

Chapter 5

Personal Injury Protection Plan

Manitoba Public Insurance

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Main points

What we examined

The Personal Injury Protection Plan (PIPP) administered by Manitoba Public Insurance (MPI) compensates people injured in motor vehicle accidents for financial losses and helps them recover as fully as possible.

We examined MPI's systems and practices for:

- Ensuring that claimants receive all and only the PIPP benefits they are entitled to
- Calculating PIPP benefit amounts
- Managing claimant rehabilitation
- Measuring and reporting on PIPP performance.

Why it matters

Every year, over 16,000 Manitobans report injury claims resulting from motor vehicle accidents. Most suffer minor soft tissue or whiplash injuries and are able to continue to work or return to health and work soon with minimal help. But about 20% are more seriously hurt and, in some cases, cannot return to their pre-accident activities. Many face multiple challenges, both physical and psychological, as a result of their accidents. These claims account for roughly 80% of PIPP's annual paid claim costs of about \$100 million. Because of PIPP's important objectives, the vulnerability and challenges of seriously injured claimants, and the significant underlying costs, we undertook this audit to assess how MPI was managing the PIPP program.

What we found

MPI properly verified eligibility for PIPP benefits before paying them and adequately supported most decisions to deny or end benefits. But MPI did not always offer or provide benefits promptly or consistently. MPI needs to improve rehabilitation planning, supervisory reviews of claim files, and performance information. It also needs to more clearly define certain benefits and their eligibility rules. Delayed benefits are not just inconvenient—they can also potentially cause financial hardship and hinder medical improvement and return to work. Inconsistent decision-making inadvertently treats similar claimants differently.

At the time of our audit, MPI was undergoing significant change and many of its change initiatives may help resolve these issues. During our audit, MPI began:

- Replacing its paper-based claim files with electronic files as part of a new claims management system
- Changing its organizational structure to better coordinate case-management services
- Helping case managers more proactively manage injury claims by building rehabilitation planning tools (such as rehabilitation plan templates and disability duration guidelines) into its new claims management system
- Extracting the enhanced performance information available in its new claims management system
- Revising various policies and processes, including drafting a policy to reinterpret eligible rehabilitation expenses under section 138 of *The Manitoba Public Insurance Act*, which requires MPI to help claimants in their "return to normal life" and "reintegration into society".

Other significant areas requiring MPI's attention were a need to:

- Provide more benefit information, particularly for claimants with complex claims
- Provide better explanations and plainer language in decision letters
- Strengthen procurement practices and the accountability framework for service providers
- More regularly and rigorously review and update certain PIPP benefits to ensure they remain reasonable and equitable.

Other important findings included:

- Most commonly used PIPP benefits were clearly defined
- Processes to prevent and detect program abuse by claimants and service providers were adequate
- Appeals processes were in place, although the number of unresolved appeals at the Claimant Adviser Office and appeals which had not yet been set for hearing at the Automobile Injury Compensation Appeal Commission needed to be reduced
- Benefits were calculated accurately, although changes in personal circumstances affecting benefits were not always flagged promptly and annual income tax reviews were not always timely
- Processes to prevent conflicts-of-interest for external independent medical examiners and internal healthcare services staff could be enhanced
- All case managers had related training and experience
- Documented support for the post-accident incomes that MPI deemed claimants capable of earning after reaching maximum medical improvement and completing their vocational rehabilitation needed to be strengthened.

Background

PIPP benefits

The Manitoba government introduced the Personal Injury Protection Plan (PIPP), to be administered by MPI, in 1994. It compensates claimants for financial losses and helps them recover as fully as possible from injuries sustained in motor vehicle accidents. PIPP benefits and MPI's responsibilities for the PIPP program are set out in Part 2 (the Universal Bodily Injury Compensation section) of *The Manitoba Public Insurance Corporation Act* (MPIC Act) and related regulations. In 2009, this legislation was amended to define catastrophic injuries and enhance benefits for catastrophically injured claimants, such as quadriplegics, paraplegics, and those with significant brain injuries, amputations or burns. Key PIPP benefits are described below.

Income replacement benefits provide claimants with 90% of their net employment income if they are off work more than the first 7 days after their accident. Net employment income is calculated by adding together wages, the employer's share of benefits, bonuses, and overtime, and then subtracting various deductions (such as estimated income tax and Canada Pension Plan and Employment Insurance premiums). The estimated income tax deduction takes into consideration child and spousal support payments, marital status, and number of dependents. For PIPP purposes, a claimant's gross employment income generally cannot be less than minimum wage (industrial average wage for the catastrophically injured and students unable to return to their studies), and cannot exceed a maximum amount that is indexed annually. In 2011/2012, the maximum is \$83,000. If claimants returning to the work force after their accidents cannot earn amounts equal to their pre-accident income, they are eligible for top-up income replacement benefits.

Medical benefits cover required medical treatment from chiropractors, physiotherapists, dentists, optometrists, athletic therapists, and registered psychologists. MPI also pays for any necessary prescribed medication and medical equipment (such as wheelchairs, orthotics and prosthetics), as well as related travel costs.

Personal care assistance benefits provide funding for qualified caregivers or family members to assist claimants with daily living activities they can no longer perform themselves because of their injuries, such as dressing, bathing, toileting, eating, preparing meals, or performing household chores. External occupational therapists hired by MPI evaluate a claimant's ability to independently perform various daily living activities and complete a scoring grid that allows MPI to calculate benefits. In 2011/12, the maximum assistance available is \$4,142 a

month (\$4,953 for catastrophically injured claimants). Claimants requiring a higher level of care may qualify for assistance from other government agencies.

Permanent impairment benefits compensate claimants for any permanent physical or cognitive damage from their accidents, such as scarring, loss of mobility in a limb, paralysis, amputation of a body part, or loss of mental function. External healthcare providers hired by MPI determine a claimant's functional impairment after conducting a detailed assessment of the nature and extent of his or her injuries. MPI then calculates the award based on the legislated rules, multiplying the percentage impairment by the maximum amount available for the year in which the accident occurred. For accidents occurring in 2011/12, the minimum impairment award is \$689 and the maximum is \$138,073 (\$218,020 for catastrophically injured claimants).

Rehabilitation benefits help claimants resume the jobs and lifestyles they had prior to their accidents, as much as possible. Depending on the circumstances, MPI might fund vocational re-training, modifications to a home or vehicle to assist with accessibility needs, or other expenses to help claimants with return to normal life and reintegration into society.

Death payments cover:

- Funeral expenses (to a maximum of \$7,527 in 2011/12)
- Grief counselling for family members (to a maximum of \$2,500 per person)
- A spousal payment tied to the deceased's gross annual income and age (in 2011/12, the minimum was \$55,231 and the maximum was \$415,000)
- Payments for children under 18 tied to their age (ranging from \$26,234 to \$48,327 in 2011/12)
- An additional amount for disabled dependants (\$24,163 in 2011/12)
- Where the deceased has no dependants, payments to their parents and any non-dependent children (\$12,299 each in 2011/12).

Caregiver benefits compensate those who, because of their injuries, are unable to continue their main (albeit unpaid) jobs of caring for dependent children. In 2011/12, weekly amounts range from \$400 for 1 dependent to \$524 for 4 or more dependents.

Student and minor lump sum indemnities (missed school benefits) compensate students and minors for notional economic losses caused by missed school terms or failure to complete the regular curriculum as a result of their injuries. Maximum annual amounts in 2011/12 are \$4,695 for students up to grade 8, \$8,698 for students in grades 9-12; and \$17,399 for post-secondary students.

Retirement income benefits provide claimants who have received income replacement benefits for at least 5 years and are over 65 years of age with retirement income. Retirement benefits cannot start before claimants are 65 years

old and are equal to 70% of their pre-accident net income less any net pension income they receive.

PIPP service delivery

The PIPP program is delivered through offices located in Winnipeg, Arborg, Beausejour, Brandon, Dauphin, Portage la Prairie, Selkirk, Steinbach, Swan River, The Pas, Thompson, and Winkler. Services for claimants with whiplash or other minor injuries are centralized in Winnipeg.

Claimants are assigned to case management groups based on the severity of their injuries and their physical locations. This allows more experienced case managers to handle the longer-term, more complex and catastrophic claims, which often require a higher level of sensitivity and professional judgement.

As of February 2011, the PIPP program had 87 case managers, who typically had caseloads ranging from 50 to 60, and 16 case management coordinators. There were also about 15 management and supervisory staff, 10 staff responsible for all minor claims (those with no loss of income and only medical expenses), 10 staff in the electronic records unit, 4 analysts, 8 staff specialized in calculating income replacement benefits, and 18 staff responsible for processing all other PIPP payments.

The PIPP program also has healthcare services personnel. These individuals provide case managers with medical opinions based on their review of medical reports and other file documentation, although they do not physically examine claimants. As of February 2011, healthcare services personnel included 2 chiropractors, 7 medical doctors with a background in sports or family medicine, a psychologist, a physiotherapist, a dentist, a musculoskeletal doctor, and a traumatic brain injury specialist (all employed on a contract basis), as well as a staff occupational therapist.

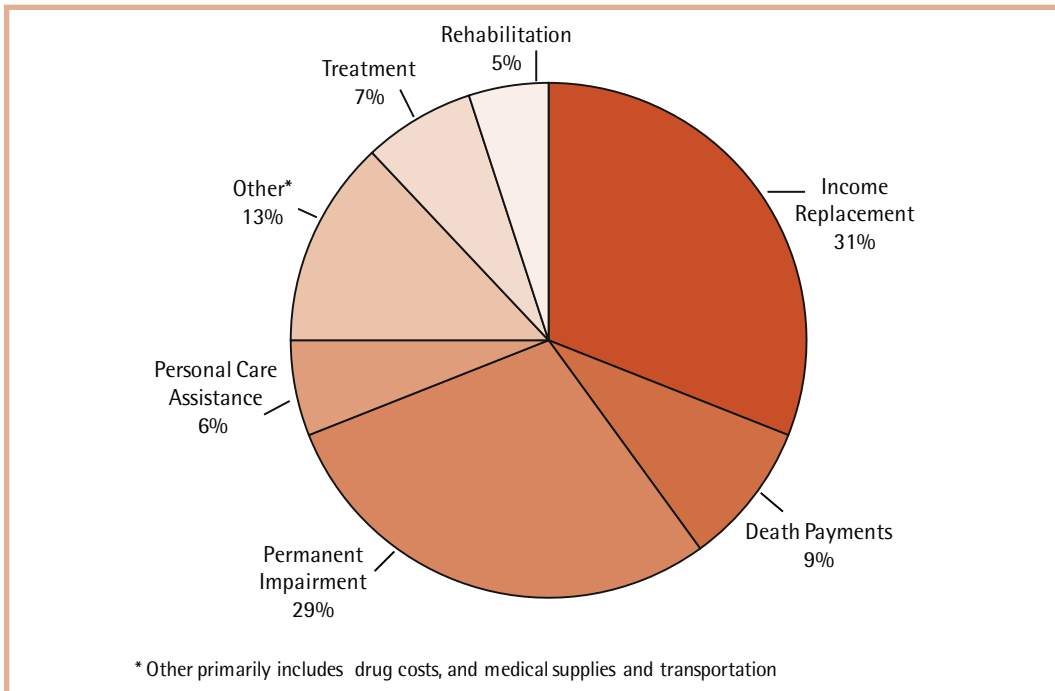
The PIPP program is also supported by staff in MPI's legal, special investigations, finance, enterprise systems, human resources, knowledge management, information technology, premises, and product and policy management departments.

