

Winter 2023 Newsletter



Rate Framework: Lessons we've learned in 2022

2023 is the fourth year of the Rate Framework model (RFM) and it is safe to say that even our team at SE-GA is still learning some of the nuances of this experience rating system and we thought this was a good time to share what we've learned in 2022 and to remind our readers of some of the trickier parts of RFM.

MIND THE GAP: There remains significant confusion between the current experience rating window and the statements the WSIB posted in your companies online WSIB portal in November.

Your premium rate for **2023** is identified on your current Premium Rate Extended statement and is calculated using accident **cost** data for the years **2016 through 2021** with **2024** being calculated from the **2017-2022** accident **cost** data.

Beginning **January 1, 2023**, the current experience rating window will be 2018 through 2023. These claim cost years will determine your **2025** premium rate.

Let's focus on the latter statement. If your company manages claims based upon your current experience rating statements, you will put resources towards claims that no longer impact your premium rate calculations.

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This is particularly important if one of your workers elects to appeal a Board decision from 2016 or 2017. There is no financial reason (there may be other non-financial reasons to participate) for your company to participate in an appeal with a claim date prior to January 1, 2018 as the outcome of the appeal – whether it favours the employee or the employer – will have \$0.00 financial impact to your current or future premium rate.

REMINDER: 2017 claims stopped being part of your premium rate calculations January 1, 2022. 2023 claims are not part of your premium rate calculations until January 1, 2025.

The Costly Claim Report:

SE-GA completed a deep-dive analysis of a company's six-year claim cost performance. This was the first time SE-GA had provided this type of service and what it revealed was surprising to even our team.

Basic Information on this employer;

- In the Automotive parts sector
- Approximately 500 employees
- Their 2022 risk band was 66 – meaning their premium rate was 34% higher than the base premium rate at risk band 60

If this company were still in NEER this would equate to a surcharge of \$196,989.90 – However as all claims cost are charged to your account for six-years. The cumulative six-year surcharge is \$1,181,939.43

- Their six-year claims count was 396

What is really interesting is for the same six-year period this company had only 11 costly claims but those costs totaled just over 77% of their six-year accident costs! Therefore, the remaining 385 claims accounted for the remaining 23% of lifetime claim costs.

What does this mean:

1) Fight the Fights that are worth fighting!

In the NEER program employers often battled over short-term term claims

NEER was an individual claim cost program where every claim affected the outcome of the Rebate/Surcharge calculation.

In Rate Framework, no individual low-cost claim on its own affects your premium rate.

RFM is a cumulative claim cost model. This company's focus needs to be on reducing the number of accidents incurred on a year-to-year basis if their goal is to lower their premium rate.

NOTE: SE-GA has since performed this analysis for many employers and have found that for almost all companies the costly claims are responsible for at least 70% of their lifetime claim costs.

2) There are very few options to lower your premium rate

Remember that your premium rate is determined by your prior claims costs. Once a claim is charged to your WSIB account those cost remain part of your premium rate calculation for six-years.

This company had over \$605,000 in claim costs between 2015 and 2020 but the 11 claims accounts for more than \$465,000 of those charges.

If SE-GA were successful in reducing their lifetime claim cost by \$100,000- through successful **COST RELIEF** appeals - this company would see their premium rate fall by 10% with the expectation this benefit would carry for the full six-year experience rating window.

Year one savings: \$77,637.20

Six Year Total savings: \$465,823.16

However, gaining cost relief on any of the 385 claims with low costs will not contribute to this savings. Remember only fight the fights worth fighting!

Benchmarking: The Board has developed some great tools in recent years, specifically Compass and Safety Check but there is a very quick way for a company to measure your performance and it can be found in your Premium Rate Extended Statement.

Section C of this report measures your company's Actuarial Predictability (AP) against two measures from the prior six years:

- Insurable Earnings
- Claims Count

All employers are measured against the same baseline to determine their level of AP, and this is critical to the calculation for determining premium rates.

This information can also be used for internal measurement. Using the data from the account analysis mentioned previously this company's Predictability based upon Insurable Earnings is 39.42%

This means the WSIB expects this company over the same six-year period to have 227 accidents. This company had 396 accidents and a predictability score of 57.45%.

