

May 2021 Newsletter



COST RELIEF DEADLINE for NEER & CAD-7 Claims – WSIB policy updates state all appeals must be launched by December 31, 2021 for your company to realize the financial benefits of a successful decision!

Refund and surcharge adjustments during transition to Rate Framework

The WSIB website states the following:

Any adjustments to refunds or surcharges requested by employers or identified by the WSIB on or after January 1, 2020 will be processed as outlined in policy 14-02-06, Employer Premium Adjustments.

If the potential adjustment impacts a period considered by the 2019 and/or 2020 NEER bulk issues, the WSIB may adjust the relevant 2019 and/or 2020 NEER bulk issue rebates or surcharges. If the potential adjustment impacts a period considered prior to the 2019 NEER bulk issues, the WSIB will not adjust earlier NEER bulk issue rebates or surcharges.

If the adjustment is first requested by the employer or identified by the WSIB after December 31, 2021, and the adjustment impacts a period considered by the NEER program, the relevant NEER rebates or surcharges will not be adjusted.

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DEADLINES FOR COST RELIEF APPEALS: At this time, a successful appeal for cost relief could be a “DOUBLE WIN” as it may improve your standing in the Rate Framework and it could also improve your original results from your final NEER or CAD-7 costs and calculations. In order to gain this “DOUBLE WIN” it is suggested that all cost relief appeals for NEER/CAD-7 claims be submitted before the end of 2021.

SE-GA continues to obtain cost relief savings for our clients. The point of this article is not to say employers should stop seeking cost relief. Instead, we are suggesting your company reach out to SE-GA to better understand how Cost Relief benefits your company and if it makes more sense for a project of this nature to be an internal responsibility or if the **NET GAIN** is best achieved through an analytic review and then consideration of the outsourcing of cost relief.

Rate Framework is a “moving brick” of claim costs

The Rate Framework Model has been in place for almost a year and a half, and we continue to learn the nuances of the new system.

Due to the nature of the model - including the shifting brick of claim costs - (Second Injury Enhancement Fund) Cost Relief is a critical component of every company’s Premium Rate Management strategy. If you review your 2020 and 2021 Premium Rate Extended statement you will see the overlap of 2014 - 2018 claim costs.

An analytic review will determine the impact of “the brick”

Under the NEER program claims were independent of other claims and the impact of Cost Relief was specific to that claim. As such the impact of cost relief is limited to one year.

In Rate Framework claim costs - **IN AGGREGATE** - are used to calculate your risk band, within a complex formula. The impact of cost relief is determined by the reduction of the total claim costs and that new total is applied to the formula. **NOTE: this can be easily demonstrated using your Premium Rate Extended Statement.** As a result, the impact of cost relief is expected to impact multiple years.

What is interesting is how Cost Relief affects employers on an individual basis.

Recently SE-GA did an analysis for a very large employer with over \$5 million dollars a year in annual premiums. For this company to move down one risk-band (using data from their September 2020 NEER statement) it would be necessary to gain 50% Cost Relief on a minimum of 8 claims in order to achieve enough reduction in the AGGREGATE 6-year claim costs. While the premium rate savings is significant (over \$250,000 or 5% of their annual premiums) for the effort necessary to achieve this goal - and perhaps achieving significant results but falling short of the goal of cumulative claim cost reduction - it is clear that this project should not remain an internal function.

The WSIB has not removed the opportunity to gain cost relief; However, the ability to benefit from cost relief has become far more complex!

For a small to mid-sized employer reducing your premium rate by one risk-band is much easier to achieve but having the resources (not to mention the skill set) to achieve cost relief are likely not available. It is not enough to state a worker has a pre-existing medical condition. Accordingly, it must be shown that the pre-existing condition played a significant role in this specific incident AND that severity of the accident does not supersede the role of the pre-existing condition.

Successful appeals for Cost Relief tend to be multi-level, require expert submission and reference prior decisions. The complexity has risen substantially over the years.