PIPP statistics and costs

MPI receives an average of 16,000–17,000 new PIPP claims each year and had about 17,000 open PIPP claims as of February 28, 2011. Where claim costs were incurred, individual claim costs varied, ranging from a few dollars to over \$1 million. Most were minor soft tissue and whiplash injuries. But about 20% were more serious injuries, and these accounted for approximately 80% of the PIPP program's annual paid costs of \$100 million.

As shown in **Figure 1**, income replacement and permanent impairment benefits accounted for 60% of the paid costs for 2010 and income replacement was the most expensive individual benefit, accounting for 31% of paid costs.

Figure 1: Income replacement and permanent impairment benefits accounted for 60% of PIPP's 2010 paid costs



Source: Manitoba Public Insurance

As of February 28, 2011, MPI calculated that just over \$1.978 billion was required for its future cost obligations on all existing PIPP claims. MPI sets aside funds, and the investment income earned on those funds, to help cover the future costs of present-day PIPP claims.

Audit approach

Audit objectives

We examined MPI's systems and practices for:

- Determining PIPP benefit eligibility and benefit entitlements, including processes for:
 - defining and publicly communicating benefits and eligibility rules
 - identifying and paying all benefit entitlements to claimants promptly
 - verifying benefit entitlements before payment
 - ensuring consistent decision making
 - documenting and communicating decisions
 - preventing and detecting program abuse
 - appealing claim decisions
- Calculating PIPP benefits, including processes for:
 - ensuring accurate calculation of initial and on-going benefits
 - reviewing and updating benefits and rates
- Managing the rehabilitation of PIPP claimants, including processes for:
 - planning, coordinating and monitoring medical and vocational rehabilitation and reintegration into society
 - procuring rehabilitation goods and services for claimants
 - ensuring case managers were properly qualified, trained and supervised
- Monitoring and reporting PIPP financial and operational performance information.

Audit scope

We conducted our audit between June 2009 and May 2011 and examined primarily the systems and practices in place up to February 28, 2010. Our audit was performed in accordance with the value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants and, accordingly, included such tests and other procedures as we considered necessary in the circumstances.

The audit included review and analysis of applicable legislation, policies and practices; PIPP claim files, records, reports and other related documents; and information on similar accident insurance programs in Manitoba and selected other jurisdictions. We also interviewed staff from the PIPP program, various stakeholder organizations, and from a similar accident insurance organization. We

focused our audit on the longer-term, more complex claim files that accounted for the majority of PIPP costs, selecting a sample of 50 PIPP claim files open at February 28, 2009 (with a variety of accident dates since program inception in 1994) for detailed examination.

During our audit, MPI was replacing the PIPP program's mostly paper-based claim files with electronic files and reorganizing staff responsibilities to better coordinate case management services and allow more experienced case managers to focus on the more challenging claim files. We did not examine claim processing after these changes.

We also did not examine MPI's reserves for the future costs of existing PIPP claims. These are reviewed annually by MPI's internal and external actuaries and financial statement auditor.

Audit findings and recommendations

1. Determining benefit eligibility and benefit entitlements

1.1 Defining and communicating benefits and eligibility rules

1.1.1 Most benefits and rules clear; others evolving

The MPIC Act and regulations, together with the PIPP procedures manual, clearly defined the benefits and eligibility rules for the most commonly used PIPP benefits, such as income replacement, chiropractic and physiotherapy treatment, personal care assistance, and permanent impairment awards. These all had relatively straightforward eligibility rules.

Other benefits had less straightforward eligibility rules. These were reasonably well-defined, but still left room for professional judgement. For example, MPI provided vocational counselling and training benefits when it felt they would best meet a claimant's unique needs, after considering recommendations from the claimant's care providers and advice from its healthcare services department.

Benefits and rules under section 138 of the MPIC Act were less clearly defined. This section stated MPI was to take any measures it considered necessary or advisable to facilitate a claimant's return to a normal life or reintegration into society or the labour market. Eligible expenses for "return to a normal life" and "reintegration into society" were not defined in the regulations or the PIPP procedures manual. And there was no written guidance for when MPI should consider these types of expenses "necessary" or "advisable". We also found inconsistencies in MPI's funding of these expenses (discussed further in section 3.3.1). Senior PIPP officials told us that, until March 2011, they interpreted section 138 as reiterating benefits related to work and personal care assistance referenced elsewhere in the MPIC Act and regulations. After this date, they began drafting a policy that would use this section to provide funding to help seriously and catastrophically injured claimants participate in sports and recreational activities.

The definition of an eligible vehicular accident had been expanded in recent decisions by MPI's Corporate Coverage Committee (which provided benefit decisions for claims with unusual circumstances), the Automobile Injury Compensation Appeal Commission, and the Manitoba Court of Queens' Bench. Although these did not necessarily set precedents for future MPI decisions, they reflected the fact that the definition of the types of vehicular accidents entitling

people to PIPP benefits was open to interpretation based on each claim's particular circumstances. Recent rulings had extended PIPP benefits to people injured:

- By an exploding propane stove in the back of a parked vehicle (Corporate Coverage Committee, guided by a previous ruling concerning a propane tank by the Automobile Injury Compensation Appeal Commission)
- By paintballs fired from a moving vehicle (Automobile Injury Compensation Appeal Commission)
- While driving a golf cart on a golf course (Court of Queen's Bench).

Without clearly defined PIPP benefits and rules, the risk that benefits will fail to be provided fairly and consistently increases.

Recommendation 1: We recommend that MPI, together with the Manitoba government, clearly define eligible expenses for "return to normal life" and "reintegration into society", and the types of vehicular accidents that entitle injured people to PIPP benefits.

1.1.2 Adequate benefit information for most PIPP claimants, but additional information would be helpful for those with complex claims

MPI had developed a PIPP guide for claimants, available both as a hard-copy pamphlet and on MPI's website. The guide provided basic benefit information in easy-to-understand language, including information on allowable medical and personal expenses, income replacement benefits, personal care assistance benefits, caregiver expenses, permanent impairment awards, death-related payments, rehabilitation funding, and appeal processes. This met the needs of most PIPP claimants, particularly those with minor injuries and short-term claims.

But the PIPP guide was insufficiently complete for catastrophically injured claimants. For example, it did not provide any information on costs that might be reimbursable under section 138 of the Act for "reintegration into society" or "return to a normal life". MPI was developing a supplementary pamphlet for catastrophically injured claimants at the time of our audit.

The guide also did not explain the eligibility rules and benefits for vocational rehabilitation in sufficient detail. For example, it did not explain MPI's vocational rehabilitation hierarchy of services, when vocational retraining would typically be provided, or all the potential reimbursable costs. Senior PIPP officials told us they intended to rewrite the PIPP guide soon.

The MPIC Act and regulations were available to the public through 2 links on MPI's website to the Manitoba government website. But these links were hard to find, under "Related Links, Business Partners" and at the bottom of the "About Us" page.

MPI's procedures manual provided more detail about specific benefits, and related practices and protocols, than the MPIC Act, the regulations, or the PIPP guide. It was available on CD for \$25, but this was not advertised on MPI's website, or in the PIPP guide, and case managers did not routinely tell claimants about it. Other organizations administering similar programs posted their policy manuals on their websites or provided website links to specific policies and procedures.

Our review of claim file notes showed that MPI case managers sometimes supplemented the printed and digital information publicly available to claimants with additional verbal information, but this was not consistently documented.

Without easy access to benefit information, claimants cannot tell if case managers have identified and offered all the benefits they are entitled to, or calculated those benefits correctly.

Recommendation 2: We recommend that MPI:

- Provide additional written benefit information tailored for catastrophically injured claimants and claimants requiring vocational rehabilitation
- Post the PIPP procedures manual on its website.

1.2 Timeliness in identifying and paying benefit entitlements

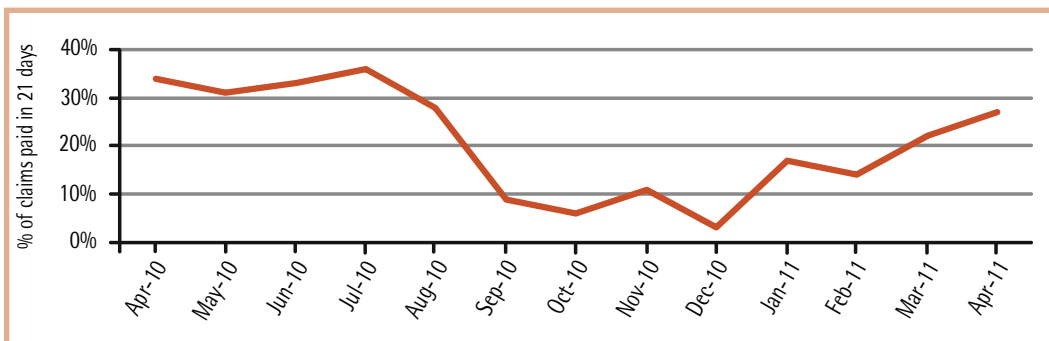
1.2.1 Time to pay first income replacement benefits improving, but target not yet met

In 2009, MPI set a target of paying claimants' first income replacement benefits within 21 days of their accidents. The target reflected the 7-day waiting period in PIPP legislation and recognized most people receive a paycheque every 14 days. Without timely income replacement benefits, claimants may suffer undue financial hardship.

MPI used to require written confirmation of a claimant's income from their employer before it paid any income replacement benefits. This led to some claimants waiting a long time for payment. To pay sooner, MPI began accepting an employer's verbal confirmation or a claimant's pay stubs for the first payment, and making any necessary adjustments when it received the employer forms. MPI case managers also visited severely injured claimants in the hospital to offer quick access to benefits. These changes helped reduce the time to first payment of income replacement benefits. Improvement was delayed by the introduction of a new claims system, but, more recently, the average time to first payment decreased from 56 days in October 2010 to 30 days in April 2011.

