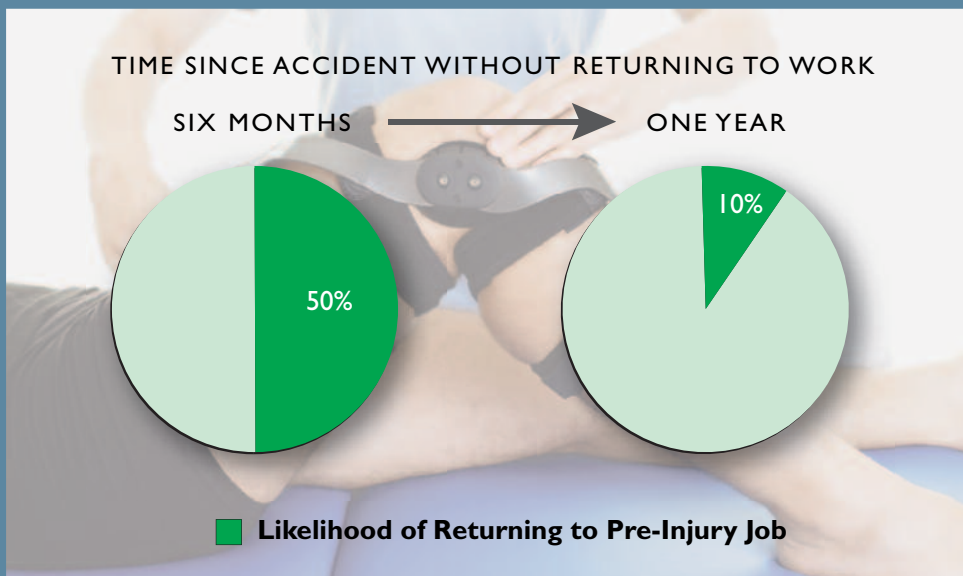
“Research shows that workers who are injured on the job, particularly those with soft-tissue injuries, recover faster and more successfully when they return to work as soon as safely possible.”

– BC Medical Journal

Duration Matters to Employees Too

Employers and insurance providers benefit if injured workers are away for less time – but so do the workers themselves. Absences from work have negative social and self-esteem impacts, and contribute to loss of physical conditioning and strength. This leads to a greater risk of long-term or permanent disability if the transition back to work is unnecessarily delayed.

LONGER ABSENCE = LESS LIKELIHOOD OF GOING BACK TO WORK



Source: Synergy Insurance

Improvement is Possible

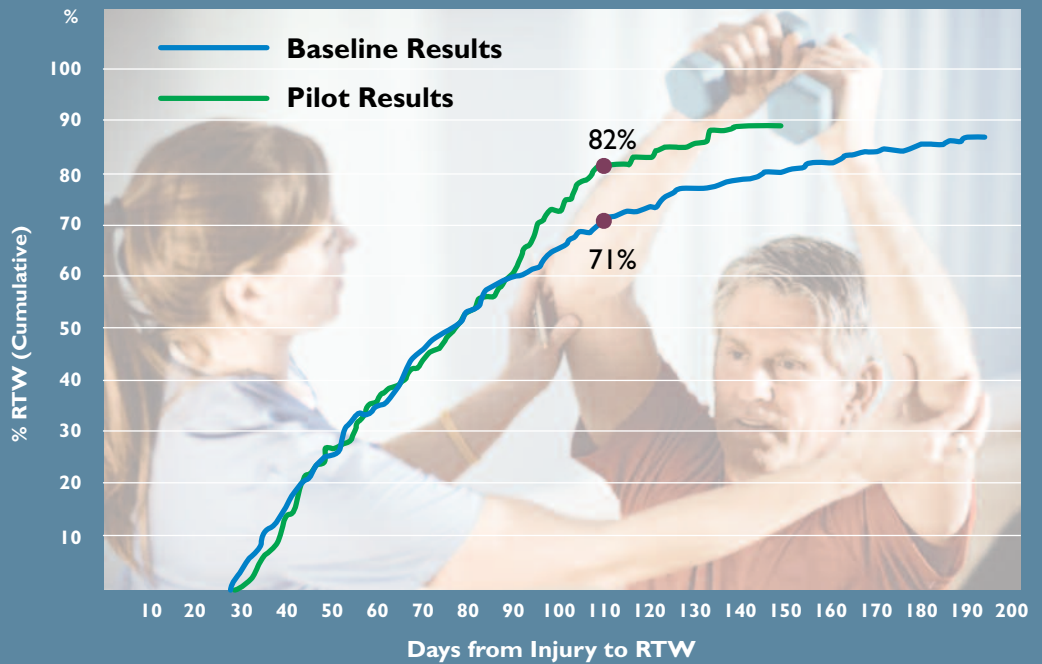
Early Intervention Gets Workers Back Faster