NOTE: For a small to mid-sized employer the benefits of cost relief could be offset by a bad claim cost year.

New SEGA Video on the WSIB's New Rate Framework:

To better understand how the impact of a favorable SIEF cost relief decision can improve your results, we invite you to view our new four-minute WSIB video on the new Premium Rate Management system. Please send an email to info@segaconsulting.com for the link and password.

WSIAT 284/20 - Alcoholism and PTSD as pre-existing conditions

WSIAT SUMMARY: Over the passage of time it has become increasingly difficult to gain cost relief. In the beginning of the 2000's it was seldom necessary to continue an appeal past the Case Manager to receive the appropriate degree of cost relief. However, beginning around 2012 the WSIB changed the decision-making process to grant cost relief. The change is the equivalent of turning a hurdler into a poll vault specialist; the bar is much higher.

SE-GA submission to WSIAT 284/20 is an excellent example of why an appeal should be continued until the correct quantum of cost relief has been applied. In this case a paramedic was diagnosed with Post-Traumatic Stress Disorder and was granted a claim under the Board's Traumatic Stress Policy (NOTE: this decision was reached prior to the establishment of the PRESUMPTIVE policy).

In October 2015, the Paramedic responded to a call for a stroke victim and found the victim was a friend. The worker did not follow protocols and temporarily lost their paramedic license due to their response to this incident.

The worker was diagnosed with: Chronic PTSD, Alcohol dependency with psychological dependency and Major depressive disorder. The Case Manager granted 25% cost relief determining the worker had a minor pre-existing condition and was involved in a moderate workplace incident.

SE-GA continued the appeal for increased cost relief to the Appeals Branch arguing this incident should receive 75% cost relief as the level of pre-existing condition should be classified as MODERATE and the workplace accident should be considered minor (as the worker often responded to calls of friends and family as he worked in a small community).

What is very interesting about this file is the WSIB had, since the time of initial treatment, documentation from the treating physicians of years of PTSD (Dr. Gagnon, 2015) and the misuse of alcohol (Dr. Smith, 2016).

Perhaps of greater importance is that worker was not able to return to his previous employment and was retrained as a Transportation Officer. As this new employment did not have the same level of pay as his prior employment the worker received a wage top-up from the WSIB. **This was a very expensive NEER claim.**

SE-GA presented this evidence and the Vice-Chair accepted this argument and granted 75% cost relief, including a manual adjustment of the company's 2015 NEER year as this decision had not been reached until March 2020.

This decision was also applied to the company's Premium Rate calculations under the Rate Framework model as the 2015 accident cost year was calculated to determine their 2020, 2021 and 2022 premium rates.

SE-GA's submission focused on an:

- the evidence of the workplace accident
- the medical information on file
- WSIB policy of employer due diligence to achieve manual adjustments
- Prior Tribunal decisions

Gaining optimal Cost Relief requires a specific skill set and analytic review . Talk to your SE-GA representative about what the benefits they can bring to your company (in NEER/ CAD-7, in Rate Framework and in Premium Rate Management).

WSIB Rate Framework Webinar May 26th:

We invite you to join us via ZOOM where we will discuss the following:

- **What can be done about your organizations past NEER surcharges before the deadline closes**
- **How the Rate Framework Modernization model works**
- **What's new/ What's different/ New Rate Groups/Individualized Premium Rates**
- **Are you classified correctly?**
- **Why Cost Relief is a critical tool for Rate Framework Modernization**
- **How will claims be charged to my company?**
- **Success stories for similar organizations**
- **Best Practices for 2021 and beyond**

For an invitation, please send us a note to info@segaconsulting.com

SE-GA Workplace Consulting P.C. is a legal services firm specializing in WSIB Cost Management for Employers.

A banner for SE-GA Workplace Consulting P.C. featuring a red and white background. On the left is a circular image of a globe. The company logo is centered, and contact information is on the right.

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