But it can still be faster. As **Figure 2** shows, MPI was meeting its target less than 40% of the time. We felt it was reasonable to expect MPI to meet its target more often.

Figure 2: Initial income replacement benefits paid in 21 days less than 40% of the time



Source: Manitoba Public Insurance

Recommendation 3: We recommend that MPI improve its processes so that it meets its target of providing claimants with their first income replacement benefits within 21 days.

1.2.2 Some unduly delayed benefits, although many timely

Claimants require prompt medical and other benefits, as well as income replacement benefits. Delayed benefits are not just inconvenient; they may also result in delayed medical improvement and return to work, or further injury to a claimant.

In 50 files examined, MPI did not always promptly identify and pay all benefits that claimants were entitled to, although many were timely. Often, a new case manager or a supervisory review identified the benefit entitlements originally missed. Benefits that were not provided (or offered) to claimants promptly were:

- In 3 files, the annual wheelchair clothing allowance of \$900 was not received when due: delays ranged from 5 months to 2 years
- In 1 file, approval for a requested new specialized mattress was delayed for 4 months
- In 1 file, approval and reimbursement of various physiotherapy sessions totalling \$1,208 were delayed 4 months

- In 1 file, annual lump sum indemnities totalling \$22,186 for 5 years of missed schooling were delayed for 4.5 years, 3.5 years, 2.5 years, 1.5 years and 6 months respectively
- In 1 file, payment of a permanent impairment award of \$8,300 was delayed for 3 years after the award was calculated
- In 1 file, the offer of critical care wage loss benefits totalling \$130 was delayed 10 months
- In 14 files, indexing of on-going income replacement benefits were delayed for periods ranging from 4 weeks to 7 years, with resulting retroactive payments ranging from \$25 to \$8,700. Most delays occurred early in PIPP's history; only 3 of the 14 occurred in the past 5 years
- In 6 files, the 180 day review and adjustment of income replacement benefits for temporary or part time wage earners was delayed for periods ranging from 2 to 9 months, but there were ultimately no significant adjustments to benefits.

During our audit, MPI began replacing its primarily paper-based claim files with electronic files, restructuring to provide better coordination of case management services, and promoting the need to prepare adequately detailed claimant rehabilitation plans. These changes should help MPI be more diligent in ensuring benefits are provided promptly. Increased training and supervision, electronic reminders, and checklists may also help.

Recommendation 4: We recommend that MPI use training, supervision, electronic reminders, checklists or other similar mechanisms to ensure all benefits are identified and paid promptly.

1.3 Benefit entitlement verification and decision-making

1.3.1 Benefit eligibility verified, but eligibility rules waived in certain cases

General eligibility for the PIPP program required proof of a vehicle accident, bodily injury as a result of the accident, and Manitoba residency or Manitoba registered vehicles. Non-residents in vehicles not registered in Manitoba were eligible for the PIPP program if a Manitoba driver was involved and at least partly at fault. Initial eligibility for specific PIPP benefits required appropriate supporting documentation before the benefits were approved and paid.

In 50 files examined, MPI staff always properly verified general PIPP eligibility by investigating the accident circumstances and obtaining:

- Copies of police accident reports and witness statements
- Medical reports
- Vehicle registration records
- A copy of the claimant's driver's license, health card, or tax return (depending on the circumstances) as proof of residency.

We also found that staff properly verified eligibility for specific benefits, by obtaining documents such as:

- Employer verification of earnings forms, job offer letters, pay stubs, and tax returns
- Medical practitioner assessments
- Birth, marriage and death certificates
- School registration and attendance records
- Proof of marital and dependency status
- Invoices, receipts, mileage records, and provision of personal care logs.

Although verification of benefit eligibility was generally well-handled, in 2 cases MPI provided claimants with benefits they were not entitled to receive. In 1 file, MPI paid an individual a dependent benefit of \$24,793 although he did not meet the criteria of an adult dependent child. This was done "on a good will basis" because it had been promised to the claimant in error. In another file, MPI paid for 2 weeks of house cleaning totalling \$820 on a one-time exception basis, even though the claimant did not qualify for any assistance based on MPI's personal care assistance grid.

1.3.2 Most decisions to deny or end benefits adequately supported

A decision by MPI to deny or end benefits may be contentious if a claimant feels that MPI's evidence inadequately supports this decision. Therefore, all such decisions need to be defensible and well-supported.

We examined 60 claims and found that:

- All decisions to deny or end personal care assistance benefits were based on recently assessed personal care assistance grids completed by external occupational therapists
- All initial denials of income replacement benefits were properly supported by evidence that the claimant was unemployed or otherwise ineligible at the time of the accident
- Most decisions to end income replacement benefits were properly supported and had supervisory approval, as MPI policy required.

In 3 cases, the supporting evidence for ending income replacement benefits was ambiguous. MPI case managers used their professional judgement to weigh contradictory and ambiguous evidence. It may not always be possible to resolve all contradictions and ambiguities in the available evidence, although best efforts to do so should occur.

We also reviewed a sample of 10 denied PIPP applications and found that all were properly supported by police reports, claimant statements, witness statements, and medical reports.

1.3.3 Inconsistencies in offering or providing certain benefits

Each claim is unique and many PIPP benefit decisions require use of professional judgement. However, claimants with similar needs should be offered and provided similar benefits.

Within 50 claim files examined, we found inconsistencies in benefits for home renovation costs, exercise equipment, grief counselling, personal care assistance expenses, and the interest paid on late benefit payments. These are described in further detail below. At the time of our audit, MPI had not developed guidelines to help case managers apply professional judgement in assessing requests for these types of benefits. Nor had it developed guidelines to help them decide when to proactively offer these benefits.

Home renovations

Paraplegic and quadriplegic claimants often required home renovations to improve home accessibility and safety. Common renovations included installing ramps, replacing carpeting with flooring more suitable for wheelchair use, widening doorways, lowering countertops, installing more accessible appliances, and adding grab bars to baths and showers. All home renovations were approved by MPI's Home Renovations Committee, comprised of senior PIPP officials.

At the time of our audit, MPI had a guideline that limited the funding for renovations to an existing home to 50% of the home's value, but the Committee did not follow this guideline consistently. It sometimes set the approved budget for these renovations at more than this 50% guideline and also sometimes allowed actual costs greater than the approved budget (up to 293% of the home's value).

When claimants built new homes, MPI's policy at the time of our audit was to pay any incremental costs for needs related to the accident. But this was not applied consistently. Incremental costs funded for similarly injured claimants varied by over \$300,000, partly because of differences in the additional square footage and number of special items allowed.

MPI's policy allowed payment for renovations to only 1 residence, but in 2 cases where claimants with already-renovated homes chose to move, MPI funded renovations to the second homes.

Linking reimbursable renovations to the market value of a claimant's home potentially allowed claimants with homes of a higher market value to use higher quality materials in their renovations.

After the period covered by our audit, MPI developed a new home adaptation policy. This policy set out more detailed and specific inclusions and exclusions, and made funding available for a second residence required by a life change. The policy stated that adaptations were to be the most appropriate and cost effective and that funding would cover the purchase of standard quality construction materials. It was unclear if this policy would increase consistency as it still left room for discretion in assessing what would be most appropriate and standard quality.

Exercise equipment

Claimants were often prescribed exercise equipment to improve and maintain their physical condition. MPI was inconsistent in approving funding for home gyms for paraplegic claimants. It approved a home gym for 1 paraplegic claimant, but would fund only free weights and stretching bands for 2 other similar paraplegic claimants who had also requested home gyms based on their doctors' recommendations. MPI was also inconsistent in approving gym balls and gym memberships for less severely injured claimants.

The inconsistencies in the case managers' decisions reflected inconsistencies in the medical opinions from MPI's healthcare services staff on whether they agreed with the claimants' own healthcare providers that the requested equipment was "medically required". The healthcare services department subsequently developed an organization-wide protocol to help produce more consistent decision-making.

Grief counselling

Family members might require grief counselling to deal with a claimant's death. MPI policy required case managers to offer grief counselling to family members when a fatality occurred, but in 4 out of 10 fatality cases examined there was no evidence that this occurred.

Personal care assistance

MPI policy allowed personal care assistance to be provided by either external service providers or family members. Family members were paid minimum wage; external care providers were paid higher market rates.

MPI sent 2 separate personal care assistance letters to claimants: 1 set a dollar limit; the other set an hour limit. When a family member was providing the personal care assistance, some MPI case managers paid expenses exceeding the budgeted hours, but not the dollar budget, recognizing that a family member might take a bit longer to provide care than an external service provider. Other case managers did not allow the budgeted hours to be exceeded in similar circumstances.

Interest on late benefit payments

The MPIC Act states interest is to be calculated on benefits not paid by MPI within 30 days of the day "entitlement to the benefit is determined". In cases where MPI failed to identify benefit entitlements promptly, some case managers applied interest from the date MPI first should have determined the benefit entitlement; others did not. We noted 10 cases where interest was not calculated on late payments for a variety of different overdue benefits (the annual clothing allowance, a permanent impairment award, annual indexations, and lump-sum indemnity payments). The unpaid interest ranged from \$2 to \$573.

Recommendation 5: We recommend that MPI improve its consistency in offering and providing benefits for:

- Home renovations
- Exercise equipment
- Grief counselling
- Expenses exceeding the budgeted hours, but not the dollar budget, for personal care assistance
- Interest on late benefit payments.

1.3.4 Decision letters usually issued, but not always adequate

MPI policy required case managers to send letters to claimants every time they made a decision affecting benefits. Official decision letters clearly explaining all decisions in easily understandable language are important. They help claimants understand benefit decisions and claimants cannot appeal a decision without a written decision letter.

In the files examined, case managers always sent decision letters when ending ongoing benefits. But in 5 instances case managers verbally refused initial benefit requests and did not issue decision letters.

Letters explaining how income replacement benefits were calculated were written in easily understandable language and provided sufficient explanation for claimants to assess if their benefits were reasonably accurate.

Letters explaining that benefits were being denied or terminated clearly stated the sections of the MPIC Act or regulations supporting the decision. But sometimes the MPIC Act and regulations were broad enough to require the exercise of the case manager's professional judgement. In these cases, the stated reasons for decisions were not always sufficient or used overly technical or legalistic language.

Letters explaining impairment awards detailed the assessed percentage impairment for each body system and part. Many of these letters were hard to understand because of the technical language used to explain the calculations and the complexity of the calculations themselves. Because the calculations were complex, case managers typically presented and explained impairment awards in face-to-face meetings with claimants.

Case managers were not always using consistent templates for standard letters. Senior PIPP officials anticipated more standardized letters once MPI completed implementation of its new claims management system.

Recommendation 6: We recommend that MPI send decision letters for all benefit decisions, adequately explaining reasons for decisions in plain language.

