

## 2020: The End of CAD-7 & NEER But not necessarily your last rebate ever!

As most readers of the SE-GA Advisor are aware, the Rate Framework Experience Rating Model replaced both CAD-7 (Construction Employers) and NEER (everyone else) on January 1, 2020.

Employers will receive their final NEER and CAD-7 statements this fall, indicating whether they will receive a final rebate or surcharge. All claims before January 1, 2020 are in the old system; after that date they belong in the new model.

**GOOD NEWS:** This does not mean your company can no longer recover money from prior years! To see how SE-GA can help your company please send your June NEER statement to [info@segaconsulting.com](mailto:info@segaconsulting.com)

Second Injury Enhancement Fund (Cost Relief) is still possible if there is a preexisting medical condition that can be proven to have caused or enhanced the impact of a workplace injury. Cost Relief can also be granted if the preexisting condition prolongs the worker's recovery from their workplace injury.

It is not recommended employers launch their own appeals for cost relief as it is very difficult to prove the casual factor of the pre-existing condition to the current accident without a supporting submission from an appropriate medical professional, such as an Orthopaedic Surgeon.

If a successful appeal for cost relief is launched before September 30, 2020 this will reduce your future year premium rates (ask your SE-GA representative to demonstrate how your company benefits from cost relief in Rate Framework). It will also allow for an adjustment to your prior CAD-7/NEER years.

**“VERY IMPORTANT”:** All successful appeals launched before September 30, 2020 will result in a “double-win”; Any appeals launched after that date may represent lost financial opportunity for your organization!!

# Rate Framework: Key Documents

There are three key documents in the Rate Framework model, only one of which you may have seen but all of which are available in your on-line account under STATEMENTS.

- Premium Rate Statement – “WHAT is my premium rate for 2020?”
- Premium Rate Extended Statement - “WHY is that my premium rate, and WILL my rate change next year?”
- Claims Detail Statement – “How are claims charged to my account?”

In June SE-GA offered WEBINAR WEDNESDAYS on the Rate Framework model. During these sessions we reviewed these statements and explained the new model using the actual statements of an anonymous company.

The key learning objective of these sessions was to demonstrate the difference between the new system and the old (CAD-7 and NEER):

1) **OLD:** Premium rates were the same for every employer in the rate group with the rebate/surcharge used as the adjustment to reward good/bad performance.

**NEW:** Individual price model where a company pays a rate unique to their prior claims cost. The actual rate is determined by your “risk band”.

2) **NEER:** Cost of the claim is Exclusive to the year of the accident.

**CAD-7:** Cost of the claim is charged to year of the payout for up to 5 years

**RATE FRAMEWORK:** Cost of the claim is charged to the year of the payout for six years

Therefore the Rate Framework and CAD-7 share some similarities but there is a key difference. In both prior models you “start over” every year.

In the framework there is a [legacy affect](#).

The 6-year experience rating window is linked together and carries forward as the years fall off (like a series of VENN DIAGRAMS). In the old models the years are mutually exclusive of the other years.

The **legacy affect** could work to your advantage but it more likely to work against you. One bad year within the six-year experience window will outweigh the 5 good years.

3) **OLD**: When the date of accident occurred was the critical piece of information in the claim

**NEW**: When the date the costs were incurred is the critical piece of information in the claim

This applies to the recurrence rule and is further example of the **legacy affect**.

In NEER you were generally better off to argue a new claim rather than a recurrence due to how the system reacted to reactivating old claims.

In CAD-7 you were generally better off to argue a recurrence as the penalty of CAD-7 was heavily weighted to the number of claims charged to the account.

In the framework it is definitely to your advantage to argue for a recurrence – when applicable - (versus a new claim) so that the claim cycles out of the six-year window as quickly as possible.

It is strongly recommended you meet with your SE-GA representative to review your Rate Framework documents so you will understand how the WSIB determined your 2020 rate, how you are trending for future years, and how you can manage this financial exposure.

In simple terms a mistake made by a company in the old models were short-term mistakes. In the new model any mistake is a long-term mistake that will impact at least six years of premiums and could impact as many as 11!

# Rate Framework Services

- 1) Customized In-House Training
- 2) Financial Analysis and Premium Rate Projections
- 3) Cost Relief – on Contingency
- 4) Claims Management
- 5) Appeals Representation

**Watch our website for upcoming virtual public session**

<https://segaconsulting.com/seminars/>

In our next issue we will discuss the impact of COVID-19 claims

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**SE-GA**  
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)