



HOW TO UNDERSTAND YOUR FORTHCOMING EXPERIENCE RATING STATEMENTS

January 2024 will be the start of the fifth year of the Rate Framework model and many companies continue to ask questions about the mechanics of the model and what it means to their company.

In November 2023 employers will receive their annual update from the WSIB through their Claims Detail statement (CDS) and Premium Rate Extended statement (PrExs), as well as an Annual Premium Rate Summary statement.

NOTE: The information on your November statements will be current to all WSIB decisions up to May 16, 2023.

If there were decisions affecting the account, such as cost relief or where a worker was successful in an appeal, then your company will receive a report in January/February 2024 that is current to December 31, 2023.

In the WSIB online account there are two tabs each for your Claims Detail statements and your Premium Rate Extended (as well as summary statements).

- **November statements will be found under the ANNUAL tab**
- **The January 2024 statements, and any subsequent statements, will be found in the UPDATED tab**

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The annual statements for the Rate Framework model can be difficult to understand for many employers. Please send a note to info@segaconsulting.com if you would like to arrange a virtual meeting with SE-GA to review your annual reports.

1) What accident years are included in the 2024 experience rating window?

Starting January 1, 2024, the experience rating window will be January 1, 2019 through December 31, 2024.

This may be confusing to employers as their new PrExs identifies their 2024 premium rate using costs for claims from January 1, 2017 through December 31, 2022.

The reason for this confusion is rate framework has a built-in gap year. Your 2023 claims costs do not apply to your premium rate calculation until 2025. (This is similar to other provincial experience rating programs.)

2) How does the change in the experience rating years affect my premium rate?

To demonstrate this example employers should compare their 2023 and 2024 PrExs side by side and specifically review Section D - Weighted Claims Costs (WCC).

- a) The 2023 statement includes costs for 2016-2021
- b) The 2024 statement includes costs for 2017-2022
- c) On the 2024 statement you will note:
 - o 2016 costs have been removed from this report
 - o 2022 costs have been added
 - o 2019 has shifted from the weighting of 2/9th to 1/9th
 - o All claim costs from 2017-2021 are on both statements

If the WCC for 2017-2022 is greater than the 2016-2022 WCC than it is more than likely the premium rate will be higher in 2024 than it was in 2023.

If the WCC for 2017-2022 is less than your 2016-2022 WCC than it is more than likely the premium rate will be lower in 2024 than it was in 2023.

Conclusion: The year-to-year change in the premium rate is usually determined by:

- The year removed from the window
- The year added to the window
- The year that declines in value (year 3 of the 6-year window)

3) How are claim costs charged to an employers account?

Claim costs are charged to the year the WSIB pays those expenses.

If a 2020 claim draws costs in 2023 those costs are assigned to the 2023 claim cost year.

To explain:

- A company is completely accident free in 2023
- This excellent performance will not benefit the company until 2025
- This excellent performance does not mean the premium rate will decrease in 2025
 - If legacy claims from 2018-2022 continue to draw costs in 2023 than the benefit of the accident-free year could be more than offset by the prior year(s) performance

The keys to continuous improvement in the rate framework model are accident prevention, rehabilitation of workers and mitigation of claims costs.

4) Is there a simple way to measure performance?

While this metric does not necessarily reflect premium rate it is a good measurement of prevention, which in turn is an indicator of your premium rate.

Section C (Predictability) of the PrExs illustrates measurements against a provincial standard for both six-year cumulative insurable earnings and six-year cumulative claims count. These scores combine to determine your company's Actuarial Predictability (AP).

In general, employers with a premium rate that is less than the base rate for their business class (risk band 60) usually have a lower claims count (AP) than insurable earnings (AP). (And if the situation is reversed it is more than likely the company's risk band is greater than 60).

Claims Count AP < Insurable Earnings AP is the goal

5) What is the Claims Detail Statement (CDS)?

The CDS is a list of all claims charged for the current six-year experience rating period and illustrates the costs that were charged to every claim under each year.