1.4 Preventing and detecting program abuse

There is always a risk that claimants may abuse the PIPP program, either by misrepresenting their injury or failing to report all sources of earnings that would reduce benefits. Similarly, there is a risk that service providers may bill for services not provided or over-serve claimants. As this may be costly and affect stakeholder's perceptions about program integrity, MPI required processes to minimize these risks.

1.4.1 Processes to prevent and detect program abuse adequate

MPI's special investigations department had 5 investigators to deal with potential PIPP abuse (other investigators focused on issues related to vehicle damage). Investigators arranged surveillance, but the actual surveillance work was done by private surveillance companies. Investigators also trained case managers on common indicators of abuse. A full-time Crown Attorney was assigned to the department.

Potential claimant program abuse was usually identified by case managers. MPI also had a tip line and website links for citizens to report potential program abuse. And MPI regularly reviewed tax information to ensure that employment and retirement income amounts claimants reported to the Canada Revenue Agency

matched what they reported to MPI for calculation of their PIPP benefits, as further described in section 2.1.4.

Potential service provider abuse was typically identified by MPI's healthcare services department. The department's manager analyzed service provider data and looked for any providers billing for more or higher-cost treatments than expected. MPI also relied on claimants' reviews of the quarterly benefit statements sent to them to flag potential service provider problems. MPI expected the new electronic claim files being implemented at the time of our audit to track more data, allowing more detailed service provider reports to be generated for review.

In 50 files examined, 4 were referred by case managers to the special investigations department. This was always done promptly if there was any indication that investigation was warranted. We found no indications of program abuse in the other files.

When the special investigations department found that program abuse had occurred, it sent the findings and evidence to the Fraud Advisory Committee, which consisted of the director of bodily injury claims, and representatives from the collections and legal departments. The Committee reviewed evidence and decided if claims should be terminated and the Crown Attorney asked to lay criminal charges.

We examined 10 files handled by the special investigations department and found that in all cases:

- There was adequate initial evidence that the files warranted investigation
- The investigations supported the decisions made by MPI staff
- When investigations established that overpayments had occurred, MPI took steps to recover the overpayments by reducing any on-going benefits, garnisheeing wages, obtaining liens on property, withholding permanent impairment awards, or negotiating repayment terms.

The special investigations department typically had about 200 cases pending at any time. In 2010, the department:

- Found 85 referrals had no evidence of program abuse
- Found 18 referrals had evidence of program abuse
- Prosecuted 4 cases.

The dollar value of PIPP overpayments established during 2010 as a result of work done by the department was \$25,600. And the department estimated the future cost savings from PIPP claims terminated in 2010 was \$3,685,900, based on the amount of cancelled reserves.

MPI did not have any data comparison processes in place, such as information matching with Vital Statistics, to ensure that deceased claimants did not continue to receive on-going income replacement or retirement benefits. Instead, it relied on its regular review of income tax returns and newspaper obituaries, and periodic contact with claimants. Tape matching with Vital Statistics and other funders (such as the Canada Pension Plan) may provide additional assurance that on-going income replacement and retirement income benefits are appropriate and calculated correctly.

1.5 Appeals processes

1.5.1 Appeals processes in place, but unresolved and unheard appeals need further attention

Claimants may feel their case manager has made a wrong decision. An appeal process helps ensure that decisions can be reviewed for correctness and that all relevant facts have been appropriately considered and weighed.

All PIPP decision letters sent to claimants explained MPI's appeal processes and the claimant's right to appeal. The informal appeal level is to the case manager. After that, the first formal appeal is to MPI's Internal Review Office (IRO) and the next is to the Automobile Injury Compensation Appeal Commission (AICAC), which is an independent specialist administrative tribunal established by the MPIC Act to hear appeals regarding entitlement to PIPP benefits. Both appellants and MPI can also request leave to appeal an AICAC decision to the Manitoba Court of Appeal, but this was relatively rare (only 12 requests had been granted since 1994).

The IRO is separate from the claims management area and is housed in MPI's legal services department. IRO review officers consist of both lawyers and former senior case managers. Appeals to the IRO have to be in writing and claimants have the option of meeting in person with IRO staff for a formal hearing. There are time limits on appeals: 60 days to appeal to the IRO after a case manager decision and 90 days to appeal to AICAC after an IRO decision. But claimants can ask for these limits to be waived.

During 2010, claimants appealed 739 or 1.2% of about 60,000 PIPP decisions made annually by case managers. On average, the IRO upheld approximately 75% of appeals over the last 5 years.

MPI reported that the IRO had the following customer service standards: appeals for income replacement benefits were to be heard within 28 days (achieved 52% of the time in 2010); all others within 53 days (achieved 91% of the time in 2010). And written decisions were due 21 days after the hearings (achieved 89% of the time in 2010).

AICAC holds formal hearings with both claimants and MPI legal staff present. Claimants can represent themselves or be represented by chosen representatives, most often lawyers or the Claimant Adviser Office (CAO), a body independent of both MPI and AICAC set up in 2005 to help claimants appealing IRO decisions to AICAC. AICAC's 2010/11 annual report stated appellants were successful (in whole or in part) in 27% of the appeals it heard.

In March 2011, there were 339 unresolved appeals at the CAO. At the same time, there were 386 appeals at AICAC where the appellant or the appellant's representatives had been provided the indexed files (the documentary evidence that the parties need to agree will be referred to at the hearing of the appeal), but the appeals had not been scheduled for a hearing or otherwise resolved. Reasons for unresolved and unheard appeals varied and included delays by the parties concerned in getting ready, as well as the time needed to determine and gather relevant information, particularly medical reports. AICAC initiated case conferences to try to expedite matters. The CAO often tried to solve the issue without an appeal.

In December 2010, the Manitoba government announced it would set up the Automobile Injury Mediation Office and give claimants the option of independent mediation, in addition to the traditional AICAC appeal process. The goal was to make appeals less adversarial and also help reduce the time required to resolve appeals.

Although MPI feels it has no direct control over the number of unresolved appeals at the CAO or the number of appeals not yet scheduled for hearing at AICAC, it can work with all concerned parties to help find ways to reduce these numbers. As an example, it actively participated in the creation of the Mediation Office.

Recommendation 7: We recommend that MPI work with AICAC, the CAO, and the Mediation Office to assist in reducing the number of unresolved appeals at the CAO and appeals not yet scheduled for hearing at AICAC.

2. Calculating benefits

2.1 Benefit calculation accuracy

2.1.1 Benefits calculated accurately

The MPIC Act and regulations set out the rules for calculating benefits. Some of these rules were complex and, as a result, MPI had a separate calculation unit and staff specialized in particular types of calculations. As well, most calculations were reviewed by a supervisor.

We recalculated a sample of the benefits in 50 files. Calculations were based on the existing rules and supporting documentation in the files (such as pay stubs, tax returns, and personal care allowance grids completed by external occupational therapists). We reviewed tax deductions for reasonableness only.

We examined the calculation of 41 income replacement payments, 34 permanent impairment awards, 23 personal care allowances, 5 lump-sum indemnities for missed schooling, 10 fatality benefits, and 6 retirement income benefit payments. All amounts were calculated accurately.

2.1.2 Changes in personal circumstances affecting calculations identified, but not always promptly

All annual indexation letters sent to claimants told them to notify their case managers if any "changes in personal circumstances" occurred. This was to ensure on-going accuracy in income replacement and retirement income benefits. Delays in flagging these changes increase the risk that benefits are underpaid or overpaid.

In 50 files examined, claimants generally notified their case managers when they returned to work. However, other changes in personal circumstances were sometimes not promptly reported to MPI. These included changes in marital status, number of dependants, and wage levels, as well as receipt of CPP benefits. Case managers also sometimes failed to follow-up verbal information from claimants on changed personal circumstances, which delayed MPI follow-up until income tax returns were received for review. These situations led to both under- and over-payment errors, ranging from smaller dollar amounts up to \$8,000.

MPI policy required regular contact with claimants. However, MPI did not regularly send notices to claimants asking them if their personal circumstances had changed. Nor did MPI give claimants information on the types of "changes in personal circumstances" that would affect their benefits. Other similar organizations reviewed regularly corresponded with claimants about changes in circumstances, providing a detailed checklist of the circumstances claimants should report.

Recommendation 8: We recommend that MPI clearly and regularly communicate to claimants the types of changes in personal circumstances they must report, and promptly follow-up all written and verbal reports received.

2.1.3 Policy for waiving overpayments applied inconsistently

MPI's policy was to waive repayment of overpayments due to errors on its part. For example, when MPI mistakenly included a travel allowance in calculating a claimant's income replacement benefit, it waived the resulting overpayment. But it did not apply this policy consistently, as described below.

Overpayments were not waived in 2 cases where MPI did not act promptly on verbal information from claimants about changes in their personal circumstances. Letters to claimants telling them they had to report these changes did not specify that notification had to be in writing.

An overpayment was also not waived in 1 case where MPI failed to properly reduce income replacement benefits at the end of the claimant's job search year. MPI itself set the date the job search was to end and benefits be reduced.

Recommendation 9: We recommend that MPI review and clarify its policy for waiving different types of overpayments to ensure it is logical and consistently applied.

2.1.4 Annual income tax reviews performed, but not always timely

MPI regularly obtained tax information to ensure that the employment and retirement income amounts claimants reported to the Canada Revenue Agency matched what they reported to MPI for calculation of their PIPP benefits. Each April (to coincide with income tax season), case managers requested copies of current tax returns from all on-going claimants who had been receiving income replacement or retirement income benefits at December 31 of the prior year.

It often took several months and repeated requests to obtain this information. As a result, tax reconciliations were often not timely and any resulting overpayments or underpayments were higher because of the delays. In 2 of the most extreme cases, tax information for 2007 was not obtained until 2009 and 2010. MPI suspended benefits until the tax information was supplied in the first case, but not the second, where there was an even greater delay.

Given the frequent delays in receiving tax information from claimants, it would likely be more efficient for MPI to have claimants authorize it to obtain this information directly from the Canada Revenue Agency.

Recommendation 10: We recommend that MPI reduce the delays in tax reconciliations and benefit adjustments by having claimants authorize it to obtain their tax information directly from the Canada Revenue Agency.

2.2 Reviewing and updating benefits

MPI's product and policy management department was responsible for analyzing benefits to ensure they remained current, and periodically reviewing the need for benefit improvements. It also assessed any unintended impacts of existing benefit rules and prepared impact statements for significant legislative changes. Ideas and issues came from case managers, MPI management, AICAC and Court of Appeal rulings, customer focus groups, and government.

2.2.1 Most benefits annually indexed; no regular review of non-indexed benefits

Without processes to ensure that benefit rates remain reasonable and continue to compensate claimants as intended for their financial losses, benefits may be eroded by inflation.

