

May 2020 WSIB Newsletter

COVID-19 UPDATE: The WSIB has announced any claims as a result of workplace transfer of the virus will be NON-EXPERIENCE RATED.

The claim costs will appear on accident cost statements but will not be used for experience rating purposes.

This does not remove any Health & Safety obligations, or investigations by the Ministry of Labour.

During these troubling times SE-GA Workplace Consulting remains open and committed to providing your company with WSIB Legal Advice and Support.

Please call us at anytime to discuss any active appeals or new claims. The initial consultation will be at no charge as we all work together to support each other and our businesses.

The team at SE-GA is available for ZOOM/Skype calls to discuss your claims, provide training or review your March 2020 NEER statements/provide 2020 rebate surcharge projections.

We will be publishing the SE-GA Advisor with greater frequency and hope you will find this information helpful.

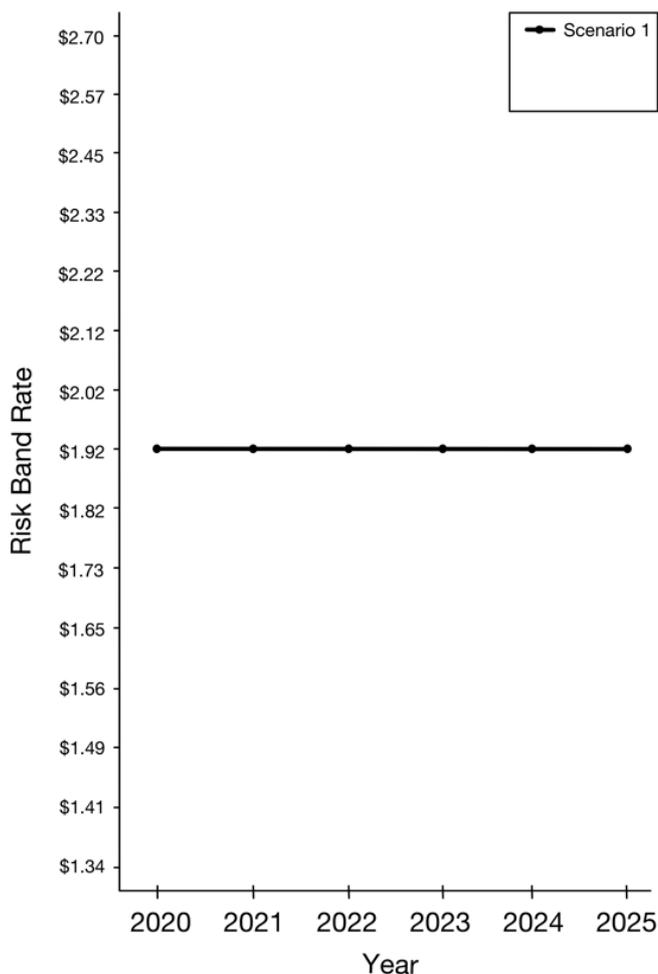
Rate Framework: Compounding Benefits (or Losses)

The majority of the questions we have received from our clients in 2020 have surrounded the new Rate Framework (RFM) experience rating model.

This model is very simple from an accounting/payroll perspective. Your premiums are set for the year and there is no accrual for a potential surcharge. Your WSIB expenses can be calculated January 1 for the entire year.

The problem with RFM is usage. Companies want to know how will claim costs this year affect my premiums next year.

