

# Long Term Disability Annual Report 2014-15

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# Message from the Trustee

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As Deputy Minister of the BC Public Service Agency, I have the additional responsibility as the Trustee for the Long Term Disability (LTD) plan. I have an oversight role with regard to the disability and rehabilitation services delivered by the Agency and can see the positive impact that the Agency and plan participants working together can have on return to work outcomes.

This past year the plan experienced a reduction of 34 total claims saving the LTD fund an estimated \$5.1 million in total liabilities based on an average \$150,000 per claim. This is a notable achievement with an aging BC Public Service workforce that is typically associated with rising LTD claims and costs. The stability of our LTD plan performance stands out when the insurance industry is reporting a rise in both of these measures.

Pro-active workforce health and safety strategies are the foundation of LTD plan performance and sustainability. An active focus on rehabilitation and return to work continues to be a key component in reducing LTD plan costs. This focus on return to work opportunities also retains the corporate knowledge and skills of seasoned employees. In our plan, 51 per cent of resolved claims are a result of LTD claimants returning to work. The plan benefits from leading practices resulting in positive outcomes for claimants

and participating organizations. The new vocational rehabilitation services highlighted in last year's report continue to be very successful in assisting individuals on prolonged claims (more than three years). The program works to increase their work capacity with the ultimate goal of achieving employability. This year saw an additional two individuals become job ready at a cost of \$17,000 with an estimated savings of \$640,000 had they remained on LTD until retirement.

Where workforces continue to focus on return to work and rehabilitation, they retain skilled, experienced workers and benefit from improved LTD performance. In this report we have showcased one such supervisor whose dedication to rehabilitative support has assisted claimants in re-entering the workplace.

As a reflection of the continuous efforts of the Workplace Health and Safety team over the past year, I am pleased to provide you with this 2014/2015 Long Term Disability Annual Report.



Elaine McKnight,  
Deputy Minister,  
BC Public Service Agency

# The Long Term Disability Plan

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The Long Term Disability (LTD) plan provides members with income continuation in the event that an eligible employee becomes totally disabled due to illness or injury for a period of time greater than six months.

The members of the plan consist of British Columbia Public Service employees and employees of various Crown Corporations, Agencies, Boards and Commissions as listed on page 11. As of March 31, 2015 there were approximately 32,720 members covered by the plan. This is a decrease of 550 members from March 31, 2014.

The LTD plan is 100 per cent funded by the participating employers. While the landscape in Canada is changing with respect to the ability to self-insure LTD plans, the BC Public Service Agency has adopted practices to minimize risks, including continuous funding, optimizing investment returns, establishing funding and rate-setting policies, and signing participation agreements with all participating employers.

## GOVERNANCE

Members' LTD benefits are established under the Public Service Benefits Plan Act and the Long Term Disability Plan Regulation. The Regulation sets out which employees are covered by the LTD plan, the eligibility criteria for receipt of plan benefits, the participating employers' rate, and other provisions related to the administration of LTD benefits. The plan structure attributes disability costs to each participating employer or group of participating employers.

In keeping with the BC Public Service Agency's commitment to accountability and transparency, the plan trustee also relies on a number of policies to govern the plan. These policies include, but are not limited to:

- **LTD Fund Investment Policy:** Provides BC Investment Management Corporation guidelines, policies, and direction for the investment and administration of the fund and sets performance objectives and other criteria to be used to review and evaluate the investment results.
- **LTD Plan Funding and Rate Setting Policy:** Establishes the funding objectives and guidelines to adequately fund, as assessed by the actuarial valuation, all payment obligations and set future rates that minimize large variations in contribution rates from year to year, while ensuring adequate funding continues.
- **LTD Plan Authorities Delegation Matrix:** Defines the level of financial and decision making authority for the trustee, plan administrator, and other stakeholders.