Most PIPP benefits in the MPIC Act were indexed annually. MPI also annually updated the tax tables and the Statistics Canada earnings data used to calculate income replacement benefits.

All income replacement benefits, retirement income benefits, and permanent impairment awards examined were properly indexed to the annual change in the consumer price index. The maximum personal care assistance benefit was similarly indexed, but claimants receiving on-going personal care assistance payments less than the maximum did not receive any increase unless their personal care needs were re-assessed, which occurred only on an as-needed basis, typically once every 2 years for long-term claimants.

MPI did not regularly review non-indexed benefit rates. It left per-diem meal rates for claimants at 1994 levels until February 2011, when it increased the daily per diem for breakfast, lunch and dinner from \$22.30 to \$36.94, and instituted annual indexation of these rates.

At the time of our audit, an important rate not amended since 1994 was the \$250 claimants were allowed for each of up to 3 medical reports independently obtained to assist with an appeal. MPI had no similar limit on the number of medical reports it could pay for to support its position. In addition, the Automobile Injury Compensation Appeal Commission and MPI's Internal Review Office could both request medical reports to be funded by MPI without any report or dollar limits. Our review found that a specialized medical exam report could cost over \$1,200. While the \$250 was not a large benefit and it affected a limited number of claimants, it was significant as the medical reports might be used to appeal decisions with much higher dollar values at stake. MPI created potential

inequities by allowing claimants fewer medical reports and less funding than it allowed both itself and internal and external review bodies.

Recommendation 11: We recommend that MPI regularly review all non-indexed benefits and ensure they remain reasonable and fair over time.

2.2.2 Challenges in setting certain benefits to reflect actual financial losses and needs

Some benefit rules could potentially create situations where individuals' actual financial losses or needs would be significantly under- or over-compensated. This may create inequities between claimants or provide unintended incentives to remain on benefits. As outlined below, we noted issues with the 180 day income determination for part-time and temporary workers, the determination of earnings for part-time seasonal workers, the retirement income benefit, and the personal care assistance benefit.

Part-time and temporary workers could receive more generous income replacement benefits than full-time earners could. For the first 180 days or until they return to work (whichever is sooner), part-time and temporary workers are compensated based on their actual earnings at the time of the accident. At 180 days, if they are still unable to work, their compensation is based on a determination of their potential annual income capacity, as demonstrated any time over the last 5 years. This could be higher than any actual annual income generated (for example, it could be based on 4 months of work done 4 years before the accident). For full-time earners, the compensation is determined by considering only actual earnings at the time of the accident.

Initial income replacement benefits could also under- or over-compensate part-time seasonal workers, depending on the timing of the accident. One claim we examined was for a part-time school bus driver usually employed 40 weeks in the year. MPI's determination of his lost earnings was correctly based on 52 weeks of employment, as the legislation requires income to be annualized based on the amount the claimant is receiving at the time of the accident. Any earnings seasonality (such as not being paid for Christmas and summer break) could not be factored into the initial calculation, and was only considered after 180 days.

The retirement income benefit is paid if claimants have received income replacement benefits for at least 5 years prior to retirement. It is calculated as 70% of pre-accident income less any actual net pension income. It is not pro-rated to recognize the proportion of pre-accident income that is recovered by claimants returning to work and therefore may not reflect their actual economic losses. It may also act as a potential disincentive for long-term claimants receiving small

dollar value income replacement top-up benefits (that is, those who recover almost all of their pre-accidents incomes when they return to work) to set aside funds that will provide them with future pension income.

Claimants require a minimum of 45 minutes of daily care to receive any personal care assistance funding. Those who require only periodic help with yard work (snow removal/lawn care) do not meet this threshold. But the physical nature of these tasks means that claimants may aggravate their injuries if they do this work themselves, potentially increasing the length of their claim and their time receiving income replacement benefits.

MPI's product and policy development department regularly reviewed a variety of PIPP benefits. Most recently, this led to the enhancement of benefits for catastrophically injured workers. At the time of our audit, MPI had also reviewed various rules for determining income-related benefits, but chose not to further address any of the issues outlined above as they were not perceived to be significant. However, the review did not calculate likely future dollar impacts to assess significance more precisely. As well, MPI had not reviewed the 45 minutes/day minimum required to qualify for personal care assistance. MPI officials told us they needed to balance trade-offs between system precision and complexity.

Recommendation 12: We recommend that MPI project the number of part-time, temporary, seasonal and retired claimants (including those currently receiving long-term income replacement top-up benefits who will eventually retire) that may obtain benefits in excess of their likely economic losses and estimate the future dollar impacts.

Recommendation 13: We recommend that MPI compare the costs of compensating claimants who require only periodic help with snow removal and lawn care with the savings, risks, and injury-related costs resulting from not compensating these claimants.

3. Managing claimant rehabilitation

A key PIPP goal was to help claimants resume, as much as possible, their pre-accident activities. Based on discussion with a subject matter expert and review of rehabilitation practices in other similar organizations, this requires medical, vocational and social rehabilitation. Medical rehabilitation focuses on helping claimants reach maximum medical improvement; vocational rehabilitation focuses on returning them to work (for those able to return to some form of work); and social rehabilitation focuses on returning them to sports and other recreational and leisure activities matching their interests and abilities. The MPIC Act refers to

returning claimants to normal life and reintegrating them into society, but does not specifically refer to "social rehabilitation".

3.1 Medical rehabilitation

3.1.1 Medical rehabilitation planning and monitoring limited

MPI policy required case managers to prepare and regularly update written rehabilitation plans. The policy did not further elaborate or set any standards for these plans. However, MPI sent many of its case managers to a university's case management certificate program, which considered medical rehabilitation planning an important component of the overall rehabilitation process.

Of 50 files examined, 36 had rehabilitation plans. Most files had only brief and generally worded long-term rehabilitation objectives, such as "return to same work with same employer" or "full function", with few accompanying details. MPI case managers did not typically identify short-term goals or milestones towards longer-term medical goals. Nor did they clearly identify the physical and cognitive demands of claimants' pre-accident jobs or their medical restrictions after their accidents.

Case managers typically monitored medical progress by requesting medical reports from claimants' external healthcare providers. These often stated claimants could not return to work, without further clarifying restrictions (for example, by describing weight-lifting restrictions).

Beginning in 2007, MPI policy required case managers to obtain monthly self-reported functional capacity assessments from all claimants receiving income replacement or personal care assistance benefits. These were missing in 8 of the 10 post-2007 claim files examined. MPI management advised that they were currently reviewing this policy and considering removing the requirement for monthly self-assessments.

Case managers appropriately monitored medical treatment and progress in most cases, but we observed 4 cases where this was not the case. In 1 case, a benefit was continued for a month longer than medically required. In 3 other cases, the case managers did not appropriately follow-up and investigate unusually lengthy treatment periods.

At the time of our audit, case managers did not have access to disability duration tables to help them monitor the reasonableness of claimants' medical progress, but duration tables were being built into MPI's new electronic case-management system. The tables show the average time it takes to recover from different types of injuries and provide guidelines for when case managers might need to investigate slower than expected medical progress.

Coordination with the Manitoba Home Care program varied between case managers. Some actively coordinated service delivery; others left it to the family to obtain and ensure that claimants' needs were met. As MPI did not fund the Home Care program, MPI officials felt there was no obligation to coordinate these services. Legislative changes in 2009 to improve benefits for catastrophically injured claimants included authorization for MPI to coordinate and facilitate access to funding or services provided by any level of government for these claimants.

We also noted that, at time of our audit, MPI was exploring more actively directing claimant medical care to better manage claimants' recovery and return-to-work.

Recommendation 14: We recommend that MPI:

- Prepare rehabilitation plans that clearly document claimants' medical restrictions and set timelines and milestones for reaching maximum medical improvement
- Regularly monitor and document medical progress so that benefits are promptly adjusted to reflect updated medical reports and follow-up investigation occurs when expected medical progress is not achieved.

3.1.2 Consultations with healthcare professionals generally appropriate

Case managers typically referred files to MPI's healthcare services department whenever it was appropriate to seek medical advice. For example, most case managers consulted with the department before extending funding for physiotherapy or chiropractic treatment beyond the agreed-to number of treatments pre-authorized through negotiation between MPI and the professional associations. Case managers also frequently consulted with the department to obtain advice as to whether or not the claimants' injuries were causally related to their motor vehicle accidents. However, in a limited number of cases, case managers referred unnecessary questions to the healthcare services department or failed to consult with the department when it seemed reasonable to do so.

As MPI healthcare services staff provided opinions without physically examining MPI claimants, case managers occasionally referred claimants to external medical examiners for independent medical examinations and opinions. In 3 of 6 cases examined where this occurred, the examiners were affiliated with organizations providing other services to MPI. We did not find any cases where an examiner provided both an independent medical exam and other MPI services to the same claimant. But we noted that MPI did not have any policies or processes to identify and manage such potential conflicts-of-interest, relying instead on the examiner's professional ethics.

Some members of MPI's healthcare services department also had external professional practices where they sometimes treated MPI patients. In 1 of the files examined, a member of the department excused himself from providing an opinion to MPI for a claimant he was treating in his external practice. MPI's contracts with its healthcare services staff had conflict-of-interest clauses that prohibited their involvement with claimants who had been patients. But they did not specifically prohibit other types of conflicts, such as involvement with friends, neighbours or relatives.

Recommendation 15: We recommend that MPI include a conflict-of-interest clause (similar to the clause used in its contracts with its healthcare services staff) in its service agreements with external independent medical examiners, and that it expand these clauses to prohibit any involvement with a MPI file where there could be a potential conflict-of-interest with a patient, friend, neighbour, or relative.

3.2 Vocational rehabilitation

3.2.1 Evidence of vocational rehabilitation planning lacking

MPI's procedures manual set out the following general principle: *"The Corporation shall, in its sole discretion, and in consultation with the medical/rehabilitation team (both internal and external), provide assistance to injured parties in support of their efforts to return to the labour force"*.

There were 18 files in our 50 file sample where claimants able to work were unable to return to the same type of work done before their accidents and required some form of vocational rehabilitation. Of these, 14 had rehabilitation plans. In most cases, MPI had out-sourced several elements of the vocational rehabilitation process to external service providers. We found that:

- Claimants did not sign rehabilitation plans as evidence of their buy-in
- Most files identified the claimant's educational background and had a formal assessment of the claimant's transferrable skills
- The majority of the files did not clearly identify the claimant's physical restrictions as a result of the accident in sufficient detail. For example, there were references to "no heavy lifting" or "only light duty work", without clarifying the number of lbs that the claimant could safely lift or a safe frequency of lifting
- Several files considered barriers to return-to-work (typically geographic location or the claimant's age)
- About half the files had evidence of interest and aptitude testing

- Slightly more than half the files had evidence that a labour market analysis had been conducted to assess the market demand for the new occupation being considered
- Few files had detailed comparisons of the claimant's attributes to the physical demands and other requirements of proposed new occupations.

