

## Summer 2019 Newsletter

### What you need to know to be ready for January 1, 2020!

Prior to the spring of this year the WSIB had been telling stakeholders that the Rate Framework Program would be fully implemented on January 1, 2020.

In the spring of this year the WSIB released transition policies that slowly implements the Rate Framework program, with full implementation not occurring until 2023. This change is very important to every Ontario employer, regardless of industry or size of prior experience rating program (MAP, NEER or CAD-7).

#### The key points of the Rate Framework program are:

- Reducing the number of Rate Groups from 155 to 34
- Most employers will only contribute to the rate group of their primary business activity
- The system is premium only – **No Rebates of Surcharges**
- Premium rates are determined by prior claim costs
- Premium Rate movement will be limited on a year to year basis by a maximum of 3 risk bands (price points) or a potential change in premium rate of up to 15% (increase or decrease)
- Any new claim after January 1, 2020 will be under the new system  
**Your NEER statement will be the September 2020 report.**

**DUE DILIGENCE:** It is critical that Employers accommodate injured workers (at no wage loss) and then seek SIEF Cost Relief and other savings tools as quickly as possible so that all possible NEER savings will be captured prior to the end of the NEER program.

It is now our understanding that 2020 will be the final valuation year for any NEER claim, meaning that a claim that would normally have been "Active" and gone "Inactive" had NEER continued, will no longer be able to receive possible a 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> reconciliation and lower in costs through decreasing over time. This means current NEER claims that are expensive, may remain expensive as a result!

#### How claims cost can decrease:

- Active claims (worker received Loss of Earnings in the calendar year) become Inactive as the worker returns to duties and no longer requires WSIB wage replacement in the next calendar year
- Transfer of Cost to a third-party employer where that employer bears all/partial responsibility for the workplace accident
- The successful application of Second Injury Enhancement Fund Cost Relief

Future cost adjustments in your favour will be realized through a reduction in your premium rates under the Rate Framework model

How claims cost can increase:

- Inactive claims become reactivated as the worker requires additional Loss of Earnings wage replacement for a prior year claim
- Transfer of Cost into the company due to all/partial responsibility for a workplace accident to another company's employee
- The worker receives a Permanent Impairment Pension award

Future cost adjustments, that are to the detriment of your company, will be realized through an increase in your premium rates under the Rate Framework model.

Transition Policies

Premium Rate Setting

The WSIB is using this formula to determine your 2020 premium rate:

$$\frac{2016 + 2017 + 2018 \text{ Net Premiums}}{2016 + 2017 + 2018 \text{ Total Premiums}} = N$$

Net Premiums is your Actual Premiums and either minus your rebate or plus your surcharge.

Actual premiums are the WSIB premiums your company paid in any given year.

If your company's 2018 premiums are \$200,000 and your company paid a surcharge of \$40,000 your Net Premiums for 2018 are \$240,000.

To determine your 2020 premium rate take the value for "N" and multiply that by your 2019 premium rate.

The 2019 premium rate for Trucking companies is \$4.88 (per \$100 of payroll)

If this employer's Net Premium calculation is .88

Then there 2020 premium rate will be:

$$.88 \times \$4.88 = \$4.30 \text{ (per \$100 of payroll)}$$

Premium Rate Movement during the Transition period

Originally the new system was meant to allow for premium rate movement of +/- 3 risk bands (price point) on an annual basis.

During the transition period premiums will adjust as follows:

2021: Maximum Increase: 1 risk band (2016 – 2019 accident years)

No restrictions on downward risk band movement, up to your projected risk band limit

– every company has a unique risk band limit

### The SIX-YEAR Experience Rating Window

The Framework Model will have a six-year experience rating window and when fully implemented premium rates will be determined, based upon claim cost in the applicable year, as follows:

2016	2017	2018	2019	2020	2021
	2017	2018	2019	2020	2021
		2018	2019	2020	2021
			2019	2020	2021
				2020	2021
					2021

Previously the WSIB informed stakeholders that the experience rating window under the new model would be 2013 -2018 when the system was launched in 2020 (with 2019 being an adjustment year). In 2021, 2013 would “fall off” the system and 2019 would be added.

With full implementation in 2023 the “gap year” will be 2022. In 2024: 2022 will be added, 2016 will fall out of the window and all other years will move to the left one column.

This caused great concern as the 2013 and 2014 claim years that had left the NEER program, would be reactivated with the new model. With the latest update the oldest claims in the system will be 2016 claims.

Ultimately the Rate Framework model comes down to greater employer responsibility. Companies with successful prevention strategies will see lower premiums rates over time. Companies that have traditionally paid surcharges will pay higher premium rates in future years.