# Discussion and Analysis

## CLAIMS INFORMATION

Disabling medical conditions are grouped into 19 different diagnosis categories. Of the 440 new claims in fiscal year 2015, 31.1 per cent were mental disorders and 20 per cent were muscle, bone, joint and tendon conditions. These are a significant portion of claims; the breakdown of each of these conditions is illustrated below. Case management, rehabilitation and modified return to work options can shorten many of these types of claims and improve long term medical outcomes.

FIG 1: MENTAL DISORDERS

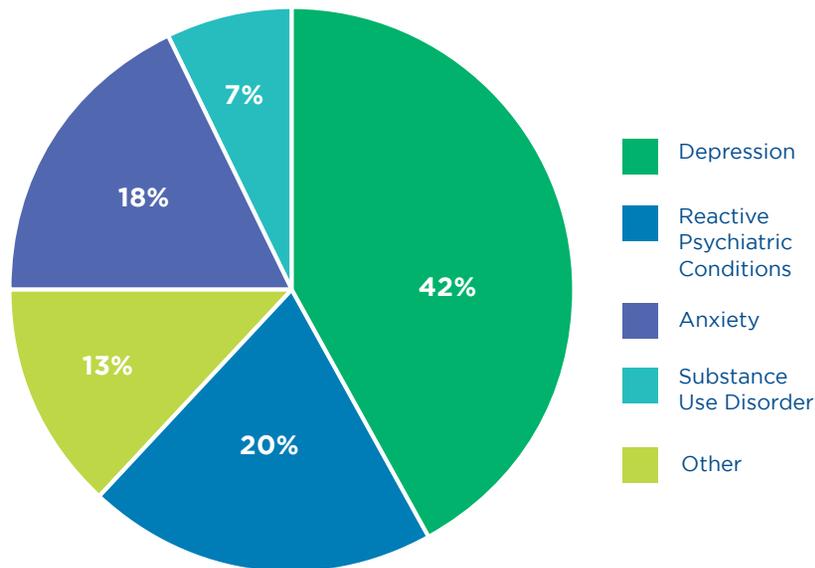
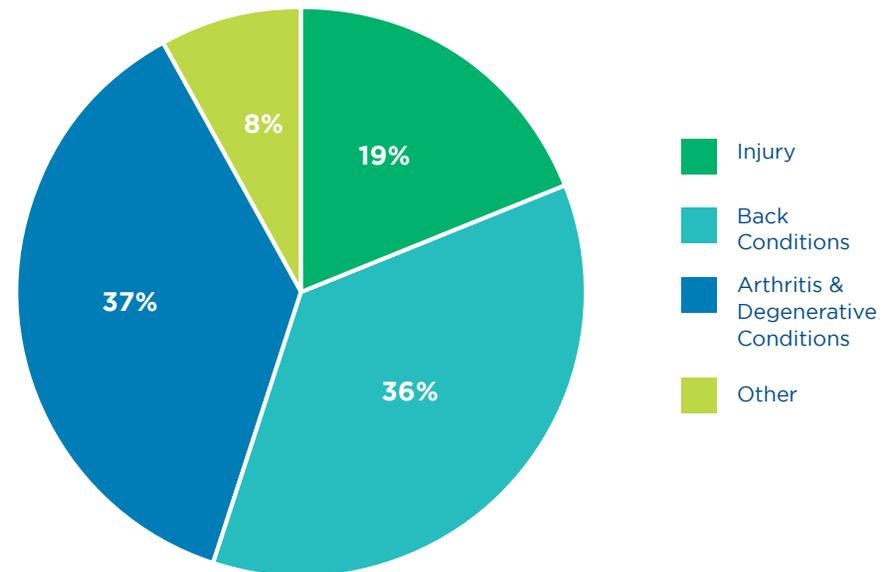