Within the 18 files examined, the percentage of pre-accident earnings recovered ranged from 26% to 100%, with an average of 61% recovered. Given the small sample size, this recovery rate may not be representative of the total population. As noted in section 4.1.1, MPI does not track return-to-work outcomes for claimants receiving vocational assistance and does not know the proportion and results of off-work claims that remain active because claimants have not been able to fully recover their pre-accident incomes. Where plans in the files examined were not going to recover 100% of the claimant's pre-accident income, there was no cost/benefit analysis documented to determine if additional training might increase the percentage recovery.

MPI's new claims system has a rehabilitation planning tool that MPI believes will help improve rehabilitation planning.

Recommendation 16: We recommend that MPI prepare vocational rehabilitation plans for all claimants able to work but unable to return to the same type of work done before the accident, and that the plans include:

- Comparison of the claimant's functional capacity, interests and aptitudes, educational background, and existing transferable skills to the physical demands and other requirements of the proposed new vocation
- Analysis of the labour market demand for the proposed new vocation
- Calculation of the future financial implications and analysis as to whether funding additional training might recover more of the pre-accident wage
- Identification of existing barriers to success and proposed mitigation strategies
- Evidence of claimant buy-in.

3.2.2 Determinations of post-accident earning capacities not well-supported

As part of the vocation rehabilitation planning process, MPI established a Residual Capacity Determination (RCD) for claimants capable of work, but unable to return to their pre-accident work. The RCD was the post-accident income that MPI expected claimants to earn once they reached their vocational goal and began working at their new occupation (following the year allowed in legislation for

job search activity). Case managers used National Occupation Code information compiled by Statistics Canada to determine the expected income level for different occupations. MPI did not set any RCD for catastrophically injured claimants, although it made re-training and re-education available to them, if desired.

We expected case managers to adequately demonstrate that claimants could perform and acquire their "determined" jobs. However, given the issues noted in section 3.2.1, the majority of RCDs in the files examined were not well-supported.

Most of the RCDs in the files examined were set before November 2009, when PIPP's senior management team began reviewing and approving all RCDs. As part of this new process, case managers prepared internal memos supporting RCDs that were discussed with the senior management team.

We reviewed 4 RCD memos and found that they generally provided more support for the RCDs than we had observed as part of our file review. However, there was room for improvement. Some case managers listed detailed physical restrictions (such as no lifting greater than 7 lbs. above shoulder level); others merely stated "no heavy lifting". Similarly, some provided a detailed description of the physical demands of the determined occupation; others only a general description. And some randomly called 3 employers to determine if they were currently hiring or planning any future hiring in the determined occupation; others more credibly demonstrated labour market conditions by providing Service Canada or Manitoba Job Futures data on the employments prospects for the occupations. The verbal discussions with the senior management team likely provided additional information, but the discussions were not documented.

All the RCD memos showed the biweekly income replacement benefit before and after the recommended RCD, as well as the biweekly retirement benefit expected in the future. They did not calculate the total future financial implications of the chosen RCD, or present any alternative RCD choices.

Recommendation 17: We recommend that MPI support all residual capacity determinations with documentation clearly demonstrating that the claimant's attributes match the physical, educational and other requirements of the determined occupation, and that there is a sufficient market demand to reasonably expect the claimant to be able to acquire a job in that occupation.

3.3 Social rehabilitation (reintegration into society)

3.3.1 Reintegration benefits provided inconsistently and in development stage

As section 1.1.1 noted, section 138 of the MPIC Act makes MPI responsible for facilitating a claimant's "return to normal life" and "reintegration into society". But at the time of our audit, MPI was only just starting to develop a policy that would interpret this responsibility as providing funding to help seriously injured claimants continue to participate in sports and recreational activities.

We found very little planning for reintegration into society in the 14 catastrophic injury claims that were part of our larger sample of 50 files. This likely reflected MPI's stated past interpretation of section 138 reintegration benefits (that these were benefits related to work and personal care assistance referenced elsewhere in the MPIC Act and regulations, as described in section 1.1.1).

Case managers sometimes provided reintegration benefits, such as funding to help claimants attend recreational activities, but this was not done consistently. Those claimants who received these reintegration benefits typically needed to advocate for them; they were not proactively offered by MPI. This was inconsistent with section 150 of the MPIC Act, which states *"The Corporation shall advise and assist claimants and shall endeavour to ensure that claimants are informed of and receive the compensation to which they are entitled under this Part"*.

Other similar organizations reviewed paid a variety of expenses intended to help claimants with reintegration into society and return to normal life, such as funding for attendants to accompany claimants to community or group activities. Some also had a variety of benefits to support the families of the catastrophically injured, which indirectly supported return to as normal a life as possible for claimants. This included funding for respite services and psychological counselling for family members.

As recommended in section 1.1.1, MPI needs to clearly define eligible expenses for "return to normal life" and "reintegration into society". Case managers can then include these expenses in the rehabilitation plans they develop for claimants.

3.4 Procuring rehabilitation goods and services for claimants

3.4.1 Some cost-effective procurement practices, but further savings possible

As described below, MPI had some practices to ensure that rehabilitation goods and services were procured cost-effectively. This meant selecting goods and services of the desired quality at the lowest cost within the desired timeframe.

Claimants had to obtain at least 3 bids and quotes for home renovations. This occurred in all files examined, except for 1 where fewer quotes were accepted based on the lack of qualified contractors in the rural location, which was reasonable.

MPI negotiated fee schedules with physiotherapists, athletic therapists, and chiropractors. This set prices and also capped the number of treatments initially allowed for most types of treatment.

Case managers tended to refer claimants to some suppliers on a preferred basis, based on their individual experiences with the suppliers. These informal arrangements were often used to buy medical assistance devices, medical supplies, and transportation services. And MPI's external service providers (such as occupational therapists) often made recommendations to MPI and claimants on where to buy wheelchairs, orthotic devices, exercise equipment, and medical supplies. These case manager and external service provider referrals were not based on any formal analysis of vendors' products, services, timeliness, or costs and available discounts.

Both case managers and external service providers sometimes obtained quotes for larger items, such as wheelchairs. They also sometimes obtained supplier discounts on individual purchases of medical devices and supplies, although the discounts were not arranged on a corporate-wide basis.

MPI did not have an official list of preferred suppliers selected through a competitive process as it wanted to maintain claimant choice of vendor. Additionally, as the MPIC Act and regulations refer to "reimbursing" claimants for these types of expenses, MPI officials viewed MPI's direct payments to vendors as billing arrangements for processing efficiency and customer service and did not want to further develop or maintain any MPI/vendor relationships.

MPI outsourced many aspects of the vocational rehabilitation process, rather than employing its own occupational therapists or vocational rehabilitation counsellors. Some external service providers charged significant hourly rates: one vocational rehabilitation firm charged \$85/hour, equivalent to about \$175,000 annually for a full-time staff person. MPI officials said they preferred outsourcing these services because they felt claimants would view external service providers as more independent and fair than MPI staff.

MPI did not directly pay for claimant visits to doctors' offices or hospital stays. Instead, it had an agreement to pay Manitoba Health for these services using a negotiated formula based on the number of registered vehicles. MPI did not have any recent analysis comparing actual to negotiated costs for these services, but MPI officials felt the formula was cost-effective. In 2010, it paid \$20.5 million to

Manitoba Health for services received by its claimants under Manitoba's *Health Services Insurance Act*.

Recommendation 18: We recommend that MPI ensure that vendor recommendations made to claimants are based on analysis of vendors' products, services, timeliness, costs and available discounts.

Recommendation 19: We recommend that MPI compare the costs and benefits of out-sourcing vocational rehabilitation services with the costs and benefits of employing its own vocational rehabilitation staff.

3.4.2 Accountability framework for external service providers insufficient

Accountability frameworks for external service providers help to clearly define their roles and responsibilities, and their reporting requirements.

In the sample of 50 claim files reviewed, there was often no evidence that MPI case managers had:

- Established the content, format, and timing of accountability information to be provided by external service providers
- Specified start and end dates for engagements
- Clarified whether or not the external service providers were to function as case coordinators
- Monitored the external service providers appropriately.

MPI policy required case managers to use a "request for services" letter to hire external service providers, but this was not done consistently. The letters focused on payment issues—not accountability.

Recommendation 20: We recommend that MPI use "request for services" letters consistently and that the letters clearly state reporting requirements, engagement start and end dates, and case coordination expectations.

3.5 Case manager qualifications, training and supervision

Given a case manager's critical role in delivering PIPP benefits and facilitating claimant rehabilitation, MPI required processes to ensure that all case managers had adequate qualifications, received appropriate training, and were properly supervised.

3.5.1 Case managers had related training and experience

At the time of our audit, entry-level case managers needed at least 2 years of post-secondary education in social sciences or administration and 3 years of relevant technical experience, or an equivalent combination of education and experience. In practice, they often had previous experience administering benefits for minor PIPP claims, and at least 6 course credits from any approved insurance, case management or management studies certificate program, or MPI's in-house supervisory development course.

Senior case managers needed at least 3 years of case manager experience and 8 course credits from the options noted above, or equivalent experience and training.

Supervisors needed at least 4 years of case manager experience, with at least 1 year of supervisory experience and the same education requirements of a senior case manager as noted above, or equivalent experience and training.

We reviewed the qualifications of 3 entry-level and 7 senior case managers and found they fully met the requirements of their positions.

At the time of our audit, MPI was re-structuring staff positions and setting higher educational and experience requirements for many restructured positions.

3.5.2 Number and depth of supervisory file reviews require improvement

MPI supervisors told us that each PIPP claim file was to be reviewed twice a year, but they were able to review only the complex claim files, and only once a year. Less complex claim files would generally be closed within a year.

Supervisory file reviews were kept in case manager personnel files. We reviewed the supervisory reviews in 10 of these files. On average, each file had only 10-12 case file reviews per year, although case manager caseloads averaged about 50 files. Supervisors told us they didn't keep file review documentation, unless the review was done for a performance appraisal.

Supervisors documented their claim files reviews by rating case management performance in 22 different areas as either satisfactory or requiring change. The different areas included case management, rehabilitation planning, claimant contact, decision letters, file documentation, and use of external service providers. Supervisors did not have checklists describing key elements of satisfactory performance in the different categories to help guide their file reviews.

We compared the results of the supervisory reviews with the results of file reviews by MPI's quality assurance department over the last 3 years and our own file reviews. Both the quality assurance and our own reviews found more areas requiring significant improvement than noted in the supervisory reviews.