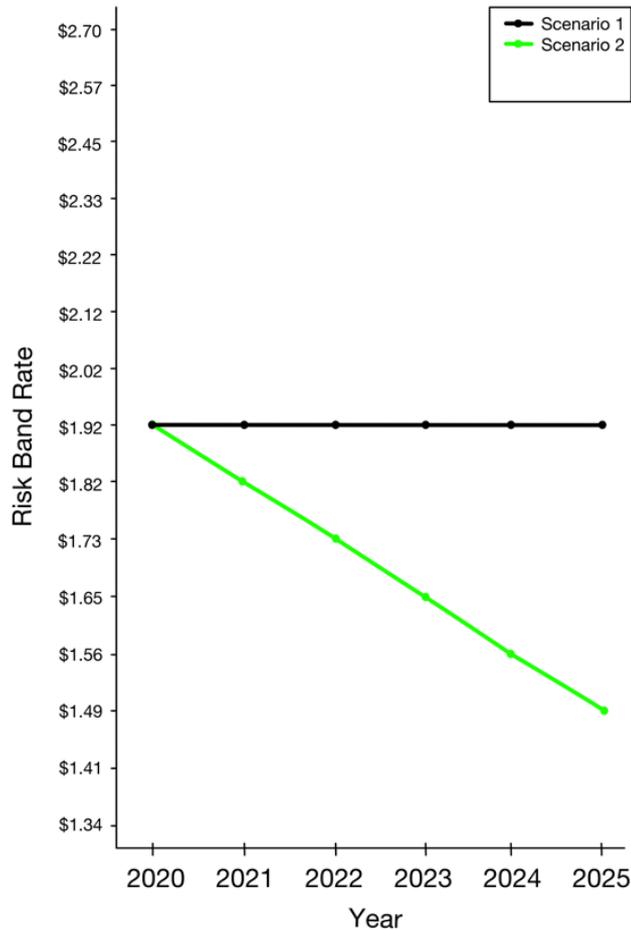
The best way to think about how RFM premium rates change is to think of a continuous length of string. While the beginning of the string may be very far from the end, the two points are connected.



CONSTANT PREMIUM RATE

Every change in your premium rate directly affects every future year. In financial terms it is similar to compounding

interest. If your savings account earns 10% interest in 2019, then any growth in 2020 is based upon the total value of the savings account (deposits and interest earned) as of December 31, 2019.



ANNUAL PREMIUM RATE DECREASE OF ONE RISK BAND

However in RFM we are hoping for negative change, meaning your premium rate decreases on an annual basis.

For this example remember that RFM uses prior year claim costs to determine your current year premium rate.

In March SE-GA gained cost relief for a client for a 2018 claim. This resulted in a mid-year change in that companies 2020 premium rate.

RFM: Compounding Benefits

Cost Relief creates a direct benefit to your current and future premium rates. Using the same example as above with one exception: This company will continue to see their premium rate decrease by 1 risk band per year BUT will have the advantage of cost relief in Year one

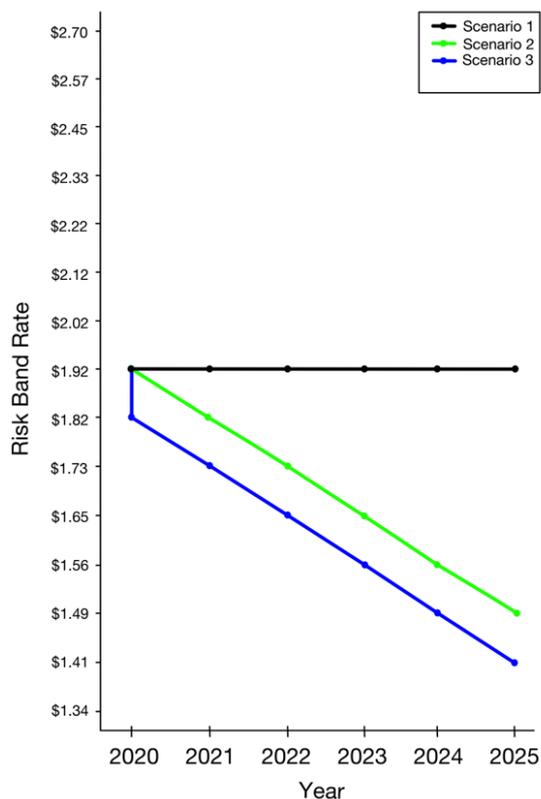
This employer is in Rate Group (Business Class E4). Their original premium rate was the base (Class 60) rate of \$1.92/\$100 of payroll. Once the cost relief was applied to the 2018 accident year, the WSIB also adjusted their RFM rate to Class 59 (\$1.82).

This change was immediate and reset their premium rate for 2020. It also, in this example, reduced their premium rate from 2021 through 2026. Cost Relief brings direct benefits in both the short and long term.