FIG 2: MUSCULOSKELETAL AND CONNECTIVE TISSUES



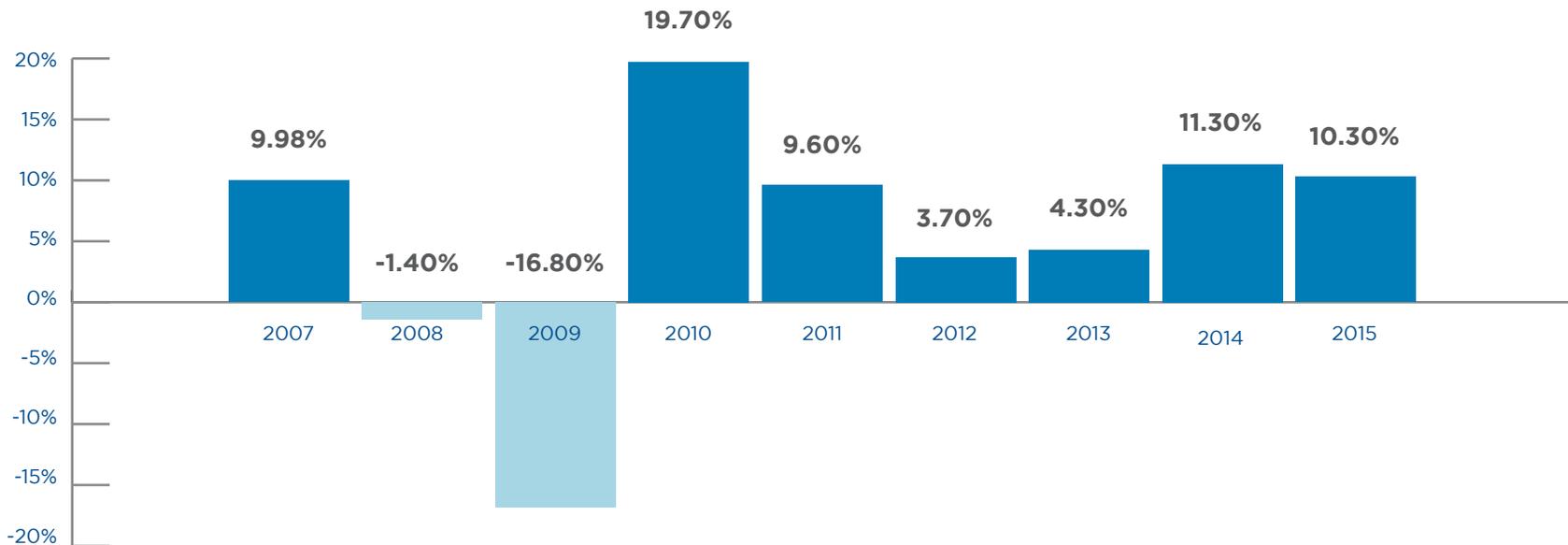
# Discussion and Analysis

## FINANCIAL

The funds are managed by the BC Investment Management Corporation, which is one of Canada's largest institutional fund managers. Its investment activities help to finance the LTD plan.

As the chart illustrates, due to variable economic conditions, the 5-year annual rate of return can fluctuate considerably from year to year. This is one of many considerations undertaken by the company Morneau Shepell when performing the full actuarial valuations twice a year.

FIG 3: 5-YEAR ANNUAL RATE OF RETURN



Reference: BCIMC Public Service Long Term Disability Fund: Performance Report, March 31, 2015

Note: Audited financial statements (statement of operations and changes in net financial position and statement of financial position) are available upon request.

# Discussion and Analysis

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## PERFORMANCE

TABLE 1: PLAN PARTICIPATION AND COMPARISON

	2010/11	2011/12	2012/13	2013/14	2014/15
Active claims as at April 1	1830	1839	1878	1944	1923
Approved/re-opened claims	516	524	498	453	508
Resolved claims	507	485	432	474	542
Active claims as at March 31	1839	1878	1944	1923	1889

The LTD plan approved or re-opened 508 claims in 2014/2015. The overall participation rate decreased 1.76 per cent from March 31, 2014 to March 31, 2015.