Recommendation 21: We recommend that MPI ensure that supervisors:

- Comply with its claim file review requirements
- Document support for all performance ratings.

3.5.3 Case management and other training provided, but results of file reviews not used to identify training needs

Recognizing the need for case management training when the PIPP program was introduced, MPI worked with a university to help develop the university's case management certificate program. It also paid for employees to attend this program. As at June 2010, 155 employees had graduated from the program and 106 had taken classes in the program but not yet graduated.

MPI also offered internal training. It had developed a course on PIPP legislation that was offered periodically (4 times between 2009 and 2011) for all new PIPP staff. And, during 2010, it offered 110 individual and group training sessions on its new electronic case management system and planned case management team re-structuring. As well, special investigations department staff delivered periodic presentations on investigation topics and healthcare staff delivered biweekly presentations on medical topics (although this was reduced in 2010 to allow greater focus on training for the new electronic claims system).

Internally developed courses were based on general perceptions about what would be relevant. File reviews by MPI's quality assurance department indicated a need for more training in developing and managing rehabilitation plans, but MPI did not use the results of these reviews or the supervisory file reviews to identify training needs.

Senior PIPP officials told us that case managers were expected to have education and self development plans. We examined 10 personnel files and found 7 had these plans. The education and self development plans were not linked to the results of the quality assurance or supervisory file reviews.

Recommendation 22: We recommend that MPI use the results of supervisory and quality assurance reviews to help identify corporate and individual training needs.

4. Performance information

4.1 Performance information for internal management purposes

4.1.1 Some claims management information available; additional data being developed.

MPI produced a variety of management information for PIPP claims, including:

- Caseload statistics
- Call handling times
- Days to first income replacement payment statistics, including time from date of accident and time from receipt of required information
- Claim payment totals, including sorts by vendor and expense categories
- Reimbursement times for vendor payments and claimant-paid expenses
- Special investigations statistics and results
- Appeal statistics and results
- Results of customer satisfaction surveys
- Number of requests for income replacement calculations, average calculations per day, and average calculation time.

Important performance measures had related targets. The target for days to first income replacement payment was discussed in detail in section 1.2.1 and the target for customer satisfaction is discussed in section 4.2.1. In addition, MPI reported that calls were to be picked up within 20 seconds during business hours (achieved 80% of the time in 2010), claimant payments were to be processed within 5 working days of receiving documentation (achieved 72% of the time in 2010), and vendors were to be paid within 30 days (achieved 92% of the time in 2010).

Customers surveyed were only those who had opened claims in the last 6 months, excluding catastrophically injured claimants and survivors of fatally injured claimants for sensitivity reasons. This meant that while MPI was gathering information from a group representative of the majority of its claimants (as most claims are settled within 6 months), it was not gathering sufficient information from the claimants accounting for most PIPP costs and case management time. It excluded those with the more complex, severe and long-term claims, plus those with permanent impairment awards, vocational rehabilitation plans, or residual capacity determinations. MPI officials told us that they intended to begin surveying catastrophically injured claimants soon.

Other similar organizations had additional types of claims management information, including:

- A case manager workload index that combined the number of cases assigned to a case manager with a rating of the case difficulty
- Claim duration statistics
- Return-to-work statistics.

MPI's new electronic claim file will help gather more information. MPI intended to begin tracking claim duration and to have more detailed claim financial information, but at the time of our audit it had not yet decided all the key indicators it would track.

Recommendation 23: We recommend that MPI augment its claims management information by:

- Including customers with complex and long-term claims in its customer surveys
- Measuring claim duration
- Tracking return-to-work outcomes for claimants receiving vocational rehabilitation assistance.

4.2 Public performance information

4.2.1 Limited public disclosure of PIPP performance information

MPI's annual report publicly disclosed a range of aggregate financial and operational performance information for the corporation overall, but information specific to the PIPP program was more limited (consistent with the approach taken for MPI's other lines of business, such as vehicle collision and driver and car licensing). The annual report included PIPP's customer satisfaction rating; the number of bodily injury claims for the year, in total and by injury type; and bodily injury claim costs for the year.

The PIPP customer service rating published in MPI's annual report was based on a question from MPI's semi-annual customer survey that asked claimants about their overall satisfaction with their bodily injury claims. The PIPP customer service rating in the 2010 annual report was 75%. This met the targeted customer service rating of 65–75%, set several years ago. But as section 4.1.1 noted, claimants with complex and long-term claims were not included in the survey.

We looked at the public information (annual reports and websites) of other similar insurers. Some disclosed additional information to what MPI was publicly disclosing, including:

- Special investigation and fraud statistics
- Average call handling times
- Days to first income replacement payment
- Claim duration
- Average costs by injury type
- Return-to-work statistics.

We encourage MPI to explore publicly disclosing additional performance measures for the PIPP program, such as these.

Response of officials and summary of recommendations

MPI is committed to working with Manitobans to reduce risk on the road. An integral component of this vision is to administer the Personal Injury Protection Plan (PIPP) governed by the MPIC Act since March 1, 1994. MPI has adopted a culture of constant review and change to continue to provide the most comprehensive coverage and service for Manitobans injured in a motor vehicle accident. MPI is appreciative of the efforts made by the OAG in auditing a sample of the longer term, more complex claim files opened between the start of PIPP in 1994 to 2009 with the intent of identifying opportunities to improve MPI's systems and practices of the PIPP service delivery model. The recommendations made in the report have been given serious consideration by Management and as reported below many were implemented during the course of the audit. While the OAG found that MPI properly verified eligibility for PIPP benefits before paying them and adequately supported most decisions to deny or end benefits, Management acknowledges that improvements need to be made in rehabilitation planning, supervisory reviews of claims and performance information. This was the impetus for introducing the Bodily Injury Improvement Initiative (BI³) in September 2010, which is comprised of a new organization structure and a new claims management system providing tools for:

1. Enhancing the customer experience, accomplished through:
 - Streamlining processes for small, less serious claims to improve response and reimbursement timeframes for customers
 - Pre-authorization of health care goods and services to allow for improved response and reimbursement timeframes for 75%-80% of claims
 - Reducing transfers of customers' claims to different staff members to strengthen the relationships between claimants and staff through the introduction of the new bodily injury organizational structure
 - Proactively managing cases and maximizing claimants' medical improvement by ensuring Rehabilitation Plans are created on all more serious claims. This has resulted in a new case management philosophy that stresses the case manager as the "quarterback" of the rehabilitation team and working more proactively with all members of the claimants' recovery teams.
2. Enhancing Case Management Effectiveness, accomplished through:
 - Providing staff with tools such as disability duration guidelines and rehabilitation plans built on leading industry practices

- Incorporating tools built into the BI³ application that provide case management consistency through the use of workflows, tasks, and reminders
 - Allowing case managers time to focus on their core responsibilities of managing the case and focusing on the customer rather than managing paper.
3. Organizational and work allocation flexibility, accomplished through:
- Introducing a paperless workflow to move work to people (our staff) versus people to work
 - An electronic file allows multiple users to complete various tasks on the same claim rather than needing to request a paper claim file to perform a task
 - Allowing case managers to access the electronic claim file when meeting with their client, their client's employer or health care provider outside of MPI office
 - Allowing tasks to be electronically assigned between internal departments and resources.
4. Risk Reduction, accomplished through:
- Moving towards a paperless office to eliminate paper files that can be misplaced
 - Creating a single "source of truth" for claims files by eliminating multiple copies of paper files.
5. Improved ability to understand the business, accomplished through:
- A robust database that allows the corporation to measure Key Performance Measures (KPMs) and the ability to perform internal and external data analysis, as well as global benchmarking to compare MPI's outcomes with other jurisdictions and countries.
6. Improved ability to understand treatment outcomes, accomplished through:
- Collecting injury, treatment and service provider data through multiple points in the claims lifecycle which allows the corporation to measure treatment effectiveness for injuries through internationally recognized ICD-10 codes.
7. Improved interaction with stakeholders, partners and service providers, accomplished through:
- Tracking of communication, key decisions, events and services across the program

- The consideration of Presley Reed guidelines and treatment effectiveness reports.
8. Increased Employee Satisfaction, accomplished through:
 - Enhancing jobs, by allowing staff to perform more as knowledge workers and within a leading claims administration organization
 - Work processes based on leading practices
 - Improved training opportunities
 - A new team-based organizational structure.
 9. Enhanced Corporate Memory, accomplished through:
 - The creation of a number of document repositories, using collaborative tools and processes such as the Electronic Document Management System (EDMS) and the new Enterprise Data Warehouse (EDW).

In addition, the implementation of the new claims management system has resulted in the following benefits:

- Improved consistency and quality in the management of claims
- Enabled tracking and reporting of key performance indicators
- Improved timeliness of payment of benefits
- Allowed for effective workflow management.

Other recommendations addressed in the body of the report include the development of a brochure to more clearly explain PIPP benefits to catastrophically injured claimants. The timing of the implementation of this brochure was dependent on a portion of the legislative amendments being implemented August 22, 2011. A product brochure is currently being developed.

In addition, BI³ includes a comprehensive document management system with over 300 templates, including decision letters, drafted in as clear a language as possible given PIPP is a legislated plan. Case Managers also communicate with the customer to explain the decision rationale for more complicated decisions.

MPI will continue regularly scheduled reviews of all PIPP benefits for government, including the few non-indexed benefits mentioned in the report.

Unresolved appeals at the Claimant Adviser Office (CAO) and appeals which have not yet been scheduled for hearing at the Automobile Injury Compensation Appeal Commission (AICAC) impact MPI's customers. However, the Legislation ensures these bodies conduct their work and report to their Minister completely independently of MPI. MPI is committed to working with them and in December 2010, participated in the creation of the Mediation Office.

Determining benefit eligibility and benefit entitlements

Recommendation 1: We recommend that MPI, together with the Manitoba government, clearly define eligible expenses for “return to normal life” and “reintegration into society”, and the types of vehicular accidents that entitle injured people to PIPP benefits.

Response: MPI Regulations were amended August 22, 2011 to redefine Section 138 “return to normal life” and “reintegration into society”. This section provides coverage for the following:

- Resumption of pre-accident recreational and family activities
- Life event activities
- New recreational activities
- Additional Supportive Care
- All residence modifications
- Attendant assistant care.

Section 70 of the MPIC Act legislatively defines “accident”, “automobile”, “bodily injury caused by an automobile”. As this is law within Manitoba, MPI only has the authority to interpret and apply these legislated definitions to the best of its ability. The 3 rulings on eligible vehicular accidents reported as audit findings have extraordinary circumstances and MPI considers these rulings when assessing claim validity. Other significant checks and balances used by MPI to ensure consistent application of the legislation include MPI’s Corporate Coverage Committee, Fair Practices Office, Internal Review Department as well as the appeals processes administered by the independent offices of the Automobile Injury Compensation Appeal Commission and Claimant Adviser Office.