The CDS is a great tool for identifying costly claims and then analysing to determine if different management actions could have been taken to reduce the costs and duration of those claims.

This report demonstrates that it is the few costly claims that determine your premium rate versus your minor (health care only or minimal lost time) claims.

As a rule, count the number of claims with more than \$10,000 in lifetime costs and compare the total costs of those claims against overall claim costs.

For most employers their "COSTLY" claims could represent 5% of all claims but compose more than 75% of overall claim costs. (These numbers are specific to each employer)

6) What are the Maximum changes in our premium rate on a year-to-year basis?

The transition period into the rate framework model ends this year and 2024 will be the first year of full implementation.

Prior to 2024, movements in RISK BAND was limited in terms of increases but unlimited in terms of decreases.

From 2023 to 2024 the maximum risk band increase or decrease is three. As each risk band represents a 5% change, the maximum increase in premium rate on a year-to-year basis is 15.7% while the maximum decrease is 14.3%.

For any companies that paid transition funding, these costs shall now be removed from your account and your premium rate will adjust to the rate before modifiers as seen on page 1 of your Premium Rate Extended Statement (PrExs).

As all cases are different, for any employer that would like their Rates and Modifiers reviewed, please contact SE-GA.

Please contact SE-GA if you would like greater clarification on any of the topics discussed in the newsletter or if you would like a better definition of any terms in this report (such as risk bands, actuarial predictability, change in weighting.)

TWO IMPORTANT WSIB UPDATES

WSIB CODING ERROR: Virtually every WSIB account received notification in late September of a WSIB coding error that affected the benefits received by workers over a 20-year period. Some claims were underpaid and other claims were overpaid.

If the sum of these changes results in additional charges to an employers account, the WSIB will NOT be sending an invoice (debit adjustment).

If the sum of these changes results in a CREDIT to an employers account, the WSIB will issue a credit.

BILL 124: Recently the province of Ontario lost a court challenge to Bill 124 restricting the wage increases to PUBLIC SECTOR workers. These workers will receive a retroactive pay increase as a result of this court decision. This adjustment will be for the 2019 year and forward.

For more information, please visit the following website for instruction:

<https://www.wsib.ca/en/highlight/retroactive-wage-increases-public-service-employees>

The 3 Day Reporting Rule - The WSIB formally announced in late September 2023 that all employers have three business days to report any workplace incidents where the worker required outside health care or a loss in wages due to an absence related to a workplace injury or requires more than seven days of modified work.

Many of our readers likely have been following this rule for there was conflict between the Board's 7-day rule and the Workplace Safety and Insurance Act's (1997) 3-day rule.

Side note - Many employers are concerned that lost time claims are a separate charge against them in determining their premium rate, and this is not correct. Claims Count is a factor in the overall premium rate formula but there are no extra charges to an account due to a lost time claim.

ARE YOU LOOKING TO IMPROVE THE WSIB KNOWLEDGE OF YOUR TEAM?

Industry Specific 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

In tandem with the WSIB's recently formed Stakeholder Team, these specific industry groups (Healthcare, Manufacturing, Construction & Transportation) 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 each month.

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

Upcoming sessions include:

- **October 25th:** WSIB's Enhanced Escalation Process & Safety Excellence Program
- **November 15th:** WSIB Compliance Audits (Healthcare)
 - The WSIB Stakeholder Compliance team will join the SEGA working groups in November to discuss employer audits, penalties and fraud.
- **November 22nd:** WSIB Compliance Audits (Non-Healthcare)
- **December 6th:** Understanding your recent Premium Rate Experience Rating Statements (Healthcare)
- **December 20th:** Understanding your recent Premium Rate Experience Rating Statements (Non-Healthcare)

These roundtable discussions are free to join. Members are encouraged to share their policies and procedures to help solve the challenges faced by the industry.

If you and your team would like to attend, receive more information on the **WSIB Working Groups** or would like to suggest additional learning topics, please send a note to info@segaconsulting.com

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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