# Discussion and Analysis

## SERVICE PROVIDER SCORECARD

Claims administration of the LTD plan is provided by the BC Public Service Agency's Workplace Health and Safety branch, in conjunction with claims adjudication and claims paying agent services that have been contracted from the Great-West Life Assurance Company. The service provider contract established in fiscal year 2013 with Great-West Life Assurance Company contains new customer-centric service standards. The information below illustrates the continued efforts to meet these high standards and indicates how these goals were met in 2014/2015.

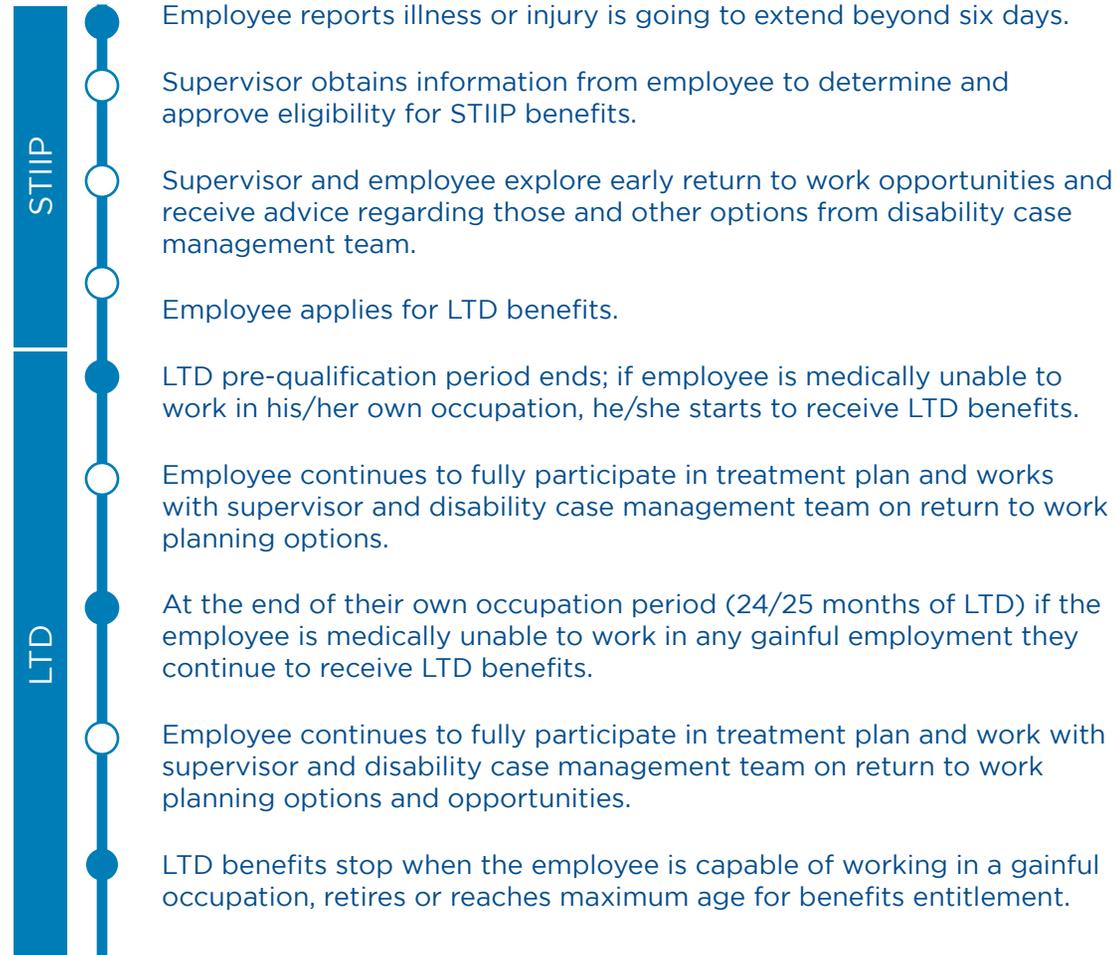
Service Standard	Goal	Achieved	Annual Change
Claim responsiveness: Will respond to requests within 14 days.	90% of the time	93% of the time	6% improvement
Claim responsiveness: Decisions will be communicated within 40 days of receiving a complete application.	90% of the time	100% of the time	No change
Claims payment: Accurate and timely payment of monthly benefit within 30 days of eligibility.	90% of the time	98% of the time	1% improvement

In addition to challenging service standards we also measure effectiveness through annual audits. Below is an excerpt from the 2013/2014 audit report indicating the success rate of two major indicators: overall claims management and financial claims management.