By reducing their premium rate mid-year the WSIB is **resetting** their premium rate.

-\$1.92 (start 2020) to \$1.82 (mid year change) to \$1.73 (2021)

NOTE: The rate reduction, due to cost relief, is effective back to January 1.



MID YEAR CHANGE OF ONE RISK BAND

If this Employer did not receive this SIEF adjustment but was still a good performer, their premiums would adjust as follows:

\$1.92 (2020) to \$1.82 (2021) to \$1.73 (2022)

By reducing the starting point the benefits of future gains is compounded.

This example illustrates two points:

- 1) Seeking Cost Relief on costly claims (where there is medical merit) is a critical tool to reducing future year premium rates

This is especially true as the benefits of gaining cost relief are immediate and realized with the next month's premium contribution

- 2) Long term premium reduction is best achieved, and maintained, through accident prevention and day one claims management.

However there is a lag between current performance and future rate changes. Accident costs incurred (or avoided) in 2020 do not impact your premium rate until 2022.

That is a positive example of how "negative compounding" benefits your company. Unfortunately, the opposite is also true.

NOTE: this is an example of how cost relief benefit cost relief for one company in what you could describe as a "laboratory test." The results of your company would vary based upon your actual claim costs in a future years

RFM: Compounding Losses

In this case the same company starts 2020 at the class rate (60) and suffers a multiple person calamitous accident where the workers remain unable to work into future years. As a result their premium rate increases one risk band in 2021, 2 risk bands in 2022 and the maximum increase of 3 risk bands in 2023 as those 2020 claim costs are introduced to the system.

Normally the risk bands would jump three risk bands in 2021 and 2022 because of these costs but the increase is limited in these years due to the implementation procedures of RFM for these years.

Risk band increases are limited to 1 in 2021 and 2 in 2022.

Beginning in 2023 the maximum risk band increase is 3 risk bands

Still using Rate Group (Business Class) E4 the premium rate for this company is at the industry average rate of \$1.92 in 2020 and increases one risk band for 2021.

When the 2020 accident costs are applied in 2020 this company's premium rate increases to \$2.22. But this is an accident where the workers require on-going benefits **and in RFM claim costs are charged to the year they are paid out by the WSIB and not the year of the accident** as a result their premium rate will increase an additional three risk bands in 2023 to \$2.57.

\$2.02 to \$2.22 to \$2.57

NEER was a claims management program; RFM is a prevention program.

This example further illustrates the need to seek cost relief (where medically warranted) and diligent prevention and claims management practices.

Let us assume this company resolves this issue in 2023 and the workers return to their pre-accident jobs at no wage loss, and has a relatively successful prevention program that results in their premium rate decreasing by 2 risk bands.

This company would not return to their original risk band until 2026. It would take 3 years of good performance to return to their original risk band of \$1.94.

Using a constant payroll of \$10,000,000 annually, and comparing a constant risk band to the changing risk band in this example:

Annual Premiums

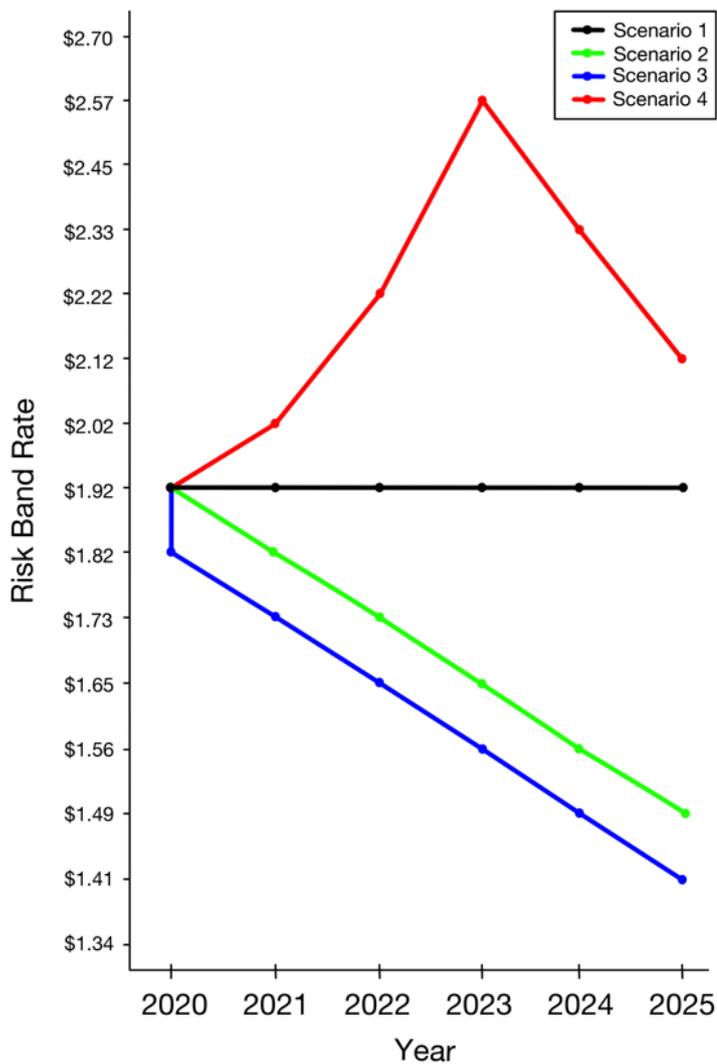
Constant RB 60

Changing Risk Band

2021	\$192,000	\$202,000 (61)
2022	\$192,000	\$222,000 (63)
2023	\$192,000	\$257,000 (66)
2024	\$192,000	\$233,000 (64)
2025	\$192,000	\$212,000 (62)
2026	<u>\$192,000</u>	<u>\$192,000</u> (60)

Total Premiums: \$1,152,000

\$1,308,000



CUMULATIVE

There are many benefits to RFM but understanding usage is critical to managing your long-term premium rate. It is recommended you meet with your SE-GA Advisor or attend a Training Session (when it is safe to hold such events) in your community later this year/spring 2021.

Use this time to implement/improve your WSIB Management system

Bill 99 changed names from the Worker's Compensation Board (WCB) to the Workplace Safety & Insurance Board (WSIB) in 1998. While in many ways this was a cosmetic change it brought concrete advantages to employers by creating the requirement that injured workers participate in early and safe return to work (ESRTW) that is a suitable and productive temporary work-hardening assignment.

Unfortunately many employers still deal with workplace injuries as one-off occasions and do not have a formal return to work management system.

Now that most workplaces are idle it is a great time to develop and install a system for future workplace accidents.

STEP 1

PUT THE CART BEFORE THE HORSE!

Educate your workers on their responsibilities to participate in Modified Work after a workplace accident.

The purpose of modified work is assisting the worker back to full health, full work and full pay. They will be providing your company with less than 100% productivity and effort while continuing to receive their full pay if they participate in Modified Work.

YOU ARE DOING THIS FOR THEM; NOT TO THEM

However if the first time an employee learns about their obligation to participate in modified work is the day that they are injured then there is a strong possibility they will think that you are doing this TO them as punishment for getting hurt.

Virtually everyone knows someone who has a WSIB story about workers being to paid to stay home; In some cases forever.

That was then; This is now.

Any employee that declines to participate in suitable modified work, regardless of their Doctor's orders, is likely to be declined wage replacement (Loss of Earnings) benefits by the WSIB.

SE-GA has a presentation on this that is only six slides long which explains the role and responsibility of all three parties when a claim occurs: The WSIB, The Employer and The Worker. Guess who has the most responsibilities: The Worker. But unfortunately most Workers do not know they

STEP 2

Create an inventory of Modified Work jobs

That are suitable to your common injury types; Don't be afraid to be creative!

Every workplace has jobs that do not get completed because they are low priority and do not add to productivity and profitability:

- Health & Safety Training – including annual reviews
- Inventory
- Cleaning
- Shredding
- Staff the Reception Desk (as many workplaces have eliminated this role)
- Night Security
- Mentorship of new employees
- Internal Courier
- Training for a potential future promotion

Assign the task of finding these jobs in your workplace to your Joint Health & Safety Committee but with the proviso that they must think about how the job is suitable for the area of injury and potential restrictions:

- No prolonged standing/ sitting/ walking
- No lifting
- Micro-breaks
- Need for transportation

A good example of being innovative from one of our clients is that they assign workers with lower body injuries to clean valuable scrap material from product as it moves through their assembly process. The material is brought to their workstation and they use a Dremel to remove excess material. Productive and well within their restrictions.