The goal for your company is for the claim count predictability score to be equal to or less than your insurable earnings predictability score.

Here's an easy way for your company to benchmark against your own performance. We know this company had 396 claims between 2016 and 2021 meaning they averaged 66 workplace accidents per year. For 2022 the number of workplace accidents was 47.

Its more than likely that consistent improvement in this metric will lead to lower claims costs.

When small claims matter: Just this past month a client requested a presentation to their management team to explain why their premium rate was increasing by 10% in 2023 and is expected to increase by an additional 15% in 2024.

NOTE: Their 2022 risk band was 56 and they would jump to risk band 61 in 2023 if not for the limits on increases. Each risk band increase/decrease is 5%.

This company had incurred some costly claims but their premium rate increase was due to 19 claims between 2021 and 2022 where the company chose to allow workers to receive Loss of Earnings benefits from the WSIB instead of providing modified work.

This company had modified work available but only offered it for what they determined to be longer term recoveries. In this case it greatly impacted their premiums by not accommodating their shorter duration claims.

Remember, your obligations and responsibilities as an Employer did not change when the experience rating systems changed. Focus on Prevention and always offer safe, suitable and sustainable modified work. This is especially true in Rate Framework as short term gains can lead to long-term pain!

Best Practices: Why you need to keep your Form-7s: Most companies have gone through a WSIB payroll audit. In the past these audits were to identify any unreported payroll, such as where a spouse is listed as an Officer of the company and would have WSIB exempt earnings, except when the WSIB determines the spouse does not meet threshold for that exemption.

In Rate Framework Payroll Audits are now referred to as Claims Suppression Audits as claims count is a critical determining factor to the calculation of your premium rate.

These audits can be exhaustive and the Board can ask to see every Form-7 for the prior six years.

If the WSIB finds an employer guilty of claims suppression it will recalculate the premium rate for all prior years where the missing claims would have applied and charge the company for outstanding premiums plus interest. The increased premium rate will apply on a go forward rate as well.

It is strongly recommended the due diligence standards your company applies to other documents apply to WSIB documents as well. This is especially true as change in personnel can often lead to different record retention practices.

Best Practices: WSIB Statements Effective January 1, 2023 the WSIB will no longer be mailing monthly or annual statements to employers and these reports will only be available through your online portal. Further, the WSIB will only retains these statements online for 18 months.

It is strongly recommended that your company save electronic versions of all MONTHLY Accident Cost statements and ANNUAL experience rating statements (Premium Rate Extended statement and Claims Detail statement) as these are very useful benchmarking tools and will assist with the transition of personnel into the WSIB management role whenever turnover occurs.

WSIAT 50/22: Increasing SIEF on a PTSD Claim!

Often SE-GA is told by employers they do not continue appeals once they attain an award of 50% cost relief stating the risk of having the cost relief removed is greater than the savings that can be attained from increasing the award on the file.

We recommend employers read the attached decision to gain a greater understanding of why appeals should continue:

<https://www.canlii.org/en/on/onwsiat/doc/2022/2022onwsiat106/2022onwsiat106.html?searchUrlHash=AAAAAQAMU0VOSUNBUiBQVFNEAAAAAE&resultIndex=1>

This worker received loss of earnings for over a year at time of initial reporting of symptoms, returned to work for a 3-month period but has been off work since November 2019.

They stated they were advised by their provider not to continue appeals where a decision granting 50% cost relief had been achieved as there was significant risk that the Board could remove the award

To counter that argument SE-GA shared the above-mentioned Tribunal decision. The facts of the appeal are:

- The worker was a Paramedic with 11 years of experience without any prior instances of mental health concerns
- There was no specific incident that triggered the trauma that was diagnosed as Post Traumatic Stress Disorder and Major Depressive Disorder

The worker reported that they started having flashbacks to prior workplace traumatic incidents and was granted a claim under the Presumptive Policy for First Responders regarding Mental Health claims.

The Case Manager denied SE-GA's request for Cost Relief and the appeal was continued to Appeals Branch where 50% cost relief was granted under the grounds the workplace trauma was considered MODERATE and the pre-existing conditions were classified MODERATE as well.

SE-GA continued this appeal as they disagreed with the classifications assigned to this claim.