Recommendation 2: We recommend that MPI:

- Provide additional written benefit information tailored for catastrophically injured claimants and claimants requiring vocational rehabilitation
- Post the PIPP procedures manual on its website.

Response: We accept the recommendation and are in the process of developing a product brochure for catastrophically injured claimants to supplement the existing product information. We will consider the best method of improving the information for claimants requiring vocational rehabilitation.

Recommendation 3: We recommend that MPI improve its processes so that it meets its target of providing claimants with their first income replacement benefits within 21 days.

Response: We accept the recommendation and will continue to review work processes, technology and resourcing to meet this target. A phased implementation of a new "active case management" strategy will commence in December 2011. These new processes include a proactive approach to collecting required supporting claim information which will expedite the first income replacement payment to be paid to the claimant within 21 days from the date the accident was reported.

Recommendation 4: We recommend that MPI use training, supervision, electronic reminders, checklists or other similar mechanisms to ensure all benefits are identified and paid promptly.

Response: We accept the recommendation. As part of the Bodily Injury Improvement Initiative (BI³), MPI adopted a new claims management system September 2010. This system features the following tools:

- Robust workflow management tool with checklists, reminders, and exception reports
- Paperless workflow to move work to people versus people to work
- Comprehensive real-time rehabilitation management tool including milestones and timelines
- Claimant's medical restrictions are categorized by world accepted injury codes (ICD-10)
- Physical demands of their occupation are based on the National Occupations Classification
- Expected disability duration
- Treatment plans and medical interventions are provided by MD Guidelines
- Data collection capability which allows management to monitor the consistency and timeliness of providing benefits.

MPI has implemented a comprehensive structured training program and a new organizational design to enhance case management effectiveness. Technical training, procedures, and manuals are now administered by a dedicated department (Knowledge Management Services). The organizational structure was revised to foster collaboration through implementation of a knowledgeable worker and team environment. The efficiencies gained, technical tools, and enhanced training and support has allowed case managers to focus on core case management responsibilities

and injury management coordinators to focus on staff supervision and effective claims administration.

MPI believes the BI³ initiative will ensure that all benefits are paid promptly.

Recommendation 5: We recommend that MPI improve its consistency in offering and providing benefits for:

- Home renovations
- Exercise equipment
- Grief counseling
- Expenses exceeding the budgeted hours, but not the dollar budget, for personal care assistance
- Interest on late benefit payments.

Response: We accept the recommendation. The implementation of the new claims management system will provide workflow management, reminder tasks, exception reporting, performance reporting, and be able to identify anomalies. These tools will allow management to identify inconsistencies in an effective and timely manner. In addition, improved processes and updated policies have been implemented to provide further consistency.

The BI³ implementation was a combination of process refinement, people, and technology. The revised processes ensuring the consistency requested within the recommendation are as follows:

- Home Renovations: All home renovation reimbursement must be a component of the claimant's rehabilitation plan and must be approved by the Home Renovations Review Committee
- Exercise Equipment: All major exercise equipment reimbursement must be a component of the claimant's rehabilitation plan
- Grief Counseling: Structured scripting has been provided to case managers assigned to fatality claims which clearly advise the claimant's family of benefits available to them
- Personal Care Assistance: A comprehensive review of decision letter templates has been undertaken to ensure consistency
- Interest: All interest calculations have been assigned to the IRI Calculator Unit. They calculate and process payment for the interest owing to the claimant. Centralization of this function has improved its consistency.

In addition, the BI³ technology has robust data collection capability which allows management to monitor the consistency of providing benefits.

Recommendation 6: We recommend that MPI send decision letters for all benefit decisions, adequately explaining reasons for decisions in plain language.

Response: MPI endeavours to comply with its legislated responsibility to send decision letters for all benefit decisions. MPI expects that new template decision letters will improve the consistency and clarity of written communication to its claimants. In addition to decision letters, case managers speak directly with claimants to explain more complicated decisions.

Recommendation 7: We recommend that MPI work with AICAC, the CAO, and the Mediation Office to assist in reducing the number of unresolved appeals at the CAO and appeals not yet scheduled for hearing at AICAC.

Response: At the direction of government, MPI has worked in conjunction with the CAO and AICAC to implement a Mediation Office Pilot. The Mediation Pilot is a 2 year pilot that provides mediation as an option to claimants with appeals to the AICAC. One goal of the pilot is to reduce wait times for AICAC appeals.

The corporation will consult with AICAC and the CAO, 2 independent offices of the government to determine if MPI can assist with this matter.

Calculating benefits

Recommendation 8: We recommend that MPI clearly and regularly communicate to claimants the types of changes in personal circumstances they must report, and promptly follow-up all written and verbal reports received.

Response: MPI accepts the recommendation and is investigating potential alternatives to address this.

Recommendation 9: We recommend that MPI review and clarify its policy for waiving different types of overpayments to ensure it is logical and consistently applied.

Response: MPI accepts the recommendation. The BI³ claims system has a series of secured actions which prevent or allow activities within the system depending on a user's role. The ability to waive overpayments will be built into the application to ensure the consistency recommended.

Recommendation 10: We recommend that MPI reduce the delays in tax reconciliations and benefit adjustments by having claimants authorize it to obtain their tax information directly from the Canada Revenue Agency.

Response: MPI will investigate this recommendation with the Canada Revenue Agency.

Recommendation 11: We recommend that MPI regularly review all non-indexed benefits and ensure they remain reasonable and fair over time.

Response: MPI accepts the recommendation. Three (3) of the 4 remaining non-indexed benefits with legislated limits (grief counselling, medical reports requested for internal review and appeal, critical care allowance) have been reviewed since the audit period. Clothing allowance has been submitted to the Product and Policy Management Department for review.

Recommendation 12: We recommend that MPI project the number of part-time, temporary, seasonal, and retired claimants (including those currently receiving long-term income replacement top-up benefits who will eventually retire) that may obtain benefits in excess of their likely economic losses and estimate the future dollar impacts.

Response: MPI accepts the recommendation.

Recommendation 13: We recommend that MPI compare the costs of compensating claimants who require only periodic help with snow removal and lawn care with the savings, risks, and injury-related costs resulting from not compensating these claimants.

Response: MPI accepts the recommendation.

Managing claimant rehabilitation

Recommendation 14: We recommend that MPI:

- Prepare rehabilitation plans that clearly document claimants' medical restrictions and set timelines and milestones for reaching maximum medical improvement
- Regularly monitor and document medical progress so that benefits are promptly adjusted to reflect updated medical reports and follow-up investigation occurs when expected medical progress is not achieved.

Response: MPI accepts the recommendation. The BI³ system has a comprehensive real-time rehabilitation management tool including milestones and timelines. The claimant's medical restrictions are categorized by world accepted injury codes (ICD-10), physical demands of their occupation are based on the National Occupations Classification, expected disability durations, treatment plans and medical interventions are provided by MD Guidelines. This tool is being used to provide claimants rehabilitation based on best practices.

The information provided by the system is to be shared with claimants, medical treatment providers, and rehabilitation specialists to foster consistent understanding of the claimant's condition and expected recovery.

Recommendation 15: We recommend that MPI include a conflict-of-interest clause (similar to the clause used in its contracts with its healthcare services staff) in its service agreements with its independent medical examiners, and that it expand these clauses to prohibit any involvement with a MPI file where there could be a potential conflict-of-interest with a patient, friend, neighbor, or relative.

Response: MPI will review its independent medical examiner template engagement letter to include a conflict-of-interest clause.

Recommendation 16: We recommend that MPI prepare vocational rehabilitation plans for all claimants able to work but unable to return to the same type of work done before the accident, and that plans include:

- Comparison of the claimant's functional capacity, interests and aptitudes, educational background, and existing transferable skills to the physical demands and other requirements of the proposed new vocation
- Analysis of the labour market demand for the proposed new vocation

- Calculation of the future financial implications and analysis as to whether funding additional training might recover more of the pre-accident wage
- Identification of existing barriers to success and proposed mitigation strategies
- Evidence of claimant buy-in.

Response: MPI's new claim management system has a robust rehabilitation plan tool which addresses the recommendations noted above.

In November 2009, MPI implemented an approval process for residual capacity determinations where management reviews and approves all determinations. This process was established to ensure all relevant points noted within the recommendation were considered.

Recommendation 17: We recommend that MPI support all residual capacity determinations with documentation clearly demonstrating that the claimant's attributes match the physical, educational and other requirements of the determined occupation, and that there is a sufficient market demand to reasonably expect the claimant to be able to acquire a job in that occupation.

Response: MPI accepts the recommendation. The rehabilitation plan tool within BI³ will ensure consistent residual capacity determination documentation including the claimant's injuries, transferable skills, medical interventions, permanent impairment, and other rehabilitation factors. In November 2009, MPI implemented an approval process for residual capacity determinations where management reviews and approves all determinations. This process was established to ensure all relevant points noted within the recommendation were considered.

Recommendation 18: We recommend that MPI ensure that vendor recommendations made to claimants are based on analysis of vendors' products, services, timeliness, costs, and available discounts.

Response: MPI accepts the recommendation and will consider such opportunities as allowed within the provisions detailed in Regulation 40/94 of the MPIC Act.

Recommendation 19: We recommend that MPI compare the costs and benefits of out-sourcing vocational rehabilitation services with the costs and benefits of employing its own rehabilitation staff.

Response: MPI accepts the recommendation.

Recommendation 20: We recommend that MPI use “request for services” letters consistently and that the letters clearly state reporting requirements, engagement start and end dates, and case coordination expectations.

Response: MPI accepts the recommendation.

Recommendation 21: We recommend that MPI ensure that supervisors:

- Comply with its claim file review requirements
- Document support for all performance ratings.

Response: MPI accepts the recommendation and will act on it within its enhanced employee performance management protocols.

Processes have been reviewed and a phased implementation of a new “active case management” strategy will commence December 12, 2011. These new processes include a strategy to provide tools for supervisors to monitor the file progress and employee performance. The new organizational structure fosters a collaborative environment to enhance performance management.

Recommendation 22: We recommend that MPI use the results of supervisory and quality assurance reviews to help identify corporate and individual training needs.

Response: MPI accepts the recommendation. Quality Assurance reviews and recommendations will be considered in upcoming training plans.

Performance information

Recommendation 23: We recommend that MPI augment its claims management information by:

- Including customers with complex and long-term claims in its customer surveys
- Measuring claim duration
- Tracking return-to-work outcomes for claimants receiving vocational rehabilitation assistance.

Response: MPI's new claim management system has robust data collection capabilities and reporting potential which addresses the recommendations noted above.

MPI is in the process of investigating the feasibility of surveying catastrophically injured claimants.

