

BULLETIN

BC Liberals cut workers' compensation and services

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ost people dont stop to think about what kinds of guarantees and protections we have under our Workers Compensation system ... not, that is, until it is too late. Once you are injured, you are caught up in the system and you can be in for a rude surprise.

The provincial Liberal government has introduced amendments to the *Workers Compensation Act* that significantly reduce injured workers benefits and appeal rights and give employers savings of hundreds of millions of dollars. Two legislative bills were passed in 2002, and a third is anticipated in the legislatures spring session in 2003.

These are some of the changes that will affect all British Columbians if we are injured on the job, or disabled due to occupational disease.

How will my compensation be affected by these changes?

Until June 30 of 2002, WCB benefits were based on **75 per cent of a workers gross income**. After June 30, most injured workers have been receiving much less: benefits are now based on **90 per cent of a workers net income**.

Injured workers already lose employer contributions towards vacation entitlements, pension plan, and medical and life insurance. The new system widens the gap between what workers earn while at work and what they receive when disabled.

A worker earning \$40,000 a year who was temporarily disabled under the old system would receive 75 per cent of \$40,000, which equals \$30,000 or \$576.92 a week. Under the new system, the same worker would receive 90 per cent of their net income, or only \$520.69 a week. For this injured worker, the Liberal governments changes mean a cut in pay of \$224.92 a month, or \$2,700 a year.

Canada Pension Plan (CPP) Disability Benefit

Permanently disabled workers used to be able to receive CPP disability benefits in addition to their workers compensation pension.

Under the new system, half of the CPP benefits payable for a compensable injury from the workers compensation benefit are deducted from the workers pension. While it is mandatory for each and every one of us to pay into CPP all our working lives, we now have to give back half that disability pension if we are injured at work. This is simply another subsidy for the employers.

How will my pension be affected?

All pensions under the new system are based on the 90 per cent of net wage rate instead of 75 per cent of gross. On average, this change alone will reduce most workers pensions by 10 per cent.

Life-time pensions eliminated

Permanently disabled workers used to receive a workers compensation disability pension for life. Now those pensions will end at age 65.

Under the new system, at the age of 65, workers receive a lump sum payment based on five per cent of the monthly compensation benefit they received, multiplied by the number of months they received the benefit, plus interest.

For example, before June 30 of last year, a worker who received a pension of \$200 a month from the age of 45 to 65 would continue to receive the pension for life. Over the next 10 years, from age 65 to 75, the worker would receive a total of \$24,000.

Under the new system, that same worker only receives a lump sum payment of \$5,114 at age 65. That is a 79 per cent cut in the injured workers compensation.

Calculation of Pension

BCs workers used to have a "dual pension" system, which not only measured the percentage of a workers disability, but whether it would cause a loss of earnings.

Unfortunately, under the new system, a worker is more likely simply to get the percentage of disability, or "functional" pension, and loss of earnings pensions will only be for very exceptional cases.

Thus, if a worker has a two per-cent disability due to a bad back, but the disability prevents her from doing her job, she may still just receive the straight equivalent of two per-cent of pre-injury earnings, rather than full compensation for loss of earnings.

Consumer Price Indexing (CPI)

Before the Liberals changes, compensation benefits were adjusted twice yearly to reflect any increases in the cost of living (based on the Consumer Price Index). This was meant to protect workers benefits from the effects of inflation.

The amendments to the *Act* change the adjustment from twice yearly to once a year. Further, the adjustment is made at one per cent *below the CPI*.

This means permanently disabled workers are already slipping below the cost of living by one per cent per year. And no matter how great the cost of living increase is in any particular year, injured workers on pensions are limited to a maximum four per cent increase in any event.

This one measure alone is calculated to give employers a one-time savings of \$470 million.

Case study

What do Gordon Campbells changes mean for you? Consider the following scenario involving a permanently disabled worker.

If a member earned \$40,000 in gross annual income and received a loss of earnings pension before June 30, 2002, she would receive \$30,000 in pension income (75 per cent of her gross salary) plus full CPP benefits of \$11,221, for a total annual gross income of \$41,221.

Under the new system she receives \$27,075.88 in pension income (90 per cent of annual net income) plus 50 per cent of CPP benefits of \$5,610.56 for a total of \$32,686.44 ... or a difference of more than \$8,500.

The governments changes mean a 20 per cent cut to this workers pension.

As well, she would not be contributing to a work pension or to CPP and would therefore have a reduced retirement pension. Her income will also slip lower and lower below the cost of living every year, and she will

be denied a disability pension after age 65.

Changes to the Appeal System

Bill 63 was passed in October 2002. It severely curtails a workers rights to appeal WCB decisions, including:


1. All three levels of appeal have been abolished. They will be replaced with one internal review by the WCB Review Division and, in some cases, appeal to one external appeal body called the Workers Compensation Appeal Tribunal (WCAT).
2. For all decisions on vocational rehabilitation there will be no right to appeal to WCAT.
3. All pension appeals where the scheduled range is less than six per cent will have no right of appeal to WCAT.
4. If new medical information becomes available that should entitle a worker to a reconsideration of a previous decision by the internal review or WCAT, they will have *only one opportunity* to have the decision revisited . Workers are denied more than one reconsideration.
5. By abolishing the Medical Review Panel, the Liberals have ensured that workers may not have their medical appeals decided by doctors who are not employed by the WCB.
6. The WCAT will be bound to apply WCB policies in all cases. *Even if the WCAT finds that a policy contravenes the law* they cannot refuse to apply it but must go to the chairperson of the WCAT and ask for her opinion. If she agrees that it is not a legal policy, she must take it to the Board of Governors of the WCB ... which sets the policies ... for a final decision.

These are just some of the many changes to the WCB that have a serious adverse impact on workers.

How can we stop these changes?

HSA continues to work to advocate for members and all workers.

HSA President Cindy Stewart, along with members from Richmond Hospital and several HSA staff, joined members of the Compensation Employees Union for a rally against the WCB cuts on March 27 ... the same day HSA presented a comprehensive submission to the WCB opposing more proposed changes to regulations that will prove detrimental for injured workers.

Members can also write to their MLA, as well as participate in Day of Mourning ceremonies across the province on April 28. (For more ideas, see [What can HSA members do?](#) above.) 

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