The biggest difference between the NEER program and the Rate Framework model is:

- In NEER each year is separate from every other year
  - o It was possible to have big swings from rebate to surcharge every year
  - o One bad year results in one surcharge
- In the Framework model all claims in the 6-year experience window contribute to your annual premium rate
  - o Greater predictability of net WSIB expenditures on annual basis

One bad year can drive your premiums up for many years

It is our recommendation you meet with a SE-GA representative to discuss how these changes will impact your company.



## WSIB Seminars and Workshops

SE-GA provided Rate Framework training sessions in Orillia, Oakville, Kingston, Chatham, Ottawa and Montreal (for Quebec employers with Ontario businesses). This fall we are planning on providing these sessions in Downtown Toronto, Durham region, Windsor, Kitchener-Waterloo and Hamilton/Niagara. If you would like information on our future sessions, please send a note to [info@segaconsulting.com](mailto:info@segaconsulting.com).

SE-GA has presented to many associations over the years for industries as diverse as Trucking, Health Care, Human Resources professionals, Agricultural and Construction. If you would like SE-GA to hold a training session for your association please send a note to [info@segaconsulting.com](mailto:info@segaconsulting.com).

### Upcoming Public Seminars:

Tuesday October 1st : Corporate Event Centre at CHSI, Classroom E, 5110 Creekbank Road  
Mississauga, Ontario, L4W 0A1

- CAD-7 & the Transition to Rate Framework Modernization: 9:00 am to 12:00 pm.
- NEER & the Transition to Rate Framework Modernization: 1:00 pm to 4:00 pm.

For more info visit: <https://segaconsulting.com/seminars/>

## 2019 NEER Rebate/Surcharge Projections

On August 19th, the WSIB will send out or post your e-statements, the June 2019 NEER statements. Book a session with a SE-GA advisor to receive:

- A forecast of your 2019 NEER Rebate/ Surcharge position
- A forecast of your 2020 Rate Framework Premium Rate
- An explanation of your new rate group
  - o How premiums will adjust over time
- What to expect when the system is fully implemented in 2023
- A review of your recent NEER performance and recommendations on how to lower future premium rate and improve past NEER performance

## 2020 CAD-7 Rebate/Surcharge Projections

We anticipate the WSIB will post the 2019 CAD-7 statements by mid-September. Book a session with a SE-GA advisor to receive:

- A forecast of your 2020 CAD-7 Rebate/ Surcharge position
- A forecast of your 2020 Rate Framework Premium Rate
- An explanation of your new rate group
  - o How premiums will adjust over time
  - o What to expect when the system is fully implemented in 2023
- A review of your recent CAD-7 performance and recommendations on how to lower future premium rate and improve past CAD-7 performance

NOTE: This issue focuses on the NEER program. If you are a CAD-7 employer, please contact your SE-GA representative to discuss how the new Rate Framework program will impact your company and rate group.

## This summer's helpful hint

Always include "Transportation will be provided if necessary" in every offer of modified work.

### Special Announcement: SEGA Partners with HRdownloads!

SEGA is proud to announce we are partnering with HRdownloads, Canada's premier HR Platform! As a leader in practical Human Resource solutions for business owners and HR Professionals, SEGA Workplace Consulting clients save 10% when purchasing a new membership with any of the following HRdownloads services including:

- HR Fundamentals
- Live HR Advice
- Online Employee Training (Great opportunity for Modified Work!!)
- Survey Architect
- Policy Manual Wizard
- Job Description Generator
- HR Complete

HRdownloads delivers complete bilingual support in every jurisdiction, across multiple industries, to thousands of Canadian organizations. Through time-saving HR tech solutions, we provide documentation, live HR support, surveys, and online training to streamline HR processes.

To request a free trial go to: <https://offers.hrdownloads.com/sega-client-free-trial>

This newsletter contains general information and should not be interpreted as legal advice. SE-GA Workplace Consulting P.C. endeavours to ensure that the content is accurate and up-to-date at the time of release, no representation or warranty, express or implied and is made as to its accuracy or completeness and therefore the information in this newsletter should not be relied upon. Readers should always seek appropriate legal advice.



**SEGA**  
Workplace Consulting P.C.  
[www.segaconsulting.com](http://www.segaconsulting.com)

3-1750 The Queensway  
Suite # 1287  
Toronto, ON M9C 5H5  
T: 416-463-SEGA (7342)  
F: 647-349-8927  
[info@segaconsulting.com](mailto:info@segaconsulting.com)