A recent WorkSafeBC pilot project confirmed the potential to bring down the length of disability claims even under challenging economic circumstances. Quicker entry into an active rehab program after a back sprain injury was found to boost what was otherwise a 71% return-to-work rate at 110 days from injury, to an 82% rate. The baseline population didn't achieve that same return-to-work rate until 155 days from injury.

And the Cost Savings are Significant

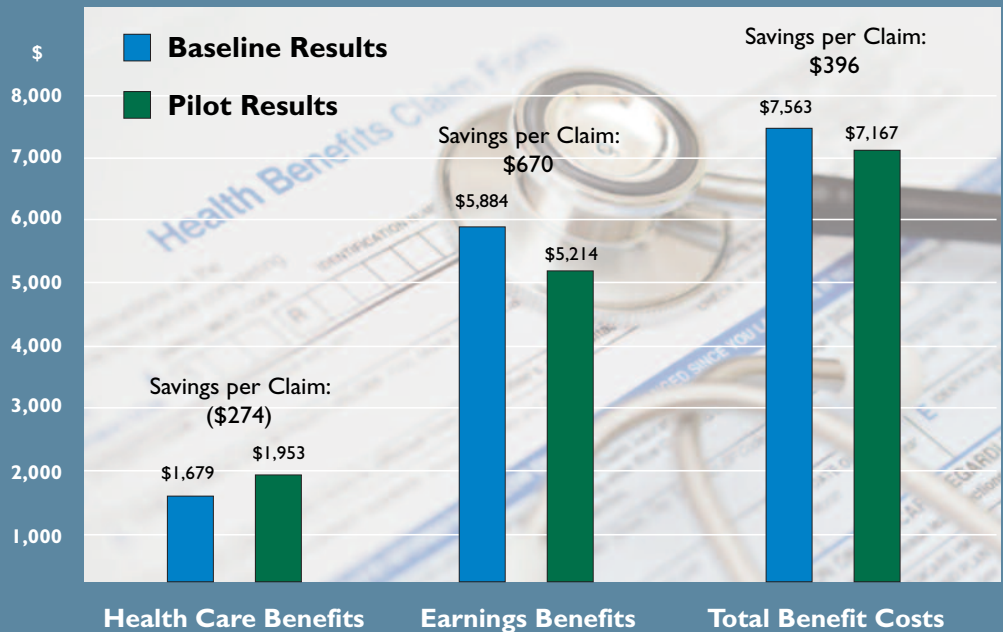
The early-intervention pilot required somewhat higher spending on health care benefits, but that was more than offset by reduced earnings benefit costs. If comparable improvements were achieved BC-wide the savings would be about \$2.3 million annually, and about 8,000 days per year of restored worker productivity.

RETURN-TO-WORK DISTRIBUTION



Source: WorkSafeBC; Duration in Construction Initiatives

BENEFIT COST SAVINGS



Source: WorkSafeBC; Duration in Construction Initiatives



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