Audit Report	Goal	Achieved	Annual Change
Overall claims management: Accuracy, quality responsiveness and correct decision making confirmed through an audit of 10% of all claims.	90% of the time	98.7% of the time	2.7% improvement
Financial claims management: Accuracy and timeliness of LTD payments confirmed through an audit of 10% of all claims.	100% of the time	98.4% of the time	0.2% reduction

# How the Plan Works

FIG 4: HOW THE PLAN WORKS



# A Focus on Return to Work

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The success of the Return to Work program depends on supervisors like Pam McRae. She has developed a work culture focused on safety and health in her work for Shared Services BC. In particular, Pam has recently become a champion for rehabilitative trials in her work unit. Here, she discusses her commitment to these programs and how her workplace has benefitted from working with individuals who are participating in rehabilitative trials.

**Q. What prompted you to get involved with rehabilitative trials in your workplace?**

A. For me, getting involved is a “full circle” experience. Following a serious back injury, I joined the provincial government through a training and employment program for persons with disabilities. I wanted to provide the same type of support for employees in post-recovery to utilize, develop and expand their skills upon re-entering the workplace.

**Q. Why specifically rehabilitative trials?**

A. I know from my time with the provincial government that we have skilled, highly trained individuals within the public service. Illness or injury can temporarily remove us from the workplace and at times we are unable to return to the positions we held before we departed. As a supervisor, I believe it is important to capitalize on those talents and help these individuals re-enter the workplace.

**Q. Have the rehabilitative trials in your area been successful?**

A. The Workplace Health and Safety team has been instrumental in identifying skilled individuals whose return to work efforts can be assisted through a rehabilitative trial in my unit. Recently, Scott and Tyson joined our team through this process. I have to say, we are truly fortunate to be working with them; they embraced the work and have been instrumental in our recent accomplishments.

**Q. How have you and your workplace benefitted from supporting rehabilitative trials?**

A. What we have accomplished in three and a half months has been nothing less than amazing. We have been able to process 380 boxes of files, totalling over 30,000 records, an achievement we could not have attained without Scott and Tyson’s skills and readiness to dig in and get the job done. We honestly couldn’t have done it without them.

To learn more about Long Term Disability and the supervisor’s role within it, refer to our Return to Work eLearning resources on MyHR (<http://www2.gov.bc.ca/myhr>).

# Participating Employers

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BC Excluded Employees' Association  
BC Ferry Services Inc.  
BC Innovation Council  
BC Investment Management Corporation  
BC Oil and Gas Commission  
BC Pension Corporation  
BC Provincial Government regular employees  
BC Securities Commission  
BC Treaty Commission  
BC Utilities Commission  
Broadmead Care Society  
Community Living BC  
Conflict of Interest Commissioner  
Constituency Assistants  
Consumer Protection BC  
Elections BC  
First Peoples' Heritage, Language and Cultural Council  
Forest Practices Board  
Freshwater Fisheries Society of BC

Government House  
Habitat Conservation Trust Foundation  
Information and Privacy Commissioner  
Islands Trust Council  
Judges and Masters of the Supreme Court of BC  
Labour Relations Board/Chair/Associate Chair  
Legislative Assembly of BC  
Liquor Distribution Branch  
Office of the Auditor General of BC  
Office of the Merit Commissioner  
Office of the Ombudsperson  
Partnerships BC  
Police Complaint Commissioner  
Professional Employees Association  
Representative for Children and Youth  
Royal BC Museum  
Transportation Investment Corporation  
Workers' Compensation Appeal Tribunal

For more information contact:

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