Another client assigns their workers to data entry to update the records of their maintenance department so that all equipment remains within their preventative maintenance schedule. This task was taken from another worker so that the worker could focus on other activities.

Remember the 4 S's of Modified Work:

- **Safe**
- **Suitable**
- **Sustainable**
- **And, if necessary, Sedentary**

STEP 3

Attendance Management – Reporting Obligations

Everyone reading this newsletter has a story about a worker who sought medical attention after their shift or on the weekend and failed to show up work the next day because their Doctor advised them to stay home.

Train your employees to understand and acknowledge that they must report all workplace absences immediately, regardless of the reason for the absence.

More importantly, create a chain from their direct Supervisor to Human Resources/Payroll if there is an unexplained absence as it is the employer's obligation to investigate all absences. **The WSIB will not accept they did not show up and you were too busy to check on them.**

Be prepared to offer modified work over the phone based on general restrictions – come to work so we can do the necessary paperwork, to be followed by a formal offer of modified work based upon their restrictions.

If an employee is absent to a workplace injury and no one offers them modified work, it is more than likely the WSIB will provide wage replacement benefits.

STEP 4

Have a Communications Log

It is critical you have correct, current and complete contact information for every employee.

This is especially true for employees who work remotely, such as Truck Drivers, Construction Employees and Service Technicians.

One of our transportation clients had great difficulty contacting a worker after a motor vehicle accident. His three phone numbers had been disconnected and he moved.

It must be company policy that every employee is required to notify the office of any change in contact information immediately.

We were able to contact this employee, through Facebook Messenger.

From the date of the accident and the initial offer of modified work record every phone call, e-mail and mailed correspondence as part of the claim file. This will be key to showing your due diligence to the Board.

STEP 5

Educate your Management Team

ESPECIALLY your Front-Line Supervisors, on their roles and responsibilities to manage injured workers back to full health/ regular duties.

There are two internal obstacles to overcome to have a successful return to work management system:

1. Finance People/Owners: “We aren’t paying someone to do nothing!”

2. Supervisors: “Don’t you know how busy I am! I don’t have time to manage this worker”

Let’s take these one at a time, but they are really the same objection: They aren’t aware of how much workplace injuries cost the company. “We have insurance for a reason”

While it was much easier in NEER/CAD-7 to show the cost of not providing modified work the same principles hold true in the Rate Framework model.

Training is available for management teams with a focus on Cost Avoidance:

- How modified work saves your company money. But the money you save is money you don't spend
 - o Think of Modified Work as Preventive Maintenance against future WSIB premium increases
- If supervisors are too busy to manage their workers, you have much bigger problems than providing work
 - o Supervisors want to manage output but if they manage their people output will take care of itself

If companies understand how they can avoid future costs while gaining productivity and employee engagement they will see the value of investing in both prevention and return to work strategies.

Our website will soon be updated with new seminar dates on these topics.

There are many documents and strategies that are not included here, such as:

- Should my company develop a relationship with a third-party health care provider?
- How to write the first and subsequent offer(s) of modified work
- How to deal with language barriers
- How to deal with workers who work remotely
- How to deal with pending layoffs

That are best discussed on a per claim/ per employer basis.

Recognize that a workplace accident is inevitable and implement a Return to Work system so that you can manage their worker instead of the worker, or their Doctor, dictating to your company.

EDUCATION SESSIONS

For the duration of the government ordered isolation period SE-GA will offer WSIB training sessions at no-charge to your company via an interactive video training session.

The following training sessions are available (in person or on-line) and customizable to your companies requirements:

- Employee Responsibilities
- WSIB 101
- NEER (or CAD-7) to Rate Framework
 - o Understanding how WSIB premiums/accident costs are manageable and are a direct impact to our bottom line

And any initial telephone consultations will continue to be provided at no charge.

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