The information contained in the decision contained the following:

- The Vice-Chair wrote the work of a Paramedic is expected to be traumatic and that the development of a mental health condition is an unexpected outcome of the job
 - **The severity of the workplace was changed to MINOR**

The medical information contained in the claim file - AND ALSO PREVIOUSLY REVIEWED BY THE CASE MANAGER AND THE APPEALS RESOLUTION OFFICER - revealed the following:

- The worker shared with their therapist that they had passive suicidal ideation since their teenage years
- The worker was diagnosed with dysthymia and anger issues at the age of 16 and had continued treatment intermittently
- The worker had been a victim of sexual assault by a family member and had other unresolved childhood trauma
- Family and Personal History of alcohol abuse

The Vice-Chair concluded these multiple symptoms and worker history leads to the conclusion the medical significance of the pre-existing conditions is MAJOR.

By changing the severity of the workplace accident and the pre-existing conditions for the benefit of the client this file went from 50% to 90% cost relief.

This is a critical decision for this employer as the costs of this claim in the rate framework model will be used to determine the premium rate for this employer from 2020 through 2025. This file was also eligible for a retroactive NEER adjustment as this was a 2019 claim.

Conclusion: The medical information contained in the file should determine the strategy for the appeal. If the evidence supports the appeal the probability of the removal of previous cost relief award are minimal.

ARE YOU LOOKING TO ENHANCE YOUR WSIB EDUCATION OR IMPROVE THE KNOWLEDGE OF YOUR TEAM!

LinkedIn WSIB Working Group Webinars

The seminar was fantastic the other day, I am so glad that I could attend. Your Team takes a complex subject and makes it seem much less intimidating. There was so much useful information, and tips. Some of which I have already put to use."

---Ontario Hospital Disability Management Specialist

2022 was the first full year of SEGA's WSIB Working Groups. In tandem with the WSIB's Stakeholder Team, these groups meet monthly via Zoom to increase their knowledge base, with presentations on policy, technology, and overall service level enhancements. Additionally, there are ample opportunities for attendees to ask questions to the group as well as give feedback on best practices.

The Healthcare group meets at 11:00 am on the second Wednesday of the month.

The Group for all other employers meets at 11:00 am on the fourth Wednesday of the month.

The topics covered in 2022 included presentations on:

- The grounds to grant entitlement
- The Compass & Safety Check tools
- The Excellence Program
- Experience Rating - Tips and Strategies
- The Board's On-Line Portal

These groups are free to join and also include roundtable discussions started by our members. This has members offering to share their policies and procedures to help solve the challenges faced by other members.

If you and your team would like to attend or receive more information on the [LinkedIn WSIB Working Groups](#) or would like to have further discussion on any topics included in this newsletter, please send a note to info@segaconsulting.com

Next sessions:

- **Healthcare: March 8th**
- **Non-Healthcare (Transportation, Manufacturing, Construction) February 22nd, March 15th**

Month	Topic	Month	Topic
February	WSIB 101	Mar	Employer Service Centre Portal/Accident cost statement
April	Mental Stress Injuries Program - Entitlement	May	Mental Stress Injuries Program - Case Management and RTW (include Maximum Psychological Recovery decisions and precautions)

Month	Topic	Month	Topic
June	Health Services presentation - Program of Care, Occupational Health Assessment Program, Specialty Clinic	Jul	Mild Traumatic Brain Injury /Return to Work
August	Understanding Maximum Medical Recovery/No Permanent Impairment and Maximum Medical Recovery / Permanent Impairment decisions and employer responsibilities (SRM to deliver)	Sept	Re-employment and Cooperation
October	Compliance - Proactive Audits, Penalties and fraud	Nov.	Compass/Digital Services (tentative pending new feature launches and updates)

Your Feedback: SE-GA is hoping to return to live education sessions in 2023 but know many people will be reluctant to this type of public setting.

Please send us a note if you would be interested in attending or hosting an education session of this nature.

SE-GA is able to provide customized in-house sessions to educate your management team on the risks and opportunities in the Rate Framework Program. These sessions expand on the concept discussed earlier "Fight the Fights worth Fighting" (and the files where a successful appeal adds to cost without adding benefits)

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